



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

**NOTICE IS HEREBY GIVEN THAT A REGULAR MEETING OF THE
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT BOARD OF DIRECTORS
WILL BE HELD
WEDNESDAY, FEBRUARY 5, 2020 AT 5:30 pm
Azalea Hall, 1620 Pickett Road
McKinleyville, California**

AGENDA
Closed Session Meeting 5:30 pm

A. CALL TO ORDER

A.1 Roll Call

A.2 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.*

A.3 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.

a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS (Gov. Code 54956.8)

Agency Negotiators: Greg Orsini, General Manager, Russell Gans, Legal Counsel
Parties with Whom Negotiating: Dolores Pialorsi, Trustee

Property: Humboldt County Assessor Parcel Nos. 506-341-017, 508-031-001, 508-081-034 and 508-091-037, located at/near Fischer Road, McKinleyville, Humboldt County, CA

Under Negotiation: Purchase Agreement (Price and Terms of Payment)

b. PUBLIC EMPLOYEE APPOINTMENT. Title: General Manager. (Government Code § 54957(b)(1)).

A.4 Report out of Closed Session

AGENDA
Regular Meeting 7:00 pm

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

B. PUBLIC HEARINGS

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

NO PUBLIC HEARING SCHEDULED

C. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS

*Any person may address the Board at this time upon any subject not identified on this Agenda but within the jurisdiction of the McKinleyville Community Services District; however, any matter that requires action will be referred to staff for a report of action at a subsequent Committee or Board meeting. As to matters on the Agenda, an opportunity will be given to address the Board when the matter is considered. **Comments are limited to 3 minutes.** Letters should be used for complex issues.*

D. CONSENT CALENDAR

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

- | | | |
|-----|--|---------------|
| D.1 | Consider Approval of the Minutes of the Board of Directors | Pg. 6 |
| | Attachment 1 – Draft Minutes from Regular Meeting | Pg. 7 |
| | December 4, 2019 | |
| | Attachment 2 – Draft Minutes from Special Meeting | Pg. 10 |
| | January 10, 2020 | |
| | Attachment 3 – Draft Minutes from Special Meeting | Pg. 11 |
| | January 11, 2020 | |
| D.2 | Consider Approval of November and December 2019 | Pg. 12 |
| | Treasurer's Report | |

D.3	Compliance with State Double Check Valve (DCV) Law	Pg. 35
D.4	Consider approval of Budget Modification for 2019-2020 Capital Improvement Plan	Pg. 36
	Attachment 1 – Exhibit 11-1 Enterprise Funds Capital Improvement Project Budget FY ending 2020-2029	Pg. 37
D.5	Consider Approval of a Mainline Extension Agreement for Avelar Subdivision	Pg. 38
	Attachment 1 – Application for Extension of Water/Sewer/ Street Lighting and/or Open Space Maintenance Service	Pg. 39
D.6	Approve Conveyance of Water and Sewer Facilities Related to the Bo Day/Griffith Subdivision	Pg. 41
	Attachment 1 – Agreement for Conveyance and Acceptance of Bo Day/Griffith Subdivision	Pg. 42
D.7	Consider Approval for Association of California Water Agencies (ACWA) Related Travel for Dennis Mayo	Pg. 44
	Attachment 1 – ACWA Board of Directors 2020 Meeting Schedule	Pg. 46
D.8	Consider Approval of Memorandum of Understanding (MOU) between McKinleyville Community Services District (MCSD) and the McKinleyville Chamber of Commerce for Beautification and Decoration within the County Right of Way Along Central Avenue in McKinleyville, CA	Pg. 47
	Attachment 1 – MOU between MCSD and Chamber	Pg. 48
 E. CONTINUED AND NEW BUSINESS		
E.1	Presentation of MCSD Employee of the Year to Kyle Stone	Pg. 51
E.2	Consider Appointment of Applicants Josh Zender and Cassidy Bertoldi for Vacant Seats on the Recreation Advisory Committee (RAC) and Consider Re-Appointment of John Kulstad	Pg. 53
	Attachment 1 – Letter of Application from Josh Zender	Pg. 55
	Attachment 2 – Letter of Application from Cassidy Bertoldi	Pg. 57
E.3	Presentation from Justin McDonald, Arcata Fire District, regarding Measure R, a Special Tax Proposed for the March 2020 Ballot	Pg. 58
	Attachment 1 – Measure R PowerPoint presentation	Pg. 59
	Attachment 2 – Flyer for Measure R	Pg. 64
E.4	Approve FY 2018-2019 Audited Financial Statements	Pg. 66
	Attachment 1 – MCSD Basic Financial Statements with the Report of the Independent Auditor for Fiscal Year 2018-2019	Pg. 67
E.5	Consideration of Reynolds Claim for Damages	Pg. 148
	Attachment 1 – Completed Claim for Damages Against Public Entity Form	Pg. 150

E.6	Consideration of Scott Appeal Attachment 1 – Appeal Application from Garry Scott	Pg. 152 Pg. 154
E.7	Consider Approval of Tactical Planning Matrix CY 2020-25 Attachment 1 – Tactical Planning Matrix CY 2020-25	Pg. 155 Pg. 156
E.8	Consider Updates to the MCSD Rules and Regulations regarding Disconnection of Services Attachment 1 – Resolution No. 2020-01 Adopting a Policy Governing the Disconnection of Residential Water Service for Nonpayment Attachment 2 - Ordinance No 2020-01 Amending Rules 9.05, 10.01, and 10.03 of the MCSD Rules and Regulations	Pg. 161 Pg. 163 Pg. 170
E.9	Discuss and Consider Committee Assignments and Appointment of Committee Chairs by the Board President for the 2020 Calendar Year Attachment 1 – 2019 Positions, Staff Member Appointments and 2019 Committee Assignments	Pg. 173 Pg. 175
E.10	Review of the 2019 Integrated Pest Management Plan Annual Report Attachment 1 – Integrated Pest Management (IPM) Plan Attachment 2 – IPM Treatment Tracking Forms	Pg. 176 Pg. 178 Pg. 193
E.11	Review Information for the Draft Capital Improvement Plan for the Parks and General Fund, FY2020-21 Attachment 1 – Draft Capital Improvement Plan for the Fiscal Years ending June 30,2021-2030 for the Parks and General Fund Attachment 2 – Draft Capital Improvement Plan Narrative for Fiscal Year 2020-21	Pg. 195 Pg. 196 Pg. 202
E.12	Approve Bid Proposal and Award Ameresco Contract for WWMF Microgrid Project Attachment 1 – Agreement between MCSD and Ameresco Attachment 2 – Addendum Number 1 and Number 2 Attachment 3 – General Condition for Construction Microgrid Project Attachment 4 – Bid Schedule Attachment 5 – Email from Jacqueline De Rosa Concurring to Pricing and Terms for the Long-term O&M	Pg. 204 Pg. 206 Pg. 221 Pg. 225 Pg. 277 Pg. 279

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. Recreation Advisory Committee (Couch/Mayo)
- b. Area Fund (John Kulstad/Burke)
- c. Redwood Region Economic Development Commission (Mayo/Barsanti)
- d. McKinleyville Senior Center Board Liaison (Barsanti/Burke)
- e. Audit (Corbett/Barsanti)

- f. Employee Negotiations (Couch/Corbett)
- g. Water Task Force (Burke)
- h. AdHoc No Drugs & Toxics Down the Drain (Burke)
- i. McKinleyville Municipal Advisory Committee (Burke/Mayo)
- j. Cornerstone Committee (Couch)
- k. Groundwater Sustainability Committee (Corbett/Burke)
- l. Humboldt Local Agency Formation Commission (Couch)

F.2 STAFF REPORTS

- a. Support Services Department (Colleen M.R. Trask) **Pg. 282**
- b. Operations Department (James Henry) **Pg. 284**
- c. Parks & Recreation Department (Lesley Frisbee) **Pg. 290**
- d. General Manager (Greg Orsini) **Pg. 298**
 Attachment 1 – WWMF Monthly Self-Monitoring Report **Pg. 301**

F.3 PRESIDENT’S REPORT

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

G. ADJOURNMENT

Posted 5:00 pm on January 31, 2020

Pursuant to California Government Code Section 54957.5, this agenda and complete Board packet are available for public inspection on the web at McKinleyvillecsd.com/minutes 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

February 5, 2020

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 that the Board review the draft minutes from the December 4, 2019 Regular Board Meeting (**Attachment 1**), Draft Minutes from Special Meeting January 10, 2020 (**Attachment 2**), and Draft Minutes from Special Meeting January 11, 2020 (**Attachment 3**); recommend edits and adopt.

Discussion:

The Draft minutes are attached for the above listed 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 December 4, 2019
- Attachment 2 – Draft Minutes from January 10, 2020
- Attachment 3 – Draft Minutes from January 11, 2020

**MINUTES OF THE SPECIAL/REGULAR MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT HELD ON WEDNESDAY, DECEMBER 4, 2019 AT 7:00 PM
AZALEA HALL, 1620 PICKETT ROAD, MCKINLEYVILLE, CA**

AGENDA ITEM A. CALL TO ORDER:

A.1 Roll Call: The regular session of the Board of Directors of McKinleyville Community Services District convened at 7:00 pm with the following Directors and staff in attendance:

John Corbett, President
Shel Barsanti, Director
Mary Burke, Director
David Couch, Director

Gregory Orsini, General Manager
Colleen Trask, Finance Director
James Henry, Operations Director
Lesley Frisbee, Recreation Director
April Sousa, Board Secretary

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

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

A.4 Approval of the Agenda:

Motion: It was moved to adopt the agenda.

Motion by: Director Burke; Second: Director Couch
There were no comments from the Board or Public.

Roll Call: Ayes: Barsanti, Burke, Couch, and Corbett Nays: None Absent: Mayo

Motion Summary: Motion Passed

AGENDA ITEM B. PUBLIC HEARINGS:

There were no public Hearings

AGENDA ITEM C. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS:

AGENDA ITEM D. CONSENT CALENDAR:

D.1 Consider Approval of the Minutes of the Board of Directors Regular Meeting on November 6, 2019

D.2 Consider Approval of October 2019 Treasurer's Report

D.3 Consider Approval of Fee Increase for Hiller Sports Site Use

D.4 Consider Approval of a Facilities Extension Agreement for Valadao Subdivision

Motion: It was moved to approve the consent calendar items.

Motion by: Director Couch; Second: Director Burke
There were no comments from the Board or Public.

Roll Call: Ayes: Barsanti, Burke, Couch, and Corbett Nays: None Absent: Mayo

Motion Summary: Motion Passed

AGENDA ITEM E. CONTINUED AND NEW BUSINESS:

E.1 2019 California Water Environmental Association (CWEA) Awards Presentation

Operations Director James Henry presented the awards received by Drew Small for Operator of the Year and MCSD overall for Collection System of the Year, Plant of the Year (overall) and Plant of the Year (Safety). The Board, and public, gave congratulatory comments, and pictures were taken.

This was an information only item. No action taken

E.2 Consider Authorization for Director Mayo to Attend the Association of California Water Agencies (ACWA) 2020 DC Conference in Washington DC February 25-27, 2020.

Board Secretary April Sousa gave an overview of this item and answered clarifying questions. It was noted that Director Mayo received a coupon for registration expenses for this conference.

There was not public comment on this item. President Corbett asked for Director Mayo to bring a trip report back to share with the Board.

Motion: Authorize Director Mayo to attend and for the District to cover necessary expenses.

Motion by: Director Burke; Second: Director Barsanti

Roll Call: Ayes: Barsanti, Burke, Couch, and Corbett Nays: None Absent: Mayo

Motion Summary: Motion Passed

E.3 Consider Adoption of Resolution 2019-27 Authorizing the General Manager to Enter into an Agreement to Secure Service for Placement Agent and Bond Counsel for Pending Real Estate Purchase

General Manager Orsini gave a brief overview of this item and answered clarifying questions. There was no public comment on the item.

Motion: Adopt Resolution 2019-27 to authorize the General Manager to enter into an agreement for services of Brandis Tallman LLC, as Placement Agent, and Kutak Rock LLP, as Bond Counsel, for the issuance of obligations to finance the acquisition of certain real property of benefit to the District's wastewater system.

Motion by: Director Burke; Second: Director Barsanti

Roll Call: Ayes: Barsanti, Burke, Couch, and Corbett Nays: None Absent: Mayo

Motion Summary: Motion Passed

AGENDA ITEM F. REPORTS

F.1 ACTIVE COMMITTEE REPORTS

- a. **Recreation Advisory Committee (Couch/Mayo):** Nothing further to report from Recreation Director Lesley Frisbee's staff report on this committee.
- b. **Area Fund (John Kulstad/Burke):** Did not meet.
- c. **Redwood Region Economic Development Commission (Mayo/Barsanti):** no report – Mayo Absent.
- d. **McKinleyville Senior Center Advisory Council (Barsanti/Burke):** Unable to attend, however Recreation Director Lesley Frisbee was in attendance and gave a brief report. Public commented that the seniors need bigger space for some of their activities.
- e. **Audit (Corbett/Barsanti):** Did not meet.
- f. **Employee Negotiations (Couch/Corbett):** Did not meet.
- g. **Water Task Force (Burke):** Did not meet
- h. **AdHoc No Drugs & Toxics Down the Drain (Burke):** Did not meet.
- i. **McKinleyville Municipal Advisory Committee (Burke/Mayo):** Director Burke gave a brief report.
- j. **Cornerstone Committee (Couch):** Did not meet.
- k. **Groundwater Sustainability Committee (Corbett/Burke):** Did not meet.

- I. **Local Agency Formation Commission (Couch):** Director Couch reported that his first meeting of CalLAFCo will be coming soon.

F.2 STAFF REPORTS

- a. **Support Services Department (Colleen M.R. Trask):** Finance Director, Colleen Trask had nothing further to report.
- b. **Operations Department (James Henry):** Operations Director, James Henry had nothing further to report.
- c. **Parks & Recreation Department (Lesley Frisbee):** Recreation Director, Lesley Frisbee had nothing further to report.
- d. **General Manager (Greg Orsini):** General Manager Orsini, had nothing further to report.

F.3.2 PRESIDENT’S REPORT: President Corbett briefly discussed the assignment on analyzing the Recreation Department that he assigned to Director Barsanti. They will be meeting to discuss this soon.

F.4 BOARD MEMBER COMMENTS, ANNOUNCEMENTS, REPORTS AND AGENDA ITEM REQUESTS:
None

G. ADJOURNMENT:

Motion: To adjourn.

Motion by: Director Burke; Second: Director Barsanti

Roll Call: Ayes: Barsanti, Burke, Couch, and Corbett Nays: None Absent: Mayo

Motion Summary: Motion Passed

Meeting Adjourned at 7:45 p.m.

April Sousa, CMC, Board Secretary

**MINUTES OF THE SPECIAL MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT HELD ON FRIDAY, JANUARY 10, 2020 AT 9:00 AM
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT CONFERENCE ROOM
1656 SUTTER ROAD, MCKINLEYVILLE, CA**

AGENDA ITEM A. CALL TO ORDER:

A.1 Roll Call: A Special session of the Board of Directors of McKinleyville Community Services District convened at 9:00 a.m. with the following Directors and staff in attendance:

Mary Burke, President
Shel Barsanti, Director
David Couch, Director
John Corbett, Director
Dennis Mayo, Director

Gregory Orsini, General Manager
April Sousa, Board Secretary

A.2 Pledge of Allegiance: The Pledge of Allegiance was led by President Burke.

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

A.4 Approval of the Agenda:

Motion: It was moved to adopt the agenda.

Motion by: Director Corbett; Second: Director Couch

There were no comments from the Board or Public.

Roll Call: Ayes: Barsanti, Couch, Corbett, Mayo, and Burke Nays: None Absent: None

Motion Summary: Motion Passed

AGENDA ITEM B. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS:

There was no public comment.

AGENDA ITEM C. CLOSED SESSION DISCUSSION

C.1 PUBLIC EMPLOYEE APPOINTMENT. Title: General Manager. Conduct Interviews for McKinleyville Community Services District General Manager Position. (Government Code § 54957(b)(1)).

Closed session began at 9:03 a.m.

Interviews took place at 12 noon and 2 p.m.

The Board broke for lunch at 10:30 a.m. and reconvened closed session at 11:45 p.m.

AGENDA ITEM D. REPORT OUT OF CLOSED SESSION

There was no action to report from closed session.

Meeting Adjourned at 3:30 p.m.

April Sousa, CMC, Board Secretary

**MINUTES OF THE SPECIAL MEETING OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT HELD ON FRIDAY, JANUARY 11, 2020 AT 8:00 AM
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT CONFERENCE ROOM
1656 SUTTER ROAD, MCKINLEYVILLE, CA**

AGENDA ITEM A. CALL TO ORDER:

A.1 Roll Call: A Special session of the Board of Directors of McKinleyville Community Services District convened at 8:10 a.m. with the following Directors and staff in attendance:

Mary Burke, President
Shel Barsanti, Director (arrived at 8:25 a.m.)
David Couch, Director
John Corbett, Director
Dennis Mayo, Director

Gregory Orsini, General Manager
April Sousa, Board Secretary

A.2 Pledge of Allegiance: The Pledge of Allegiance was led by President Burke.

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

A.4 Approval of the Agenda:

Motion: It was moved to adopt the agenda.

Motion by: Director Corbett; Second: Director Couch
There were no comments from the Board or Public.

Roll Call: Ayes: Couch, Corbett, Mayo, and Burke Nays: None Absent: Barsanti

Motion Summary: Motion Passed

AGENDA ITEM B. PUBLIC COMMENT AND WRITTEN COMMUNICATIONS:

Director Mayo commented general information on his Association of California Water Agencies (ACWA) committee assignments for 2020 and will bring an item to the next regular meeting for board approval regarding his travel.

Director Couch commented on general CalLAFCo (California Local Agency Formation Commission) information.

Director Barsanti arrived at 8:25 a.m.

AGENDA ITEM C. CLOSED SESSION DISCUSSION

C.1 PUBLIC EMPLOYEE APPOINTMENT. Title: General Manager. Conduct Interviews for McKinleyville Community Services District General Manager Position. (Government Code § 54957(b)(1)).

Closed session began at 8:28 a.m.

Interviews took place at 9 a.m., 12 noon, and 2 p.m.

The Board broke for lunch at 10:30 a.m. and reconvened closed session at 11:45 p.m.

AGENDA ITEM D. REPORT OUT OF CLOSED SESSION

There was no action to report from closed session.

Meeting Adjourned at 4:15 p.m.

April Sousa, CMC, Board Secretary

**McKinleyville Community Services District
DRAFT Treasurer's Report
December 2019**

Table of Contents

Page 2	Investments & Cash Flow Report
Page 3	Consolidated Balance Sheet by Fund
Page 4	Activity Summary by Fund with Selected Graphic Comparisons
Page 11	Capital Expenditure Report
Page 12	Summary of Long-Term Debt Report
Page 13	Cash Disbursement Report

Ratios

as of December 31, 2019

- Utility Accounts Receivable Turnover Days	13
- YTD Breakeven Revenue, Water Fund:	\$ 1,124,663
- YTD Actual Water Sales:	\$ 1,897,174
- Days of Cash on Hand-Operations Checking/MM	160

**McKinleyville Community Services District
Investments & Cash Flow Report
as of December 31, 2019**

Petty Cash & Change Funds 9,197.46

Cash

Operating & Money Market - Beginning Balance 2,119,765.14

Cash Receipts:

Utility Billings & Other Receipts	704,436.34	
Money Market Account Interest	358.82	
Transfers from County Funds #2560, #4240, CalTRUST, Meas. B	-	
Other Cash Receipts (CalOES/FEMA grant disb. Generator Proj)	375,431.25	
	375,431.25	

Total Cash Receipts 1,080,226.41

Cash Disbursements:

Transfers to County Funds #2560, #4240, CalTRUST	-	
Payroll Related Expenditures	(215,019.60)	
Debt Service	(138,756.00)	
Capital & Other Expenditures	(296,166.95)	
	(296,166.95)	

Total Cash Disbursements (649,942.55)

Operating & Money Market - Ending Balance 2,550,049.00

Total Cash 2,559,246.46

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

LAIF - Beginning Balance 136,165.28

Interest Income	-	
	-	

LAIF - Ending Balance 136,165.28

Humboldt Co. #2560 - Beginning Balance 235,218.85

Property Taxes and Assessments	465,124.11	
Transfer to/from Operating Cash	-	
Interest Income (net of adjustments)	7,001.17	
	7,001.17	

Humboldt Co. #2560 - Ending Balance 707,344.13

Humboldt Co. #4240 - Beginning Balance 3,311,143.69

Transfer to/from Operating Cash	-	
Transfer to/from Biosolids Reserve	-	
Interest Income	(2,425.89)	
	(2,425.89)	

Humboldt Co. #4240 - Ending Balance 3,308,717.80

Humboldt Co. #9390 - Beginning Balance 663,032.08

Reserves Recovery Deposits/Other Bal Withdrawals	-	
Interest Income	-	
	-	

Humboldt Co. #9390 - Ending Balance 663,032.08

USDA Bond Reserve Fund - Beginning Balance 132,009.94

Bond Reserve Payment	7,604.17	
Debt Service Payment, Principal/Interest	-	
Interest Adjustment	4.46	
	4.46	

USDA Bond Reserve Fund - Ending Balance 139,618.57

CalTRUST - Beginning Balance 10,266,515.80

Net Transfer to/from Designated Reserves: PERS/OPEB	-	
Net Transfer to/from Capacity Fees/Catastrophe/Other Reserves	-	
Net: Interest Income/Unrealized Gain/Loss	18,072.50	
	18,072.50	

CalTRUST - Ending Balance 10,284,588.30

Total Investments 15,245,483.64

Total Cash & Investments - Current Month 17,804,730.10

Total Cash & Investments - Prior Month 16,879,065.72

Net Change to Cash & Investments This Month 925,664.38

Cash & Investment Summary

Cash & Cash Equivalents	17,047,914.62
Davis-Grunsky Loan Reserve	617,196.91
USDA Bond Reserve	139,618.57
	139,618.57

Total Cash & Investments 17,804,730.10

McKinleyville Community Services District
DRAFT Consolidated Balance Sheet by Fund
as of December 31, 2019

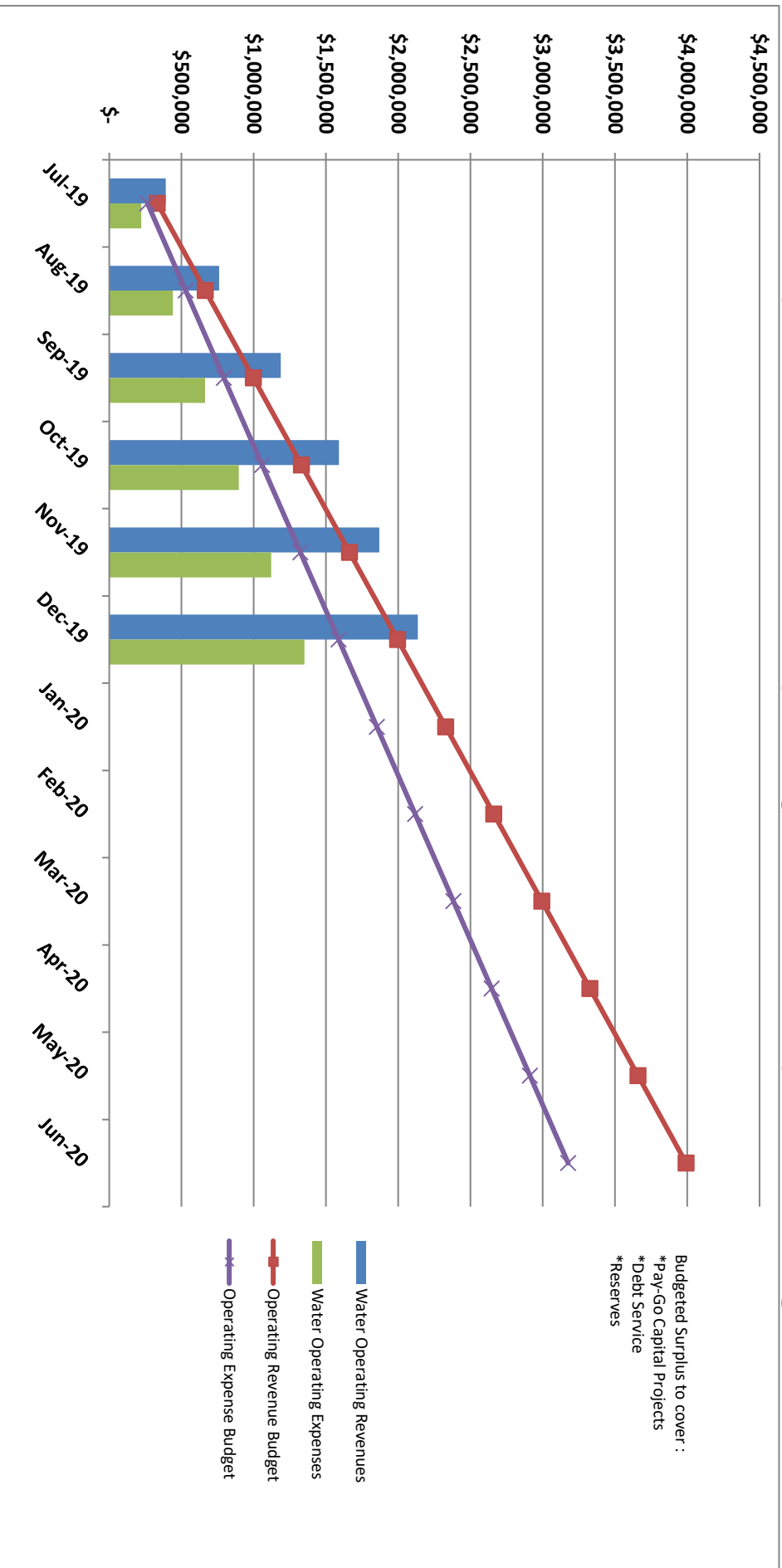
	Governmental Funds				Proprietary Funds				Total (Memorandum Only)
	Parks & General	Measure B	Streetslights	Water	Wastewater				
ASSETS									
Current Assets									
Unrestricted cash & cash equivalents	\$ 5,002,123.68	\$ (430,166.11)	\$ 25,404.17	\$ 6,283,006.17	\$ 10,050,126.89	\$ 20,930,494.80			
Accounts receivable	3,387.13	-	3,977.85	326,858.06	447,967.38	782,190.42			
Prepaid expenses & other current assets	28,011.06	700.20	1,931.44	101,523.74	53,084.36	185,250.80			
Total Current Assets	<u>5,033,521.87</u>	<u>(429,465.91)</u>	<u>31,313.46</u>	<u>6,711,387.97</u>	<u>10,551,178.63</u>	<u>21,897,936.02</u>			
Noncurrent Assets									
Restricted cash & cash equivalents	179,443.49	-	-	617,651.56	139,163.92	936,258.97			
Other noncurrent assets	-	-	-	82,460.31	92,510.63	174,970.94			
Capital assets (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>8,420,483.68</u>	<u>26,876,571.50</u>	<u>35,297,055.18</u>			
Total Noncurrent Assets	179,443.49	-	-	9,120,595.55	27,108,246.05	36,408,285.09			
TOTAL ASSETS	<u>\$ 5,212,965.36</u>	<u>\$ (429,465.91)</u>	<u>\$ 31,313.46</u>	<u>\$ 15,831,983.52</u>	<u>\$ 37,659,424.68</u>	<u>\$ 58,306,221.11</u>			
LIABILITIES & FUND BALANCE/NET ASSETS									
Current Liabilities									
Accounts payable & other current liabilities	\$ 81,292.63	\$ 35.41	\$ 2,420.75	\$ 238,707.41	\$ 134,531.82	\$ 456,988.02			
Accrued payroll & related liabilities	95,529.63	-	-	65,202.52	65,210.58	225,942.73			
Total Current Liabilities	<u>176,822.26</u>	<u>35.41</u>	<u>2,420.75</u>	<u>303,909.93</u>	<u>199,742.40</u>	<u>682,930.75</u>			
Noncurrent Liabilities									
Long-term debt	-	-	-	2,295,093.03	15,094,555.02	17,389,648.05			
Other noncurrent liabilities	-	-	-	3,420,984.50	3,485,993.84	6,906,978.34			
Total Noncurrent Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,716,077.53</u>	<u>18,580,548.86</u>	<u>24,296,626.39</u>			
TOTAL LIABILITIES	<u>176,822.26</u>	<u>35.41</u>	<u>2,420.75</u>	<u>6,019,987.46</u>	<u>18,780,291.26</u>	<u>24,979,557.14</u>			
Fund Balance/Net Assets									
Fund balance	1,563,441.93	(429,501.32)	28,892.71	-	7,097,116.94	14,256,423.52			
Net assets	3,472,701.17	-	-	3,686,605.41	11,782,016.48	17,907,407.13			
Investment in capital assets, net of related debt	-	-	-	6,125,390.65	18,879,133.42	33,326,663.97			
Total Fund Balance/Net Assets	<u>5,036,143.10</u>	<u>(429,501.32)</u>	<u>28,892.71</u>	<u>9,811,996.06</u>	<u>18,879,133.42</u>	<u>33,326,663.97</u>			
TOTAL LIABILITIES & FUND BALANCE/NET ASSETS	<u>\$ 5,212,965.36</u>	<u>\$ (429,465.91)</u>	<u>\$ 31,313.46</u>	<u>\$ 15,831,983.52</u>	<u>\$ 37,659,424.68</u>	<u>\$ 58,306,221.11</u>			
Difference in ReClass from Cap Assets to Net Assets:									
Investment in General Capital Assets	\$ 3,147,407.23								
General Long-term Liabilities									
PG&E Streetslights Loan	-								
Meas. B Loan: Teen/Community Center	1,056,162.00								
OPEB Liability	2,780,563.56								
CALPERS Pension Liability/Deferred Inflows-Outflows	548,414.36								
Accrued Compensated Absences	98,740.28								
TOTAL GENERAL LONG-TERM LIABILITIES	<u>\$ 4,483,880.20</u>								

**McKinleyville Community Services District
DRAFT Activity Summary by Fund, Approved Budget
December 2019**

Department Summaries	December	% of Year 50.00% YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
Water						
Water Sales	255,997	1,897,174	1,825,372	71,802	3.93%	
Other Revenues	10,710	238,514	170,477	68,037	39.91%	Includes YTD Capacity Fees \$134,972. Contrib Construction \$32,890.
Total Operating Revenues	266,707	2,135,688	1,995,849	139,839	7.01%	
Salaries & Benefits	72,856	412,837	509,629	(96,792)	-18.99%	Vacant Operations position
Water Purchased	92,032	552,993	546,551	6,442	1.18%	
Other Expenses	34,742	202,506	350,162	(147,656)	-42.17%	Budget is spread evenly across 12 months, but actuals vary by month
Depreciation	30,250	181,500	181,500	-	0.00%	
Total Operating Expenses	229,880	1,349,836	1,587,842	(238,006)	-14.99%	
Net Operating Income	36,827	785,852	408,007	(98,167)		
Interest Income	5,216	43,410	25,000	18,410	73.64%	Higher-than-projected interest rates on the County Trust Account
Interest Expense	(4,882)	(30,200)	(29,515)	685	2.32%	
Net Income (Loss)	37,162	799,061	403,492	395,569		
Wastewater						
Wastewater Service Charges	286,030	1,839,328	1,917,930	(78,602)	-4.10%	
Other Revenues	13,986	234,813	172,407	62,406	36.20%	Includes YTD Capacity Fees of \$136,377. Contrib.Construction of \$7,680
Total Operating Revenues	300,016	2,074,140	2,090,337	(16,197)	-0.77%	
Salaries & Benefits	85,711	521,646	535,130	(13,484)	-2.52%	
Other Expenses	48,428	285,805	464,307	(178,502)	-38.44%	Budget is spread evenly across 12 months, but actuals vary by month
Depreciation	95,833	574,998	575,000	(2)	0.00%	
Total Operating Expenses	229,972	1,382,449	1,574,437	(191,988)	-12.19%	
Net Operating Income	70,044	691,691	515,900	175,791		
Interest Income	7,518	69,074	37,500	31,574	84.20%	Higher-than-projected interest rates on the County Trust Account
Interest Expense	(20,930)	(181,274)	(127,669)	53,305	41.65%	Budget is spread evenly across 12 months, but actuals vary by month
Net Income (Loss)	56,632	579,491	425,431	154,060		
Enterprise Funds Net Income (Loss)	93,794	1,378,552	828,923	549,629		

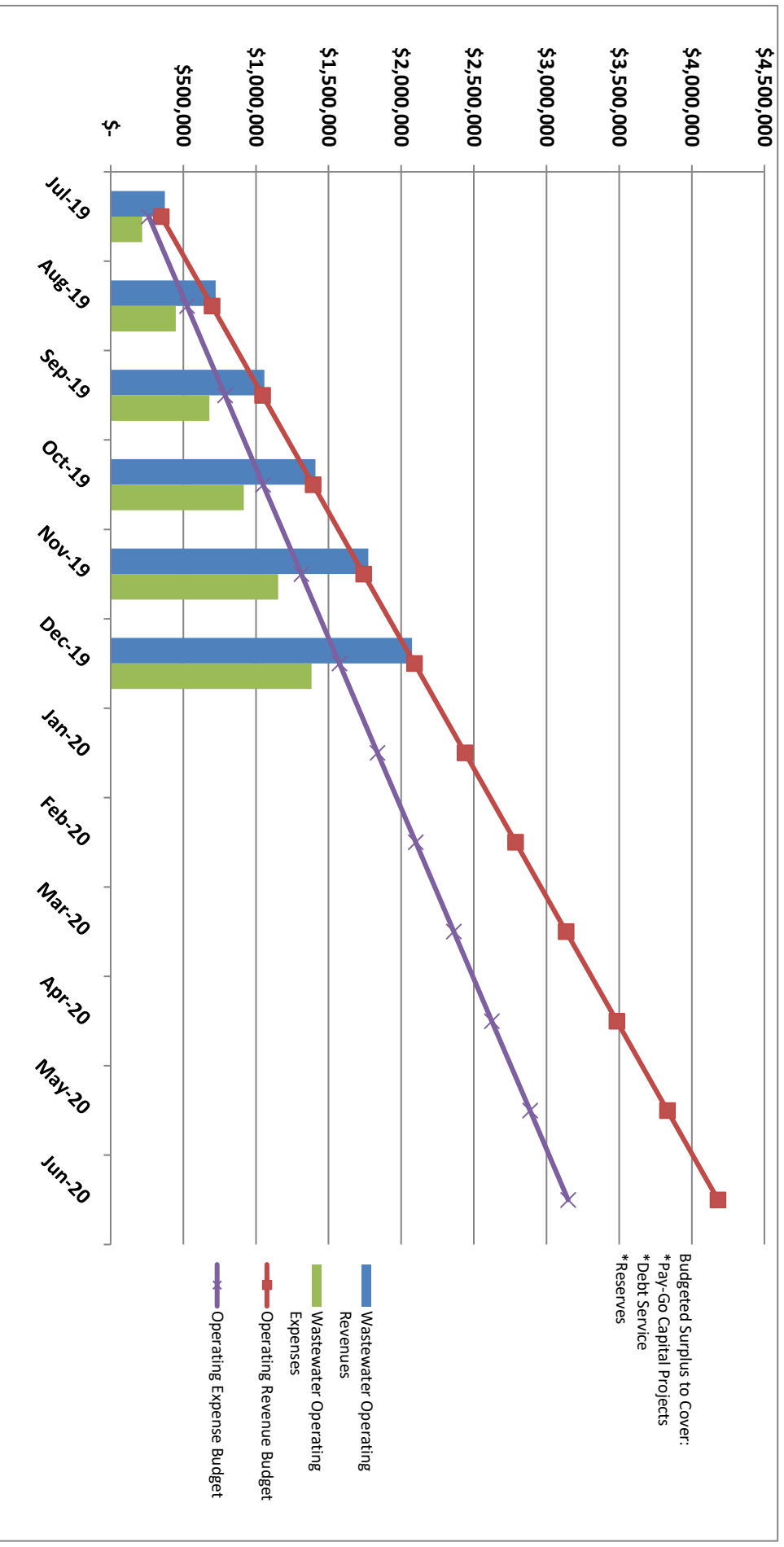
McKinleyville Community Services District December 2019

Comparison of Water Fund Operating Revenues & Expenses to Budget



McKinleyville Community Services District December 2019

Comparison of Wastewater Fund Operating Revenues & Expenses to Budget



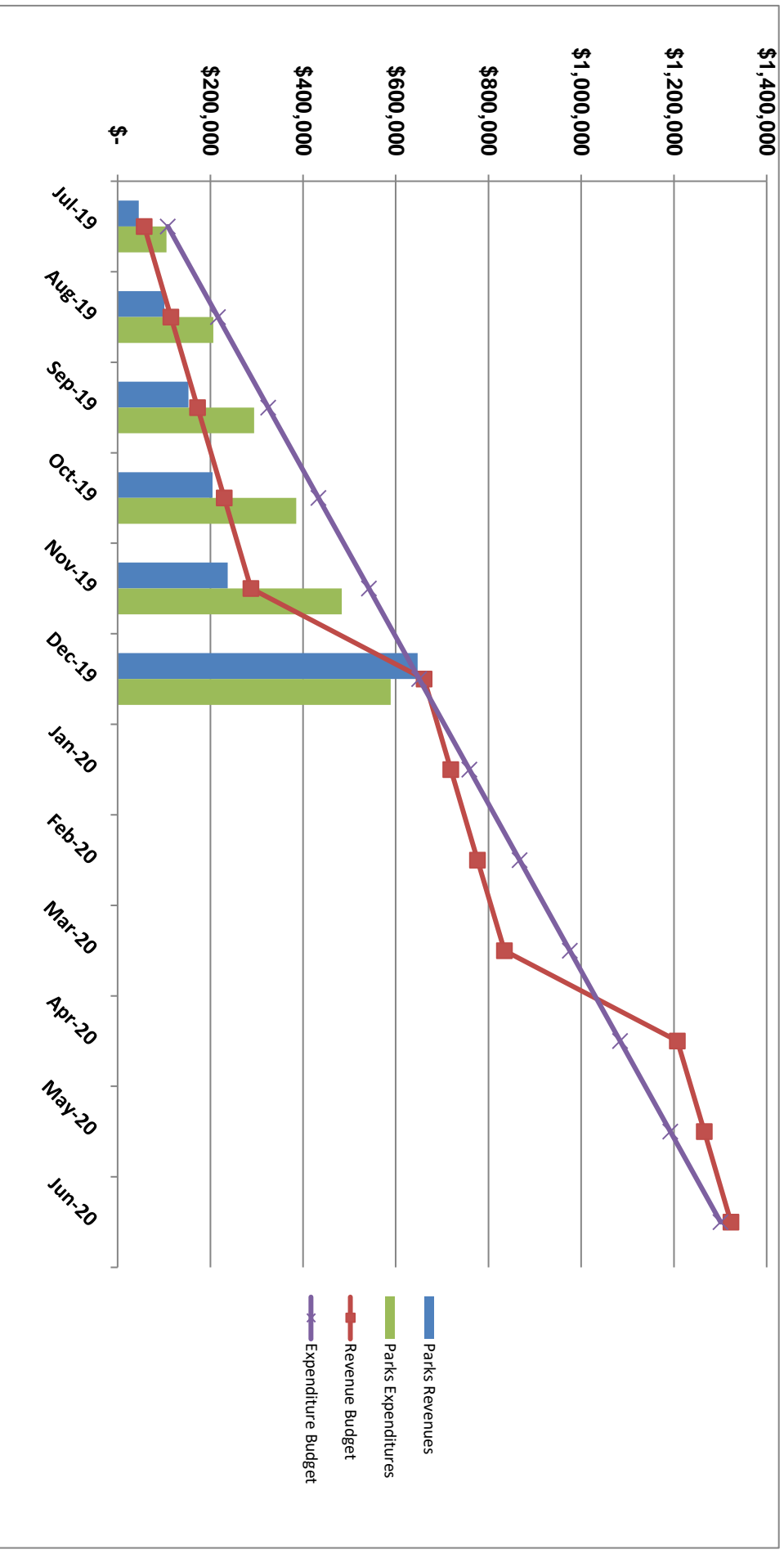
McKinleyville Community Services District
DRAFT Activity Summary by Fund, Approved Budget
December 2019

Department Summaries	December	% of Year 50.00% YTD	Original YTD Budget	Over (Under) YTD Budget	Over (Under) YTD Budget %	Notes
*Parks & Recreation						
Program Fees	29,532	143,680	184,390	(40,710)	-22.08%	Budget is spread evenly across 12 months, but actuals vary by month
Rents & Related Fees	6,656	36,907	44,624	(7,717)	-17.29%	Budget is spread evenly across 12 months, but actuals vary by month
Property Taxes	345,300	345,300	315,949	29,351	9.29%	County Tax remittance: December, April, and June
Other Revenues	19,207	93,719	102,986	(9,267)	-9.00%	Budget is spread evenly across 12 months, but actuals vary by month
Interest Income	8,908	27,271	13,500	13,771	102.01%	Higher-than-estimated interest rates on the County Trust Account
Total Revenues	409,602	646,876	661,449	(14,573)	-2.20%	
Salaries & Benefits	77,578	475,828	468,161	7,667	1.64%	
Other Expenditures	27,814	112,878	144,659	(31,781)	-21.97%	Budget is spread evenly across 12 months, but actuals vary by month
Capital Expenditures	-	50	37,500	(37,450)	-99.87%	Capital Projects budget versus actuals vary by month and by project
Total Expenditures	105,391	588,756	650,320	(61,564)	-9.47%	
Excess (Deficit)	304,210	58,120	11,129	46,991		
*Measure B Assessment						
Total Revenues	131,962	131,751	106,256	25,495	23.99%	Interest & unrealized gains/losses; County Tax remittance December/April/June
Salaries & Benefits	3,110	32,627	30,713	1,914	6.23%	
Other Expenditures	435	14,348	10,300	4,048	39.30%	Repairs/Supplies for Hiller Sports and Cost of Meas. B Engineer's Annual Report
Capital Expenditures/Loan Repayment	-	63,176	65,050	(1,874)	-2.88%	Loan pmts in October and April, slight diff. in amort. sched to actual
Total Expenditures	3,546	110,151	106,063	4,088	3.85%	
Excess (Deficit)	128,416	21,600	193	21,407		
*Street Lights						
Total Revenues	9,307	58,054	56,135	1,919	3.42%	
Salaries & Benefits	2,471	19,738	22,637	(2,899)	-12.80%	Budget is spread evenly across 12 months, but actuals vary by month
Other Expenditures	2,842	18,791	17,353	1,438	8.29%	
Capital Expenditures/Loan Repayment	1,586	9,863	10,933	(1,070)	-9.79%	Capital Projects budget versus actuals vary by month and by project
Total Expenditures	6,899	48,392	50,923	(2,531)	-4.97%	
Excess (Deficit)	2,409	9,662	5,212	(4,450)		
Governmental Funds Excess (Deficit)	435,035	89,382	16,534	72,848		

Treasurer's Report Page 7

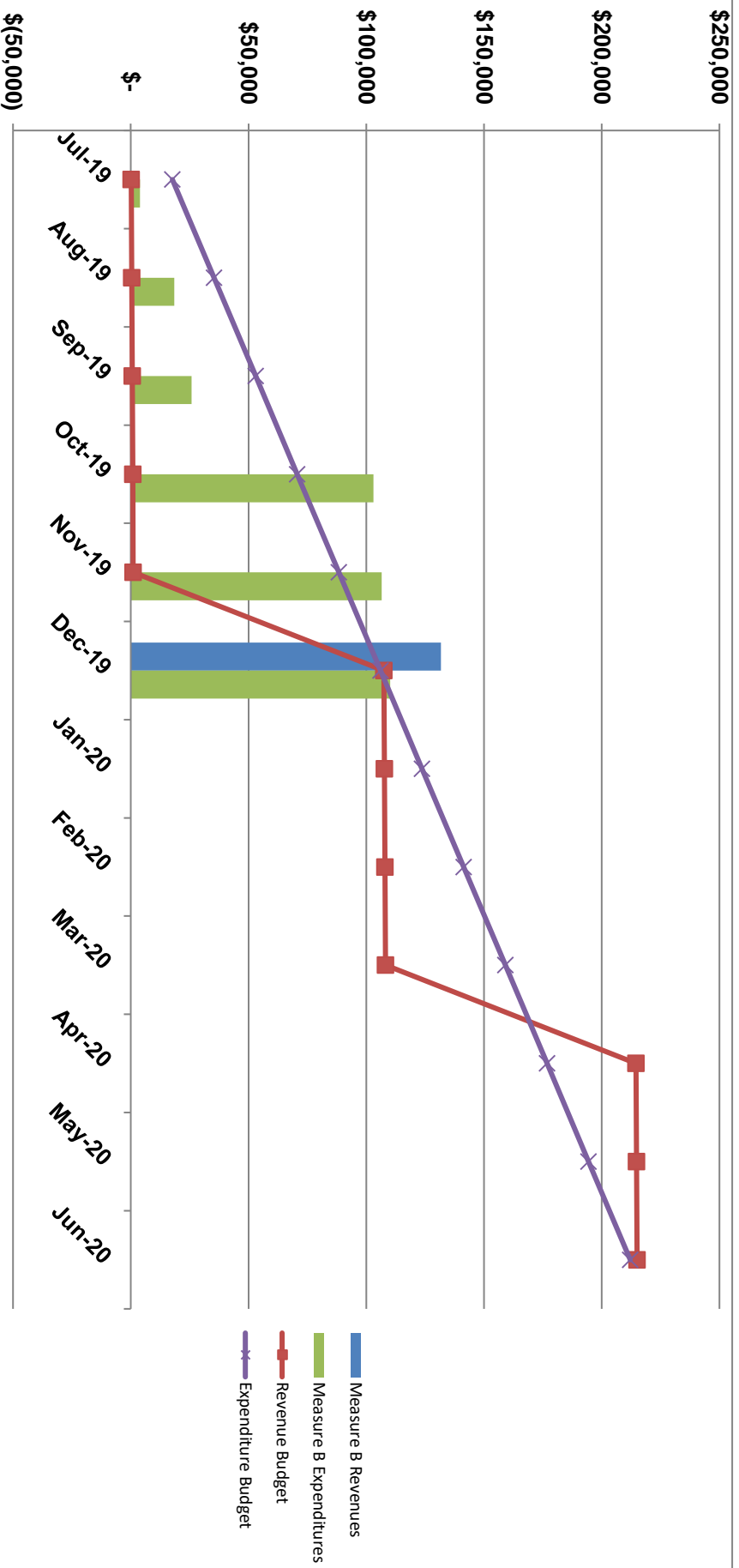
McKinleyville Community Services District December 2019

Comparison of Parks & Recreation Total Revenues & Expenditures to Budget



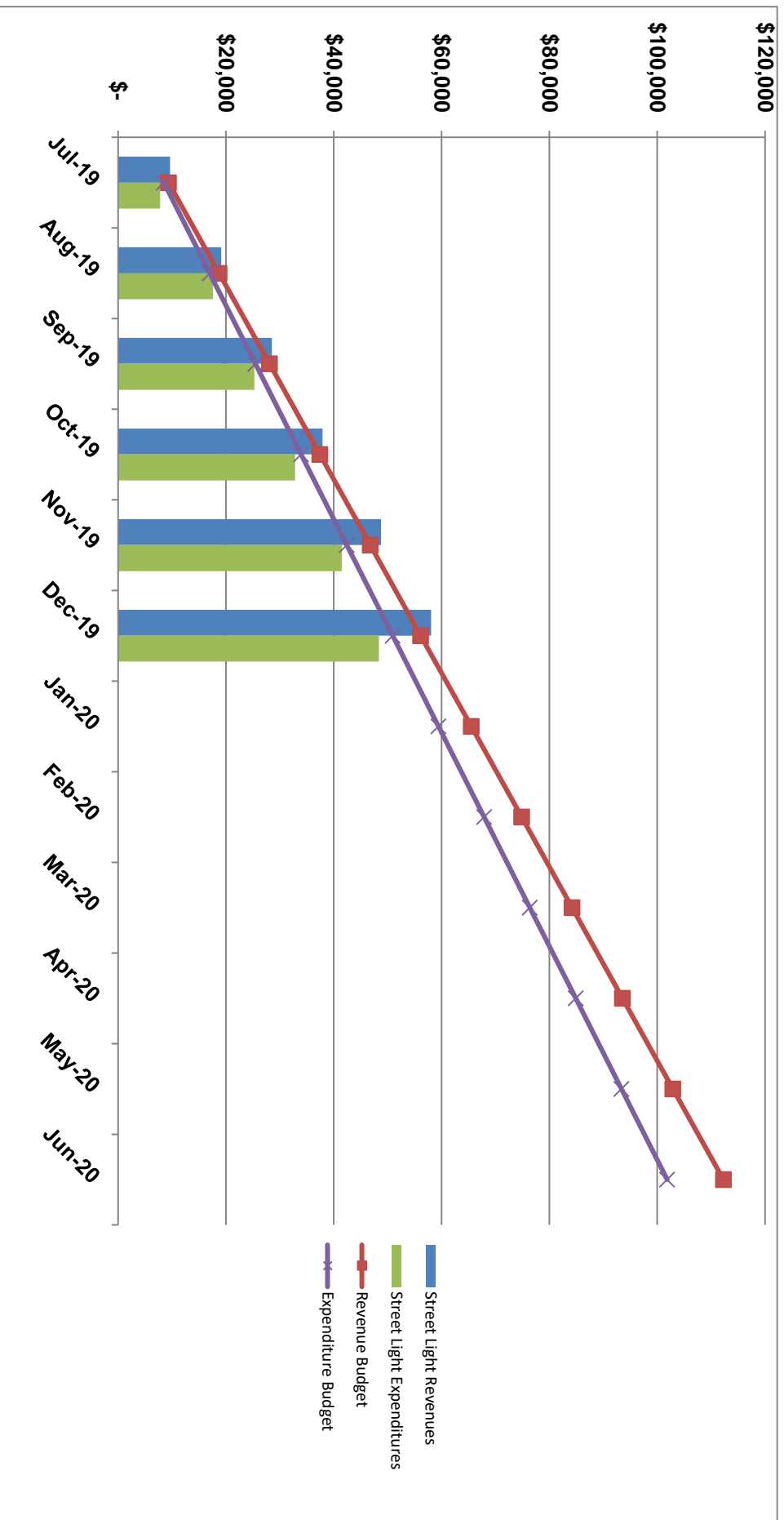
McKinleyville Community Services District December 2019

Comparison of Measure B Fund Total Revenues & Expenditures to Budget



McKinleyville Community Services District December 2019

Comparison of Street Light Fund Total Revenues & Expenditures to Budget



**McKinleyville Community Services District
Capital Expenditure Report
as of December 31, 2019**

	December	YTD	FY 19-20	Remaining		Notes
		Total	Budget	Budget \$	Budget %	
Water Department						
Ramey Pump Upgrades	-	-	-	-	#DIV/0!	
Water Tank Painting & Cathodic	-	5,346	506,000	500,654	99%	Water Tank Painting & Cathodic
Alternative Energy Master Plan	-	-	50,000	50,000	100%	Alternative energy master plan
4.5m New Water Tank	11,117	11,117	700,000	688,883	98%	Drilling, LACO Assoc.
Production Meter Replacements	-	-	-	-	#DIV/0!	Production Meter Replacement
N.BankBoosterStn Emergency VFD replace	-	6,480	20,000	13,520	68%	Emergency Water Supply
Emergency Generator-Cochran	-	660	50,000	49,340	99%	CochranEmergency Generator
Fire Hydrant System Upgrade	-	-	7,000	7,000	100%	Fire Hydrant System Upgrade
Tank Seismic Actuators	-	-	20,000	20,000	100%	Tank Seismic Actuators
NorthBank VFD Replacement	-	17,130	-	(17,130)	#DIV/0!	NorthBank VFD Replacement
Water Tank Upgrade-McClusky Tree Svc	-	29,120	35,000	5,880	17%	Water Tank Upgrade-McClusky T
Water Main Rehab & Replacement	6,509	15,812	1,000,000	984,188	98%	Water Main Rehab
Property Purchase & Improvements	-	-	250,000	250,000	100%	Property Purch/Improvements
Subtotal	17,625	85,665	2,638,000	2,552,335	97%	
Wastewater Department						
Sewer Main Rehab & Replacement	6,509	15,519	1,000,000	984,481	98%	Sewer Main Rehab
WWMF Sludge Disposal - next	-	-	240,000	240,000	100%	Sludge handling/disposal
SLS Pump/Generator Replacement	621	5,364	-	(5,364)	#DIV/0!	SLS Pump/Generator Replacement
WWMF/Fischer Lift Stn Grinder Upgrade	65	27,329	25,000	(2,329)	-9%	Fischer Lift Stn Grinder Upgrade
Alternative Energy Master Plan	-	-	50,000	50,000	100%	Alternative energy master plan
WWMF Chlorine Injector/Controllers	-	-	10,000	10,000	100%	Chlorine Injector/Controllers
Collection System Upgrades	-	132	100,000	99,868	100%	Collection System upgrades
Sewer Lift Stn Upgrade-Hiller	-	-	240,000	240,000	100%	Sewer WWMF Upgrade
Solar Project - CWSRF Grant/Loan	6,673	26,683	3,000,000	2,973,317	99%	WWMF Solar Project
WWMF - next NPDES Permit	-	950	25,000	24,050	96%	NPDES Permit Project
Customer Radio Meter Replacements	-	-	10,000	10,000	100%	Radio meters purch/install
Underground pipe locator & camera	-	-	5,000	5,000	100%	Underground pipe locator & came
Flow Totalizers	-	-	-	-	#DIV/0!	Flow Totalizers
Sewer Lift Station Other Upgrades	63,973	93,663	-	(93,663)	#DIV/0!	SwrLiftStnUpgrade-Letz
Subtotal	13,867	75,977	4,705,000	4,629,023	98%	
Water & Wastewater Operations						
Heavy Equipment	-	-	100,000	100,000	100%	Hydrocl. & Tractor attachments &
Utility Vehicles	23,906	23,906	50,000	26,094	52%	CCTV truck, 3/4 or 1-ton Pickup
Office, Corporate Yard & Shops	11,300	25,971	50,000	24,029	48%	Facilities upgrade/sealcoat
Computers & Software	-	14,913	60,000	45,087	75%	Server, PCs, GIS/SEMS/CADD
Fischer Ranch - Reclamation Site Upgrade (tr	-	-	100,000	100,000	100%	Match to 3rd party grant funding
Fischer Ranch - Barn & Fence upgrades, Und	-	-	45,000	45,000	100%	Underground valving/pipet
Property Purchase & Improvements	526	7,182	1,500,000	1,492,818	100%	Pialorsi Ranch purchase
Small Equipment & Other	-	-	40,000	40,000	100%	Air compressor
Subtotal	35,206	71,972	1,945,000	1,873,028	96%	
Enterprise Funds Total	131,197	327,277	9,288,000	9,054,386	97%	
Parks & Recreation Department						
Hiller Park & Sports Complex	-	-	-	-	#DIV/0!	Other Equipment & Signage
Pierson Park Upgrades	-	50	-	(50)	#DIV/0!	
Washington Avenue Park Project	-	-	-	-	#DIV/0!	
Azalea Hall Projects	-	-	32,000	32,000	100%	Flooring, Pkg Lot resurface
McKinleyville Activity Center Upgrades	-	-	6,000	6,000	100%	Major Appliance replacement
Law Enforcement Facility Improvements	-	-	24,000	24,000	100%	LEF flooring/Library Carpet
Projects Funded by Quimby/Other Funds	-	-	-	-	#DIV/0!	Covered Picnic Area
Projects Funded by Measure B Renewal	-	-	-	-	#DIV/0!	Teen Center Constr&Loan svc
Other Parks Projects & Equipment	-	-	14,000	14,000	100%	Brush&LawnMowers/Trailer
Subtotal	-	50	76,000	75,950	100%	
Streetlights						
Pole Replacement	-	-	2,000	2,000	100%	Pole Replacement
Subtotal	-	-	2,000	2,000	100%	
Governmental Funds Total	-	50	78,000	77,950	100%	
All Funds Total	131,197	327,327	9,366,000	9,132,336	98%	

**McKinleyville Community Services District
Summary of Long-Term Debt Report
as of December 31, 2019**

**Principal Maturities and
Scheduled Interest**

	Maturity Date	%	Balance - Nov 30, 2019		Balance- Dec 31, 2019		FY-20	Thereafter
			2019		2019			
Water Fund:								
I-Bank	8/1/30							
Interest		3.37%	625,086.83	625,086.83	-	10,532.71	625,086.90	122,826.39
State of CA Energy Commission (ARRA)	12/22/26							
Interest		1.0%	89,745.56	83,970.10	5,804.42	421.00	78,165.47	2,764.70
State of CA (Davis Grunsky)	1/1/33							
State of CA (Davis Grunsky) Deferred Interest	1/1/33		1,452,515.11	1,364,584.89	-	-	1,364,584.89	221,451.21
Interest		2.5%	238,486.33	221,451.21	18,007.21	-	250,575.34	376,166.43
Total Water Fund-Principal			2,405,833.83	2,295,093.03	5,804.42	28,960.92	2,289,288.47	376,166.43
Total Water Fund-Interest								
Total Water Fund			2,405,833.83	2,295,093.03	34,765.34	2,665,454.90		
Wastewater Fund:								
WWMF SRF Loan	7/31/47							
Interest		1.6%	14,869,555.02	14,869,555.02	-	-	17,541,629.70	4,493,516.11
USDA (Sewer Bond)	8/1/22							
Interest		5.0%	225,000.00	225,000.00	-	5,625.00	225,000.00	16,125.00
Total Wastewater Fund-Principal			15,094,555.02	15,094,555.02	-	-	17,766,629.70	4,509,641.11
Total Wastewater Fund-Interest								
Total Sewer Fund			15,094,555.02	15,094,555.02	5,625.00	22,276,270.81		
Meas. B Fund: Teen/Comm Center Loan								
	11/1/29							
Interest		3.55%	1,056,162.00	1,056,162.00	45,218.00	19,058.57	1,019,724.00	190,528.89
Streetlights Fund: LED Proj Loan, PG&E								
Interest		0.0%	1,585.53	-	-	-	-	-
Total Principal			18,558,136.38	18,445,810.05	51,022.42	53,644.49	21,075,642.17	5,076,336.43
Total Interest								
Total			18,558,136.38	18,445,810.05	104,666.91	26,151,978.60		

**McKinleyville Community Services District
Cash Disbursement Report
For the Period December 1 through December 31, 2019**

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
--------------	------------	---------------	------	------------	-----------	-------------

Accounts Payable Disbursements

36350	12/2/2019	ATT01	AT&T	2,522.33	B91202	PHONE SERVICES
36351	12/2/2019	ATT02	AT&T	662.66	B91202	TELEPHONE ADMIN./GENERAL
36352	12/2/2019	ATT04	AT&T	913.13	B91202	SWITCHED ETHERNET SERVICE
36353	12/2/2019	ATT05	AT&T	185.74	B91202	TELEPHONE TEEN/FAM CTR
36354	12/2/2019	ATT06	AT&T	239.06	B91202	TELEPHONE AZALEA HALL
36355	12/2/2019	BAD01	BADGER METER, Inc.	352.62	80041794	BEACON MOBILE HOSTING SUB
36356	12/2/2019	BAS01	BASIC LABORATORY INC.	197.50	1911589	LAB TESTING
36357	12/2/2019	BEN02	BENTLEY SYSTEMS, INC.	894.00	48049455	SUBSCRIPTION RENEWAL
36358	12/2/2019	BUR01	MARY C. BURKE	125.00	B91202	BOARD MTG 11/6/2019
36359	12/2/2019	COA01	COASTAL BUSINESS SYSTEMS	1,406.65	B91202	COPIER MONTHLY PMT
36360	12/2/2019	COR01	CORBIN WILLITS SYSTEMS, INC	906.19	B91202	MOMS MONTHLY MAINTENANCE
36361	12/2/2019	FED01	FedEx Office	39.09	B91202	LAB TESTS SHIPMENT
36362	12/2/2019	GAN01	GAN CONFERENCING	39.81	41839	PROFESSIONAL SERVICES
36363	12/2/2019	HAR13	The Hartford - Priority A	419.04	B91202	GRP. LIFE INSURANCE
36364	12/2/2019	HUM01	HUMBOLDT BAY MUNICIPAL WATER DISTRICT	92,774.88	B91202	WTR PURCHASED

Check Number	Check Date	Vendor Number	Vendor Name	Net Amount	Invoice #	Description
36365	12/2/2019	JAC04	JACKSON & EKLUND, INC.	535.00	429258	ACCT. / AUDIT
36366	12/2/2019	JOH04	JORDAN JOHNSON	232.70	B91202	SAFETY SUPPLIES REIMB
36367	12/2/2019	MAY02	DENNIS MAYO	125.00	B91202	BOARD MTG 11/6/2019
36368	12/2/2019	MCK11	MCKINLEYVILLE SENIOR CENTER	21.40	B91202	PARKS SHARE OF INTERNET SERVICE
36369	12/2/2019	MUD01	MUDDY WATERS COFFEE CO., INC.	80.00	B91202	OFFICE SUPPLIES
36370	12/2/2019	PGE05	PG&E-STREETLIGHTS	2,010.96	B91202	STLT LOAN AGMT 4190997497
36371	12/2/2019	PGE06	PG&E-STREETLIGHTS	16.32	B91202	GAS & ELECTRIC S.L.- ZONE
36372	12/2/2019	PGE07	PG&E STREETLIGHTS	1,014.11	B91202	STREETLIGHTS
36373	12/2/2019	PGE08	PG&E STREETLIGHTS	15.61	B91202	GAS & ELECTRIC S.L.- ZONE
36374	12/2/2019	PGE09	PG&E STREETLIGHTS	79.01	B91202	GAS & ELECTRIC S.L.- ZONE
36375	12/2/2019	PGE10	PG&E STREETLIGHTS	3.37	B91202	GAS & ELECTRIC S.L.- ZONE
36376	12/2/2019	PGE11	PG&E STREETLIGHTS	29.34	B91202	GAS & ELECTRIC
36377	12/2/2019	PRO01	PROFESSIONAL CREDIT SERVICES	38.08	B91202	RECOVERY OF BAD DEBT
36378	12/2/2019	STA02	STATE OF CALIFORNIA ENERGY COMM	6,225.42	10672	ARRA LOAN PAYMENT
36379	12/2/2019	STE05	STEWART TELECOMMUNICATION	120.00	61917	PROFESSIONAL SERVICES
36380	12/2/2019	SUD01	SUDDENLINK	193.23	B91202	INTERNET SERVICES TEEN CENTER
36381	12/2/2019	UMP01	UMPQUA BANK	75.41	1119-DS	OFFICE SUPPLIES
				72.54	1119-GO	TRAVEL/ MEALS
				8.61	1119-JH	REPAIRS/ SUPPLIES
				239.17	1119-LF	REC PROGRAM & OFFICE SUPPLIES

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
36382	12/2/2019	USB01	U.S. BANK TRUST N.A.	7,604.17	B91202	SEWER BOND PAYMENT
36383	12/2/2019	VER01	VERIZON WIRELESS	86.23	B91202	CELL PHONES/ TABLET
36384	12/2/2019	\A023	MQ CUSTOMER REFUND FOR AR	34.63	000B91201	MQ CUSTOMER REFUND FOR AR
36385	12/2/2019	\B037	MQ CUSTOMER REFUND FOR BA	35.59	000B91201	MQ CUSTOMER REFUND FOR BA
36386	12/2/2019	\B038	MQ CUSTOMER REFUND FOR BL	120.00	000B91201	MQ CUSTOMER REFUND FOR BL
36387	12/2/2019	\C005	MQ CUSTOMER REFUND FOR CA	5.12	000B91201	MQ CUSTOMER REFUND FOR CA
36388	12/2/2019	\S036	MQ CUSTOMER REFUND FOR SH	72.99	000B91201	MQ CUSTOMER REFUND FOR SH
36389	12/2/2019	\S037	MQ CUSTOMER REFUND FOR ST	35.55	000B91201	MQ CUSTOMER REFUND FOR ST
36390	12/2/2019	\S038	MQ CUSTOMER REFUND FOR ST	6.11	000B91201	MQ CUSTOMER REFUND FOR ST
36391	12/2/2019	\S040	MQ CUSTOMER REFUND FOR ST	55.76	000B91201	MQ CUSTOMER REFUND FOR ST
36392	12/9/2019	*0028	AZALEA HALL DEPOSIT REFUND TS	100.00	B91209	AZALEA HALL DEPOSIT REFUND TS
36393	12/9/2019	*0029	AZALEA HALL DEPOSIT REFUND YT	100.00	B91209	AZALEA HALL DEPOSIT REFUND YT
36394	12/9/2019	*0030	REC PROGRAM REFUND SG	65.00	B91209	REC PROGRAM REFUND SG
36395	12/9/2019	*0031	REC PROGRAM REFUND CB	30.00	B91209	REC PROGRAM REFUND CB
36396	12/9/2019	*0032	TEEN CENTER DEPOSIT REFUND MH	100.00	B91209	TEEN CENTER DEPOSIT REFUND MH
36397	12/9/2019	CALL10	CALIFORNIA HEATING	100.75	9298	PROFESSIONAL SERVICES
36398	12/9/2019	COU02	HUMBOLDT COUNTY ASSESSOR	6.70	B91202	MEASURE B MAPS
Check Total:				1,908.98		
				1,159.61	1119BOARD	TRAVEL MEALS/VEHICLE REP
				353.64	1119PARKS	REC PROGRAM SUPPLIES
				1,908.98		

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
36399	12/9/2019	DEP05	DEPARTMENT OF JUSTICE	64.00	420167	FINGERPRINTING
36400	12/9/2019	EUR06	EUREKA READY MIX	1,062.42	57846	REPAIRS/SUPPLY
36401	12/9/2019	GHD01	GHD	25,966.60	131066	SEWER LIFT STATION UPGRAD
			Check Total:	5,812.00	131072	WATER/SEWER MAIN REAHAB &
				<u>31,778.60</u>		
36402	12/9/2019	HAY01	BRAD HAYMAN	99.59	B91209	SAFETY SUPPLIES REIMB
36403	12/9/2019	HUM08	HUMBOLDT SANITATION	1,436.20	B91209	TRASH SERVICE
36404	12/9/2019	IND02	INDUSTRIAL ELECTRIC SERVICE CO.	26.50	34036	REPAIRS/SUPPLY
36405	12/9/2019	MCM01	McMaster-Carr Supply Co.	301.14	B91209	FISCHER LIFT STN UPGRADE
36406	12/9/2019	NAP02	NAPA AUTO PARTS	43.17	B91202	REPAIRS/ SUPPLIES
			Check Total:	4.82	B91209	REPAIRS/ SUPPLIES
				<u>47.99</u>		
36407	12/9/2019	NAT06	NATIONAL METER & AUTOMATION	3,077.15	B91202	REPAIRS/ SUPPLIES
36408	12/9/2019	NOR13	NORTHERN CALIFORNIA SAFETY CONSORTIUM	120.00	B91209	SAFETY TRAINING
36409	12/9/2019	NOR35	NORTHERN HUMBOLDT	1,075.10	B91202	CENTRAL AVE/ P. PARK MAIN
			Check Total:	1,119.59	B91209	P.PARK & CENTRAL AVE MAIN
				<u>2,194.69</u>		
36410	12/9/2019	PRE08	PINTERMEDIA LLC	47.50	B91202	PROFESSIONAL SERVICES
36411	12/9/2019	REN01	RENNER PETROLEUM	2,594.54	B91202	GAS/OIL/LUBE
			Check Total:	857.53	B91209	GAS/OIL/LUBE
				<u>3,452.07</u>		
36412	12/9/2019	SAF04	SAFEWAY INC. FILE # 72905	13.61	B91202	REC PROGRAM SUPPLIES

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
36413	12/9/2019	SLO01	FSA REIMBURSEMENT DS	202.88	B91209	FSA REIMBURSEMENT DS
36414	12/9/2019	SMA01	DREW SMALL	638.11	B91209	GRADE 4 EXAM REIMBURSEMENT
36415	12/9/2019	STA03	STATE OF CALIFORNIA	123,271.01	2001D5001	DAVIS-GRUNSKY LOAN PMT
36416	12/9/2019	STA09	S.W.R.C.B.	190.00	B91209	CERTIFICATION-D SMALL
36417	12/9/2019	TEL01	TELE-WORKS, INC	684.00	10026	PREPAID MINUTES FOR IVR S
36418	12/9/2019	THA01	THATCHER COMPANY, INC.	1,354.70	B91209	REPAIRS/ SUPPLIES
36419	12/9/2019	THR01	THRIFTY SUPPLY COMPANY	127.65	1466847	REPAIRS/ SUPPLIES
				1,297.51	1466854	REPAIRS/ SUPPLIES
				1,027.55	1467529	REPAIRS/ SUPPLIES
				427.90	1467530	REPAIRS/ SUPPLIES
			Check Total:	<u>2,880.61</u>		
36420	12/9/2019	TIM01	TIMES-STANDARD	1,147.57	B91209	ADVERTISEMENT
36421	12/16/2019	*0033	AZALEA HALL DEPOSIT REFUND LS	100.00	B91213	AZALEA HALL DEPOSIT REFUND LS
36422	12/16/2019	*0034	AZALEA HALL DEPOSIT REFUND HA	100.00	B91213	AZALEA HALL DEPOSIT REFUND HA
36423	12/16/2019	ACCO2	ACCESS GEOGRAPHIC LLC	8,326.00	B91213	PROFESSIONAL SERVICES
36424	12/16/2019	ACCO4	ACCURATE DRUG TESTING SERVICE	90.00	4398	PROFESSIONAL SERVICES
36425	12/16/2019	ACW01	CB&T/ACWA-JPIA	7,704.87	B91213	GRP. HEALTH INS
36426	12/16/2019	ADV01	ADVANCED SECURITY SYSTEM	181.50	497238	PROFESSIONAL SERVICES
			Check Total:	<u>161.63</u>	499874	PROFESSIONAL SERVICES
				<u>343.13</u>		
36427	12/16/2019	BAS01	BASIC LABORATORY INC.	395.00	1912450	LAB TESTING
36428	12/16/2019	BET01	BETH WONSON & COMPANY	6,800.00	173	PROFESSIONAL SERVICES

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
Check Total:				1,924.98	177	PROFESSIONAL SERVICES
				8,724.98		
36429	12/16/2019	BLA02	BLACK DOG OUTFITTERS	299.46	455	PROFESSIONAL SERVICES
36430	12/16/2019	C&S01	C & S FIRE-SAFE SERVICES	475.00	5940966	PROFESSIONAL SERVICES
36431	12/16/2019	DELO2	DELFINO, MADDEN, O'MALLEY	1,093.50	139212	LEGAL SERVICES
36432	12/16/2019	EIC01	JENNIFER EICHTEDT	1,434.55	B91213	CONTRACT INSTRUCTOR PAYMENT
36433	12/16/2019	ENV01	ENVIRON	2,500.00	EA-72632	MCSD FACILITY UPGRADE
36434	12/16/2019	EUR06	EUREKA READY MIX	499.96	58164	REPAIRS/SUPPLY
36435	12/16/2019	FED02	FEDAK & BROWN LLP	5,590.00	B91209	ACCT. / AUDIT
36436	12/16/2019	GHD01	GHD	1,614.25	128420	PROFESSIONAL SERVICES
				6,207.50	128747	PROFESSIONAL SERVICES
				3,623.00	130626	PROFESSIONAL SERVICES
				620.75	130631	PROFESSIONAL SERVICES
				1,120.50	131473	PROFESSIONAL SERVICES
Check Total:				13,186.00		
36437	12/16/2019	GRA02	GRAINGER	205.23	937118413	SAFETY SUPPLIES
36438	12/16/2019	HAR03	HARPER MOTORS CO.	153.76	B91201	VEHICLE REPAIRS
Check Total:				411.35	B91202	VEHICLE REPAIRS
				565.11		
36439	12/16/2019	HIG02	HIGH ROCK CONSERVATION CA	400.00	B91213	PROFESSIONAL SERVICES
36440	12/16/2019	HUC01	DELLAH HUCK	364.00	B91213	CONTRACTED INSTRUCTOR
36441	12/16/2019	HUM08	HUMBOLDT SANITATION	760.15	B91213	TRASH SERVICE
36442	12/16/2019	IBS01	IBS OF THE REDWOODS	277.90	B91202	REPAIRS/ SUPPLIES

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
36443	12/16/2019	IND01	INDEPENDENT BUS. FORMS	491.08	B91213	PAYMENT STUBS
36444	12/16/2019	INF02	INFOSEND	5,557.09	B91213	PRINTING/ MAILING OF UTILITY BILLS
36445	12/16/2019	LES01	LES SCHWAB TIRE CENTER	630.83	616003736	REPAIRS/ SUPPLIES
36446	12/16/2019	MAY03	DENNIS MAYO	371.50	B91212	ACWA JPIA 2019 FALL CONFERENCE
			Check Total:	18.28	B91213	ACWA BOARD OF DIRECTORS MTG
				389.78		
36447	12/16/2019	MCK01	MCKINLEYVILLE CHAMBER OF COMMERCE	80.00	5343	SUBSCRIPTIONS
36448	12/16/2019	MCK04	MCK ACE HARDWARE	82.02	B91201	REPAIRS/SUPPLY
			Check Total:	6.17	B91202	REPAIRS/SUPPLY
				20.42	B91209	REPAIRS/SUPPLY
				108.61		
36449	12/16/2019	MEN01	MENDES SUPPLY CO.	513.28	B91202	REPAIRS/SUPPLY
36450	12/16/2019	MIL01	Miller Farms Nursery	42.03	B91202	REPAIRS/SUPPLY
			Check Total:	141.92	B91209	REPAIRS/SUPPLY
				183.95		
36451	12/16/2019	NOR01	NORTH COAST LABORATORIES	1,869.00	B91201	LAB TESTS
			Check Total:	2,060.00	B91202	LAB TESTS
				1,545.00	B91209	LAB TESTS
				5,474.00		
36452	12/16/2019	ORE01	O'REILLY AUTOMOTIVE, INC.	87.12	B91209	REPAIRS/SUPPLY
36453	12/16/2019	PGE01	PG & E (Office & Field)	19,082.91	B91213	GAS & ELECTRIC
36454	12/16/2019	POI01	POINTS WEST SURVEYING CO.	8,800.00	11711	MCSD FACILITY UPGRADE
36455	12/16/2019	PRE08	PINTERMEDIA LLC	47.50	19-4669	PROFESSIONAL SERVICES

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
36456	12/16/2019	RES05	RESERVE ACCOUNT	2,000.00	B91209	POSTAGE METER REFILL
36457	12/16/2019	STA11	STAPLES CREDIT PLAN	471.95	B91216	OFFICE SUPPLIES
36458	12/16/2019	THO02	Thomas Home Center	117.31	B91202	REPAIRS/SUPPLY
				20.19	B91203	REPAIRS/SUPPLY
				465.33	B91209	REPAIRS/SUPPLY
			Check Total:	<u>602.83</u>		
36459	12/16/2019	USA01	USA BLUEBOOK	160.13	88173	LAB TESTING SUPPLIES
36460	12/27/2019	ATT01	AT&T	2,806.61	B91227	PHONE SERVICES
36461	12/27/2019	ATT04	AT&T	912.54	B91227	SWITCHED ETHERNET SERVICE
36462	12/27/2019	ATT05	AT&T	195.65	B91227	TELEPHONE TEEN/FAM CTR
36463	12/27/2019	ATT06	AT&T	248.97	B91227	TELEPHONE AZALEA HALL
36464	12/27/2019	COA01	COASTAL BUSINESS SYSTEMS	1,110.83	B91227	COPIER MONTHLY PMT
36465	12/27/2019	COR01	CORBIN WILLITS SYSTEMS, INC	906.19	B91227	MOM'S MONTHLY MAINTENANCE
36466	12/27/2019	FED01	FedEx Office	372.05	B91227	LAB SHIPMENT
36467	12/27/2019	GHD01	GHD	9,996.25	132775	4.5MG WATER TANK UPGRADE
36468	12/27/2019	INF03	INFINITE CONSULTING SERVICES	2,250.00	8171	PROFESSIONAL SERVICES
				134.66	8194	OFFICE SUPPLIES
			Check Total:	<u>2,384.66</u>		
36469	12/27/2019	MCK11	MCKINLEYVILLE SENIOR CENTER	21.40	B91227	PARKS SHARE OF INTERNET
36470	12/27/2019	MIT01	MITCHELL LAW FIRM	2,823.06	44676	LEGAL SERVICES
36471	12/27/2019	PGE06	PG&E-STREETLIGHTS	16.32	B91227	GAS & ELECTRIC S.L.- ZONE

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
36472	12/27/2019	PGE07	PG&E STREETLIGHTS	1,013.79	B91227	STREETLIGHTS
36473	12/27/2019	PGE08	PG&E STREETLIGHTS	15.62	B91227	GAS & ELECTRIC S.L.- ZONE
36474	12/27/2019	PGE09	PG&E STREETLIGHTS	79.02	B91227	GAS & ELECTRIC S.L.- ZONE
36475	12/27/2019	PGE10	PG&E STREETLIGHTS	3.39	B91227	GAS & ELECTRIC S.L.- ZONE
36476	12/27/2019	SAF04	SAFEMAY INC. FILE # 72905	39.77	B91227	LAB SUPPLIES/ REC PROGRAM
36477	12/27/2019	SAN01	JERRY SANER	422.50	B91227	CONTRACT INSTRUCTOR PAYMENT
36478	12/27/2019	SUD01	SUDDENLINK	193.23	B91227	TEEN CENTER INTERNET
36479	12/30/2019	BAL01	REIMB. FOR VOIDED CHECK DB	1,775.27	B91230P	REIMB. FOR VOIDED CHECK DB
36480	12/30/2019	GOM02	REIMB. FOR VOIDED CHECK JG	350.17	B91230P	REIMB. FOR VOIDED CHECK JG
36481	12/30/2019	HEN03	REIMB. FOR VOIDED CHECK JH	3,231.42	B91230P	REIMB. FOR VOIDED CHECK JH
36482	12/30/2019	TOR01	REIMB. FOR VOIDED CHECK JT	560.05	B91230P	REIMB. FOR VOIDED CHECK JT
36483	12/30/2019	VIL01	REIMB. FOR VOIDED CHECK AV	34.07	B91230P	REIMB. FOR VOIDED CHECK AV
36520	1/8/2020	GHD01	GHD	-	129404PV	INV. 129404 - HILLER LIFT STATION
36522	1/8/2020	GHD01	GHD	35,391.25	0129404P	INV129404 HILLER LIFT STN UPGRADE
D00042	12/3/2019	BAR02	SHEL BARSANTI	125.00	B91202	BOARD MTG 11/6/2019
D00042	12/3/2019	COR07	JOHN CORBETT	125.00	B91202	BOARD MTG 11/6/2019
D00042	12/3/2019	COU09	DAVID COUCH	125.00	B91202	BOARD MTG 11/6/2019
Total Disbursements, Account Payable:				<u>460,370.15</u>		
				<u>460,370.15</u>		

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
--------------	------------	---------------	------	------------	-----------	-------------

Payroll Related Disbursements

16661-16681	12/9/2019		Various Employees	14,177.70		Payroll Checks
16682	12/9/2019	CALL12	CalPERS 457 Plan	7,019.89	B91209	RETIREMENT
			Check Total:	<u>7,738.93</u>	1B91209	PERS 457 LOAN PMT
16683	12/9/2019	DIR01	DIRECT DEPOSIT VENDOR- US	29,984.29	B91209	Direct Deposit
16684	12/9/2019	EMP01	Employment Development	1,513.91	B91209	STATE INCOME TAX
			Check Total:	<u>555.77</u>	1B91209	SDI
				<u>2,069.68</u>		
16685	12/9/2019	HEA01	HEALTHEQUITY, ATTN: CLINT	175.00	B91209	HSA
16686	12/9/2019	HUM29	UMPQUA BANK--PAYROLL DEP.	4,598.80	B91209	FEDERAL INCOME TAX
			Check Total:	<u>6,894.42</u>	1B91209	FICA
				<u>1,792.74</u>	2B91209	MEDICARE
				<u>13,285.96</u>		
16687	12/9/2019	ACW01	CB&T/ACWA-JPIA	58,292.40	B91130	MED-DENTAL-EAP INSUR
16688	12/9/2019	PUB01	Public Employees PERS	18,565.08	B91130	PERS PAYROLL REMITTANCE
16689-16712	12/19/2019		Various Employees	16,067.26		Payroll Checks
16713	12/19/2019	CAL12	CalPERS 457 Plan	6,981.06	B91219	RETIREMENT
			Check Total:	<u>719.04</u>	1B91219	PERS 457 LOAN PMT
				<u>7,700.10</u>		
16714	12/19/2019	DIR01	DIRECT DEPOSIT VENDOR- US	30,656.44	B91219	Direct Deposit
16715	12/19/2019	EMP01	Employment Development	1,595.17	B91219	STATE INCOME TAX
			Check Total:	<u>586.29</u>	1B91219	SDI
				<u>2,181.46</u>		

Check Number	Check Date	Vendor Number	Name	Net Amount	Invoice #	Description
16716	12/19/2019	HEA01	HEALTHEQUITY, ATTN: CLINT	175.00	B91219	HSA
16717	12/19/2019	HUM29	UMPQUA BANK--PAYROLL DEP.	4,796.26	B91219	FEDERAL INCOME TAX
				7,272.82	1B91219	FICA
				1,881.22	2B91219	MEDICARE
			Check Total:	13,950.30		
			Total Disbursements, Payroll:	215,019.60		
			Total Check Disbursements:	675,389.75		

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

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	December 4, 2019
10 Day Notice	January 21, 2020
Board Meeting	February 5, 2020
Lock	March 9, 2020
Route 16, 17, & 18	

Account #	Address	Model of DCV	Date s/o out
17-040-000	1777 Norton	WATTS 007	
17-889-999	1524 Underwood	FEBCO 850	
17-265-000	3469 Dows Prairie	WILKINS 550A	
19-600-054	5161 Dows Prairie	FEBCO 850	
19-465-006	4651 Chaffin	FEBCO 850	
19-360-004	4680 Kemp	WATTS 007	

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **ACTION**

ITEM: D.4 **Approve Budget Modification for Truck Purchases**

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

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review the information provided and approve the budget modification to the FY2019/20 CIP for truck purchases.

Discussion:

During the FY2019/20 Capital Improvement (CIP) budgeting process, Operations Department budgeted \$50,000 to cover the cost of two new trucks with one of the trucks being ordered without a utility bed with plans on reusing the utility bed from the surplus vehicle. Since then it was decided to keep the truck that was going into surplus in exchange for a different truck that has been having mechanical issues. Therefore, staff needed to order the new truck with a utility bed which increases the cost above the approved budget.

Staff has opted to move the \$10,000 from the tractor GL account under Heavy Equipment to the Utility Truck GL account under Utility Vehicles. This modification will not affect the budget total but only decrease the Heavy Equipment from \$100,000 to \$90,000 and increase the Utility vehicles from \$50,000 to \$60,000. **Attachment 1**

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

There is no cash impact for this budget modification. The only change will be moving the \$10,000 from GL account 12415, Tractor attachment, to GL account 12420, ¾ or 1-ton trucks.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – MCSD Budget FY2019-20 Final Approved modified

McKinleyville Community Services District
Enterprise Funds Capital Improvement Project Budget
For the Fiscal Years Ending June 30, 2020 - 2029

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029
1. Heavy Equipment										
Totals:	90	120	0	0	10	0	107	0	120	500
2. Utility Vehicles										
Totals:	60	38	38	38	68	38	60	38	60	57
3. Water System										
Totals:	2,618	5,957	1,071	1,007	1,257	1,014	7	7	32	52
4. Sewer System										
Totals:	4,705	2,215	1,348	1,505	2,767	1,240	262	1,346	370	7,812
5. Office, Corporation Yard & Shops										
Totals:	50	300	400	0	10	0	10	0	14	0
6. Computers, Software & Equipment										
Totals:	60	5	131	25	6	5	29	5	7	27
7. Fischer Ranch										
Totals:	175	105	105	127	5	5	5	5	15	5
8. Small Equipment & Other										
Totals:	40	20	15	15	15	20	35	42	20	15
Total Planned Expenditures	7,798	8,760	3,108	2,717	4,138	2,322	515	1,443	638	8,468
Departmental Allocations:										
Water Fund	2,733	6,199	1,363	1,046	1,312	1,046	128	50	143	102
Wastewater Fund	5,065	2,562	1,745	1,671	2,827	1,277	388	1,394	496	8,367
Total	7,798	8,760	3,108	2,717	4,138	2,322	515	1,443	638	8,468

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **ACTION**

ITEM: D.5 **Consider Approval of a Mainline Extension Agreement for Avelar Subdivision**

PRESENTED BY: **Gregory Orsini, General Manager**

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

Recommendation:

Staff recommends that the Board approve the Mainline Extension Agreement for the Avelar Subdivision off Imeson. All facilities in the project will be dedicated to the District if constructed and they pass inspection, in accordance to the District Rules and Regulations.

Discussion:

Henry Avelar has obtained permits and is starting construction of the Avelar Subdivision. A water and sewer main extension will be required from existing lines on Imeson Rd., the new construction will extend north and then west on Avelar Court. The applicant has completed the application that requires Board approval. All deposits and fees required have been paid, **Attachment 1**.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

The Applicant will plan and construct the facilities and dedicate them to the District when completed and approved by the District. Additionally, the applicant will pay the customary water and sewer fees for the lots as a condition of service.

The Application fees for plan check and inspections are to be determined and will be paid prior to proceeding with construction of water or sewer facilities.

Connection fees will be calculated paid prior to building permits being granted.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Avelar Subdivision Application for Extension of Water, Sewer, Streetlights, Trails and Open Space

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
 APPLICATION FOR EXTENSION OF WATER/SEWER/STREET LIGHTING
 AND/OR OPEN SPACE MAINTENANCE SERVICE
 FOR THE AVELAR SUBDIVISION

DATE: **January 29, 2020**

#1 **Purpose of Proposed Extension:** Water and sewer main extensions for the 13-lot subdivision; a Street Light Zone with two streetlights and an Open Space Zone for a detention basin.

				STREET		OPEN		FIRE	
WATER:	YES	SEWER:	YES	LIGHTING:	YES	SPACE:	YES	SERVICE	NO

MAP OF PROPOSED MAIN EXTENSION AND FINAL ENVIRONMENTAL DOCUMENT MUST ACCOMPANY THIS APPLICATION

Assessors Parcel No. 510-441-001 Parcel Address: AVELAR / IMESON SUBDIVISION

REMARKS: I do hereby agree to comply with the applicable provisions of the Rules and Regulations and the Standard Specifications of the McKinleyville Community Services District, copies of which are available upon request.

Signature of Owner: _____
 Print Name: Henry Avelar

Address: 1055 Imeson Rd. McKinleyville, CA 95519

Phone: (Home) _____ (Work) _____

Name of Agent: (Please Print) _____

Address: _____

Phone: _____

#2 **Report:**

Length of Extension Required:

Water: 413' of six inch PVC water main

Sewer: 409' of six inch sewer main

No. of Street Lights Required: two lights (LED street lights)

Open Space: N/A

Detention Basin Were assessed in Open Space Maintenance Zone

Remarks: None

#3 **Action by Board of Directors:**

Date: February 5, 2020 Granted: _____ Denied: _____

Amount to be paid by Applicant \$8,017

Is refund agreement part of this application? Yes _____ No X _____

District Manager: Gregory Orsini _____

#4 Date Deposit is Received: _____

#5 Date Main Extension is started: _____

#6 Date Main Extension is completed: _____

Remarks: _____

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **ACTION**

ITEM: D.6 **Approve Conveyance of Water, Sewer and Street Light Facilities Related to Bo Day/Griffith Rd. Subdivision**

PRESENTED BY: **Greg Orsini, General Manager**

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

Recommendation:

Adopt conveyance of the facilities as recommended by staff included in **Attachment 1** and listed by name and APN 508-081-061. All facilities are the property of the District and will be maintained by District personnel.

Discussion:

All subdivisions that install facilities such as water mains and services, sewer mains and laterals, and street light zones when required, are eventually completed and dedicated to the McKinleyville Community Services District (MCSD). These projects are brought to the Board during the application phase for approval, prior to the start of the project. All facilities are constructed to District Specifications, tested, and inspected, prior to a letter being sent to the County Public Works for approval and the recordation of the final map.

Staff sends a final letter of approval that starts the date for the one-year warranty period. If any defects are in evidence during this first year, it is the responsibility of the developer/contractor to remedy the problem. After a period of one-year the District is responsible to make repairs unless fraud and/or gross negligence is evident.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

A valuation of all infrastructure included in the conveyance will be added to the MCSD Capitol Asset Inventory.

Environmental Requirements:

Required by developer prior to construction.

Exhibits/Attachments:

- Attachment 1 – Agreement for Conveyance and Acceptance of Bo Day/Griffith Rd. Subdivision System

AGREEMENT FOR CONVEYANCE AND ACCEPTANCE OF
BO DAY/ GRIFFITH RD. SUBDIVISION SYSTEM

This Agreement is made by and between the MCKINLEYVILLE COMMUNITY SERVICES DISTRICT, hereinafter referred to as “McKinleyville”, and Bo Day, hereinafter referred to as “Developer”, this 5th day of February 2020.

1. Developer hereby grants and conveys to McKinleyville that certain Bo Day/ Griffith Rd. Subdivision mainline extension system constructed and owned by Developer which system is described as follows:

Water System:

- 273’ 6” Water main
- 2 6” Gate Valves
- 1 Fire Hydrant Assembly
- 1 2” Blow off assembly
- 8 Single 1" Water Services
- 1 Water Main Line Tie-In

Sewer System:

- 258’ 6” Sewer Main
- 1 Sewer Manhole
- 1 Mainline C.O.
- 8 Sewer Laterals
- 8 Sewer Laterals C.O.
- 1 Mainline Tie-in at Manhole

Streetlights:

- 2 Streetlights

and all related appurtenances.

The facilities are located on AP# 508-081-061 and are more specifically described in the service application dated November 1, 2017.

Together with an easement 20 feet in width and the right to lay, construct, reconstruct, install, replace, operate, repair, remove, alter, inspect, and maintain pipes, pipelines, facilities and appurtenances for water, sewer and other public utility services and facilities, together with the free right of ingress and egress thereto, and such other rights and benefits necessary and convenient to GRANTEE’S full use and enjoyment of the rights herein granted.

2. McKinleyville accepts the grant and conveyance from Developer of said Water and Sewer system and agrees to maintain and operate it as part of its MCSD Distribution and Collection system.

IN WITNESS WHEREOF the parties hereto have executed this agreement effective the date first above written.

Developer
McKinleyville Community Services District

Mary Burke, Board President

April Sousa, Board Secretary

Update After Completion for Capital Contribution					
Water System:					
	Quantity	Description			
	237	6 and 8" Water main	/ft.	\$50.00	\$11,850.00
	2	6 and 8" Gate Valve	ea.	\$2,440.00	\$4,880.00
	1	Fire Hydrant Assembly	ea.	\$6,800.00	\$6,800.00
		2" Water Services	ea.	\$2,870.00	\$0.00
	8	Single Water Services	ea.	\$1,380.00	\$11,040.00
		Air Relief Valve	ea.	\$2,760.00	\$0.00
	1	Blow offs	ea.	\$1,600.00	\$1,600.00
	1	Main line Tie- In	ea.	\$9,800.00	\$9,800.00
		Hot Tap w/ sleeve	ea.	\$1,300.00	\$0.00
	Total				\$36,170.00
Sewer System:					
	Quantity	Description			
	258	6" Sewer main	/ft.	\$100.00	\$25,800.00
	1	Sewer Manholes	ea.	\$7,500.00	\$7,500.00
	8	Sewer Laterals	ea.	\$800.00	\$6,400.00
	8	Sewer Laterals C.O	ea.	\$270.00	\$2,160.00
		Main line Tie- In	ea.	\$2,000.00	\$0.00
	1	Sewer Main Line C.O.	ea.	\$700.00	\$700.00
	Total				\$42,560.00
Streetlight Contributed					\$4,000

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **ACTION**

ITEM: D.7 **Consider Approval for Association of California Water Agencies (ACWA) Related Travel for Dennis Mayo**

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

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that review the list of dates for ACWA related travel, take public comment, and approve the list of potential meeting dates as authorized travel for Dennis Mayo.

Discussion:

Dennis Mayo is the Vice Chair of the ACWA Region 1 Board as well as a member of other committees with ACWA. As such, he is required to attend various meetings. Most Region 1 Board meetings are in Sacramento. Other meetings might include ACWA Spring Legislation Symposium, DC Conference (approved in December 2019), and the Fall Conference.

The list of meetings for the Region 1 Board meetings is attached. Additional meetings are as follows:

February 12, 2020 – ACWA Agriculture Committee

February 25-27, 2020 – DC Conference

March 12, 2020 – ACWA Legislative Symposium

May 5-8, 2020 – ACWA Spring Conference and Exhibition

December 1-4, 2020 – ACWA Fall Conference and Exhibition

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Each meeting will consist of travel costs (Hotel, meals, transportation), which will vary. Generally, the Regular Board Meetings will cost around \$350. Conferences will include the cost of attending the conference as well as flight costs, which brings attendance costs in the \$1-2,500 range.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – ACWA Board of Directors 2020 Meeting Schedule



ACWA Board of Directors: 2020 Meeting Schedule

DATE	TIME	MEETING
Note: ACWA’s practice is to schedule Board meetings bimonthly on the last Friday of the month, with the first meeting starting in January.		
Tuesday, January 7, 2020 <u>Monday, January 6, 2020</u>	10 a.m.	Teleconference Meeting to Ratify President’s Committee Chair / Vice Chair Appointments <i>ACWA Meeting Room C, 980 9th Street, Sacramento</i>
Thursday, January 30, 2020	10 a.m.	Board of Directors’ Workshop <i>Capitol Event Center, 1020 11th Street, Sacramento</i>
Friday, January 31, 2020	8 a.m.	Executive Committee
Friday, January 31, 2020	9 a.m.	Board of Directors <i>Capitol Event Center, 1020 11th Street, Sacramento</i>
Friday, March 27, 2020	8 a.m.	Executive Committee
Friday, March 27, 2020	9 a.m.	Board of Directors <i>2nd Floor Conference Room, 980 9th Street, Sacramento</i>
Friday, May 29, 2020	8 a.m.	Executive Committee
Friday, May 29, 2020	9 a.m.	Board of Directors <i>2nd Floor Conference Room, 980 9th Street, Sacramento</i>
Thursday, July 30, 2020	1 p.m.	Board of Directors’ Workshop <i>2nd Floor Conference Room, 980 9th Street, Sacramento</i>
Friday, July 31, 2020	8 a.m.	Executive Committee
Friday, July 31, 2020	9 a.m.	Board of Directors <i>2nd Floor Conference Room, 980 9th Street, Sacramento</i>
Thursday, September 24, 2020	2 p.m.	Board of Directors’ Budget Workshop <i>ACWA Meeting Rooms A & B, 980 9th Street, Sacramento</i>
Friday, September 25, 2020	8 a.m.	Executive Committee
Friday, September 25, 2020	9 a.m.	Board of Directors <i>2nd Floor Conference Room, 980 9th Street, Sacramento</i>
Friday, November 20, 2020	8 a.m.	Executive Committee
Friday, November 20, 2020	9 a.m.	Board of Directors
<ul style="list-style-type: none"> — All Board of Directors’ workshops/meetings are scheduled in Park Tower, 2nd Floor Conference Room, 980 9th Street, Sacramento, California, unless otherwise stated. — All Executive Committee meetings are scheduled in Meeting Room C at the ACWA offices, 980 9th Street, Sacramento, California, unless otherwise stated. 		

Approved by the Board of Directors: May 31, 2019

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **ACTION**

ITEM: D.8 **Consider Approval of Memorandum of Understanding (MOU) Between McKinleyville Community Services District (MCSD) and the McKinleyville Chamber of Commerce (Chamber) for Beautification and Decoration within the County Right of Way Along Central Avenue in McKinleyville, CA**

PRESENTED BY: **Gregory Orsini, General Manager**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review information provided and authorize Board President to execute the MOU between MCSD and the Chamber for continued beautification and decoration within the County Right of Way along Central Avenue in McKinleyville, CA, with any recommended modifications, **Attachment 1**.

Discussion:

In February 2017 the MCSD Board of Directors approved an MOU between MCSD and the McKinleyville Chamber of Commerce for the beautification and decoration within the County Right of Way along Central Ave. Since then the Chamber has maintained an encroachment permit with the County and has annually installed and maintained flower baskets on light poles.

The Chamber has requested that the MOU renewal be for a term of 3 years, which would coincide with the term of the current encroachment permit with the County.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – MOU MCSD and Chamber

**MEMORANDUM OF UNDERSTANDING BETWEEN
MCKINLEYVILLE COMMUNITY SERVICES DISTRICT and
THE MCKINLEYVILLE CHAMBER OF COMMERCE**

FOR BEAUTIFICATION AND DECORATION WITHIN THE COUNTY RIGHT OF WAY ALONG
CENTRAL AVENUE IN MCKINLEYVILLE, CA

This Memorandum of Understanding (MOU) is entered into effective February 5, 2020, by and between the McKinleyville community Services District, herein referred to as (MCSD), the McKinleyville Chamber of Commerce herein referred to as (CHAMBER).

The term of this agreement shall commence on the above date and shall terminate on February 28, 2023.

Purpose and Background:

The purpose of this MOU is to establish MCSD and CHAMBER respective roles, duties and responsibilities that each party hereby agrees to perform and undertake with respect to beautification and decoration within the Central Avenue Open Space Maintenance Zone (OSMZ), located along Central Avenue, a County right of way.

This cooperation serves the mutual interest of both parties and the public.

The Central Ave. OSMZ extends north along Central Ave., a County right of way, from the intersection of Central Ave. and Anna Sparks Way to the intersection of Central Ave. and 110 feet north of Bates Ave. Located within the Central Ave. OSMZ are 77 parcels that front Central Ave. The CHAMBER wishes to hang flower baskets on a select number of poles within the Central Ave. OSMZ.

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

Nothing in this MOU shall alter, amend, or otherwise affect the rights and responsibility of those property owners owning property that fronts Central Ave. within the Central Ave. OSMZ. Those property owners remain responsible for maintaining the condition of the sidewalk along the linear footage of their respective properties.

Respective Roles, Duties and Responsibilities of MCSD and CHAMBER:

Section A: As to CHAMBER:

1. CHAMBER agrees to assume responsibility for all labor, equipment and materials required for the hanging of flower baskets on light poles within the Central Ave. OSMZ.
2. CHAMBER agrees to assume responsibility for all maintenance related to the flower baskets.

3. CHAMBER agrees to provide proof of Worker's Compensation coverage for all labor performed on behalf of CHAMBER within the Central Ave. OSMZ.
4. CHAMBER agrees to not allow the hanging, removal, maintenance or any other activity related to the flower baskets, to interfere with the open space maintenance responsibilities of MCSD.
5. CHAMBER agrees to coordinate with MCSD in the scheduling of the installation and removal of flower baskets to ensure said activities do not interfere with MCSD's scheduled maintenance of the Central Ave. OSMZ.
 - a. Scheduling of the annual installation and removal of flower baskets will be as follows:
 - i. Baskets will be hung within the last two weeks of May, prior to Pony Express Days celebrations and removed by the end of October each year.
6. CHAMBER agrees to obtain and maintain throughout the term of this agreement, comprehensive general public liability insurance issued by an insurance carrier acceptable to MCSD naming the CHAMBER as insured and MCSD as additionally insured against any injuries or damages to persons or property caused by or arising out of the CHAMBER'S occupation and/or activities within the Central Ave. OSMZ under this agreement in amounts of not less than \$1,000,000 for any individual claimant and \$2,000,000 per occurrence.

Section B: As to MCSD:

1. MCSD agrees to grant CHAMBER access to requested areas within the Central Ave. OSMZ for the purposes of hanging flower baskets on light poles and the maintenance and/or removal of said amenities.
2. MCSD agrees to coordinate maintenance scheduling of the Central OSMZ in order to facilitate the CHAMBER'S access to areas as requested by the CHAMBER.

Section C: CHAMBER, MCSD Further Agree and Acknowledge that:

1. MCSD and CHAMBER agree to mutually hold harmless, indemnify and defend the other party from and against any and all claims for personal injuries or property damages which arise out of the indemnifying party's performance of the terms of this agreement.
2. This MOU and the rights, duties, and responsibilities set forth herein are contingent upon the CHAMBER successfully acquiring a Right of Way Encroachment Permit from the County of Humboldt Department of Public Works for access to the Central Ave. right of way.
3. This MOU and the rights, duties, and responsibilities set forth herein are contingent and conditioned upon the continued approval of the affected property owners within the Central Ave. OSMZ.

4. This MOU shall remain effective and renew annually unless and until the Central Ave. OSMZ is dissolved. MCSD acknowledge that MCSD will seek reauthorization to continue the Central Ave. OSMZ every five (5) years from the affected property owners.
5. The General Manager of MCSD, the CEO of the CHAMBER agree to review the status of this MOU every year, within two (2) months of the renewal date.
6. This MOU may be revised or modified only with the written consent of both parties.

SIGNATURES

By: _____
Mary Burke, President of the Board
McKinleyville Community Services District

Date: _____

By: _____
Jesse Miles, CEO
McKinleyville Chamber of Commerce

Date: _____

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.1 **MCS D Employee of the Year presentation to Kyle Stone**

PRESENTED BY: **Gregory Orsini, General Manager**

TYPE OF ACTION: **None**

Recommendation:

Recognize Kyle Stone as Employee of the year and participate in the presentation of this award to him.

Discussion:

Each year, McKinleyville Community Services District (MCS D) employees vote for Employee of the Year. This award and recognition were started by Norman Shopay in 2009.

Previous awardees are:

- Sharon Denison, 2009
- Tony Rutten, 2010
- Lesley Frisbee, 2012
- William McBroome, 2013
- David Baldosser, 2014
- Diane Sloan, 2015
- Chris Jones, 2016
- Jennifer Olsen, 2017
- Erik Jones, 2018

The employee of the year is a person who has brought about significant positive change, eliminates obstacles in achieving District goals and objectives, is resourceful, contributes constructively, innovative, exceeds expectations, inspires others, proactively identifies and resolves challenges. The 2019 Employee of the Year award went to Kyle Stone.

Throughout his years 13 years of service with the District, Kyle has demonstrated unwavering loyalty and dedication to MCS D. He gets along well with his co-workers, provides excellent customer service, and is always willing to help out on and off the clock.

Kyle will hold this distinction for the 2020 calendar year with a new employee of the year crowned at the end of 2020. The employee of the year is chosen through a secret ballot by their peers judged on merit.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments

- None

Not applicable

Exhibits/Attachments:

- Attachment 1 – Letter of Application Josh Zender
- Attachment 2 – Letter of Application Kassidy Bertoldi

11/17/2019

RECEIVED

NOV 19 2019

Nominating Committee
C/O Lesley Frisbee
McKinleyville Community Services District (MCSD)
P.O. Box 2037
McKinleyville, CA 95519

RE: McKinleyville Recreation Advisory Committee – Open Seat

Dear Lesley Frisbee;

Per the recent official announcement, I understand that MCSD is currently seeking an applicant to serve as a recreation advisory board member for a two-year term. The intent of this letter is to express my interest in serving as either a voting member or alternate member on this board.

I'm uniquely qualified for this position in that I would bring many important experiences to this position including, but not limited to previous service on community boards, work experience for the Washington State Parks and Recreation department, highly relevant academic qualifications and professional certifications.

As a tenured Associate Professor at Humboldt State University, I serve on multiple committees on-campus, including as an officer of Faculty General Assembly, committee member of the HIIMR institute, Program Director of the MBA Program, Curriculum Committee, and Chair of the Business Advisory Committee. Within the greater Humboldt County community, I serve on the CalCPA education board and just recently convened an economic forum between Mayor Seaman (Eureka) and Mayor Watson (Arcata), as well as their Planning and Development staff. I have previously served as a board member for the California State and Federal Employees Credit Union (CSFECU) over the span of three years and played a key role in the transition of this particular organization into becoming an open field of membership institution now known as Compass Community Credit Union. During my tenure on the board, I maintained productive and collegial relations with the esteemed board members.

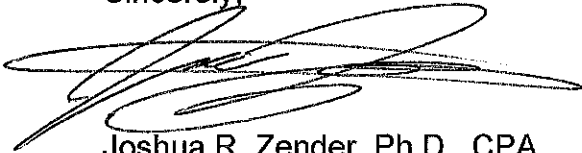
Outside of demonstrating effective decision-making and cooperation on boards of directors, I have first-hand experience in recreation. I have previously served as a seasonal Senior Park Aide, reporting directly to a Park Ranger III/Area Site Manager in the Washington State Parks and Recreation department. This system is considered among the best state park and recreation systems in the United States. In 2019, our department was a finalist for the National Gold Medal Award for Excellence at the National Recreation and Park Association annual conference. Having a board member who has worked on the "front lines" interacting with citizens (customers), building trails, maintaining facilities, and conducting park programs would be invaluable perspective for this board. I

would be able to draw upon and apply some the best practices from other programs to MCSD parks and recreation sites.

As an accomplished Ph.D. scholar in the field of public administration and Certified Public Accountant (CPA), I would offer exceptional technical and research aptitude in this capacity. Synthesizing budgets, contracts, and government laws really comes second nature to me as these activities are essentially my primary vocation and passion. As a permanent resident of McKinleyville and frequent patron of many of the recreation facilities within the unincorporated area of McKinleyville, I'm intimately familiar with both the strengths and opportunities for growth that exist in recreational administration in this area. I have many contacts throughout the region and would draw heavily upon the insights of others in developing recommendations and casting important votes as a board member.

In closing, I have a strong passion for promoting recreation services within local communities and possess highly relevant work experience for this role. If you have any questions or require additional information, please feel free to contact me at 707-601-5276. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Joshua R. Zender', with a large, sweeping flourish extending to the left.

Joshua R. Zender, Ph.D., CPA

1813 Maplewood Drive
McKinleyville, CA 95519

Kassidy Bertoldi

1662 Holly Drive McKinleyville, CA 95519 | 916-479-0946 | kassidygangl@gmail.com

RECEIVED

December 16th, 2019

DEC 18 2019

McK. C.S.D.

To Whom it May Concern;

I would like to be considered for open board member position for the Recreation Advisory Committee. I believe that my background could prove to help me be successful based on the requirements you are looking for. Firstly, I graduated in 2017 from CSU Chico with a degree in Recreation and Hospitality. I think this education could serve me well in this position. It was instilled in me the importance of community service, goal setting, and leadership through this education. During my college career I also spent my summers interning at the city of Elk Grove, in the Public Relations and Events department. I work on premier events like there Multi-Cultural Festival, Party on the Palms, and their fourth of July event – Salute to the Red, White, & Blue.

I moved to Eureka with my husband in August of 2018, and even then, our goal was to live in McKinleyville. We moved here in February 2019, and while I am still learning new things about this community and Humboldt County as a whole, I am glad to call it home. I want to become an active member so that I can grow with this community. Currently, I work for Lost Coast Brewery as their Events Coordinator, and I think the skills I have developed and the people I have met there can help me in this position as well.

Thank you for your time and I hope to hear from you.

Sincerely,

Kassidy Bertoldi

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.3 **Presentation from Chief Justin McDonald, Arcata Fire District, regarding Measure R, a Special Tax Proposed for the March 2020 Ballot**

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

TYPE OF ACTION: **None**

Recommendation:

Staff recommends that the Board review information from the presentation and take public comment.

Discussion:

The Arcata Fire District serves five communities, one of them being McKinleyville. In order to continue the level of service needed for these communities, the Arcata Fire District is proposing a special tax for the March 2020 ballot. This special tax will require a 2/3 voter approval and will replace the 1997 special tax.

Fire Chief McDonald will present to the Board and the Public information on why the tax is being proposed, what the benefits to the community and to the Fire District will be, and the possible changes that may happen if the tax is not passed.

Alternatives:

Not applicable

Fiscal Analysis:


Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Measure R PowerPoint presentation
- Attachment 2 – Flyer for Measure R




What is Measure R?

A special tax proposed by the Arcata Fire District


- On the March 2020 ballot
- Requires 2/3 approval

Replacing the 1997 Special Tax
Would generate \$2.2million



5 Communities / 3 Stations / 1 District

1




What is the Purpose of Measure R?

To ensure the District can respond quickly to incidents, the tax will:

- Retain 2 firefighters on-duty at 3 stations and 1 Battalion Chief Supervisor.
- Restore 3 frozen/vacant firefighter positions.
- Repair and Replace fire engines & equipment when needed.

5 Communities / 3 Stations / 1 District

2




What is the Justification?

- It has been 13 years since the District secured an increase in funding.
- The current 1997 Special Tax & 2006 Benefit Assessment
 - Do not have built-in inflationary factors
 - Have grown minimally since their implementation.
- In an effort to prevent station closures & layoffs, the Board opted to reduce operational expenditures for the last 3 fiscal cycles.
- FY 19/20 will be the last year we can sustain the current level of service and keep 3 fire stations staffed.

5 Communities / 3 Stations / 1 District

3




What is the Justification? – cont.

- Tax versus Fire Insurance Premiums
- By retaining the current level of staffing & keeping 3 stations open, the District can maintain its insurance rating, thereby keeping your fire insurance premium as low as possible and ultimately ensuring rapid emergency medical and fire response.

5 Communities / 3 Stations / 1 District

4






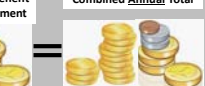


How Much Will the Tax Cost?


Measure R is base on property use and will cost;

- Empty Lot = \$30 (\$2.50/month)
- Residential = \$118 (\$9.83/month)
- Commercial = \$546 (\$45.50/month)

Measure R would be in addition to the 2006 Benefit Assessment

1997 Tax	1997 Amount	Proposed Increase	Measure R Amount	2006 Benefit Assessment	Combined Annual Total
					

5



Our Mission Has Changed

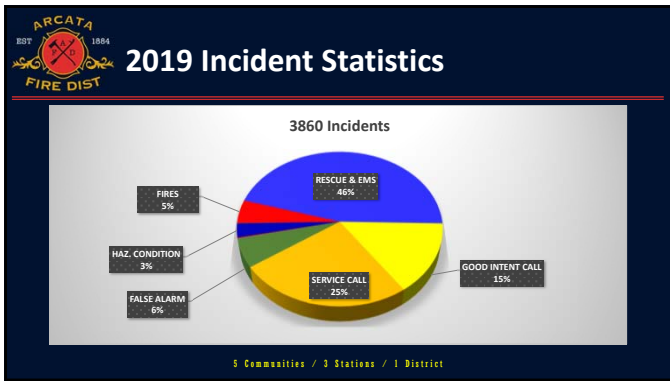
Calls for service have nearly doubled in the past two decades;

- In 1996 there were **1232** incidents.
- In 2006 there were **1750** incidents.
- In 2018 there were **3357** incidents.

We do more than fight fires; we respond to life threatening medical emergencies, vehicle accidents, hazmat spills, alarm activations, lift assists, public education, safety inspections and many other public service needs.

5 Communities / 3 Stations / 1 District

6



7

What Happens if Measure R fails?

The District will be forced to reduce on-duty personnel from 7 down to 4, which would have the following effects:

- 1 of our 3 fire stations would close.
- 3 Battalion Chiefs positions would be eliminated.
- 6 Firefighter positions eliminated and employee layoffs.

5 Communities / 3 Stations / 1 District

8


What Happens if Measure R fails?

From this 24/7/365

To This 24/7/365

5 Communities / 3 Stations / 1 District

9




Who Are We?

The Arcata Fire District is a single-purpose Special District, independent of the County of Humboldt and the City of Arcata; governed by a board who is elected directly by the voters.

We provide critical, emergency, life-saving, and fire protection services to the communities of McKinleyville, Manila, Bayside, Jacoby Creek and the City of Arcata.

5 Communities / 3 Stations / 1 District

10



Who Are We? - continued

1 – Fire Chief	3 – Battalion Chiefs
18– Career Firefighter	1 – Business Manager
4 – Volunteer Firefighters	3 – Part-Time Prevention Staff
2 – Firefighter Interns	11 – Logistics Volunteers

Daily Staffing = 1 Duty Chief, 6 Firefighters

5 Communities / 3 Stations / 1 District

11



12



13

ARCATA FIRE DISTRICT **How do I get more information on Measure R?**

Visit our website at www.arcatafire.org
 Contact Fire Chief Justin McDonald at 707-825-2000 or jmcdonald@arcatafire.org
 Email your Board members:

- Rene Campbell-Division 1 (McKinleyville North)
- Nicole Johnson-Division 2 (McKinleyville South)
- Randy Mendosa-Division 3 (North Arcata)
- Elena David-Division 4 (Central Arcata)
- David Rosen-Division 5 (Bayside, Jacoby Creek, Manila)

Email addresses are first initial last name @arcatafire.org

5 Communities / 3 Stations / 1 District

14

ARCATA FIRE DISTRICT

Item E.3
Attachment 2

MEASURE R

The Arcata Fire District is a single-purpose Special District, independent of the County of Humboldt and the City of Arcata; governed by a board who is elected directly by the voters. We provide critical, emergency, life-saving, and fire protection services to the communities of McKinleyville, Manila, Bayside, Jacoby Creek and the City of Arcata.

What is Measure R?

This is a special tax for the Arcata Fire District that would **replace** the 1997 Special Tax and would be **in addition to** the 2006 Benefit Assessment. If approved by 2/3's of the voters in the March 2020 primary election, the tax would generate \$2.2 million dollars. This tax would **not** have an inflation factor and would **expire** in 10 years.

What is the purpose of Measure R ?

To ensure we can respond quickly to incidents when you need us. The tax will:

- Retain 2 firefighters on-duty at 3 stations and 1 Battalion Chief Supervisor.
- Restore 3 frozen/vacant firefighter positions.
- Repair and Replace fire engines & equipment when needed.

Our mission has changed.

Calls for service have nearly doubled in the past two decades;

- In 1996 there were **1232** incidents.
- In 2006 there were **1750** incidents.
- In 2018 there were **3357** incidents.

We do more than fight fires; we respond to life threatening medical emergencies, vehicle accidents, hazmat spills, alarm activations, lift assists, public education, safety inspections and many other public service needs.



Why does the District need more funding?

It has been 13 years since the District secured an increase in funding.

The current 1997 Special Tax & 2006 Benefit Assessment do not have built-in inflationary factors and have grown minimally since their implementation.

For the past 3 years, the Board cut spending, in addition to freezing vacant positions, deferring equipment maintenance, and using reserve funds to prevent station closures & layoffs.

2019 will be the last year we can sustain the current level of service and keep three fire stations staffed.



As a property owner, what will Measure R cost me?

Property Type	1997 Special Tax		Proposed Increase		Measure R Total
Vacant/Unimproved Lot	\$5	+	\$25	=	\$30
Single Family Residence	\$20	+	\$98	=	\$118
Rural Residence	\$30	+	\$162	=	\$192
Multi-Family Residential 2-4 units	\$40	+	\$269	=	\$309
Multi-Family Residential 5-9 units	\$50	+	\$338	=	\$388
Multi-Family Residential 10+ units	\$60	+	\$405	=	\$465
Commercial	\$60	+	\$486	=	\$546
Industrial	\$100	+	\$810	=	\$910
Retail (10,000 + sq ft)	\$60	+	\$850	=	\$910
Mobile Home (in a park)	\$15	+	\$75	=	\$90

What happens if the District does not pass Measure R?

- We will be forced to reduce on-duty personnel down from 7 to 4.
- We will close 1 of our 3 fire stations.
- 3 Battalion Chiefs positions will be eliminated.
- There will be layoffs and the elimination of 6 Firefighter positions.



Can the District justify the need and show how it will help the community?

By retaining the current level of staffing and keeping 3 stations open, it will maintain our insurance rating, thereby keeping your fire insurance premium low and ultimately ensuring a rapid fire and emergency medical response.

Who are my Fire District Board members?

- ◆ Rene Campbell-Division 1 (McKinleyville North)
- ◆ Nicole Johnson-Division 2 (McKinleyville South)
- ◆ Randy Mendosa-Division 3 (North Arcata)
- ◆ Elena David-Division 4 (Central Arcata)
- ◆ David Rosen-Division 5 (Bayside, Jacoby Creek, Manila)

How do I get more information on Measure R?

More information can be obtained by visiting our website at www.arcatafire.org, or by contacting our office at 707-825-2000 to speak with Fire Chief Justin McDonald or one of our Board members.

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **ACTION**

ITEM: E.4 **Approve FY2018-19 Audited Financial Statements**

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

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board listen to the auditor's presentation, discuss, take public comment, and approve the District's audited financial statements for Fiscal Year 2018-19.

Discussion:

The District's annual audit for Fiscal Year 2018-19 is complete. It has been presented and discussed with the MCSD Audit Committee and Staff.

The Audit Committee has reviewed the draft audited financial statements.

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

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 - MCSD Basic Financial Statements with the Report of the Independent Auditor for Fiscal Year 2018-19

McKinleyville Community Services District

Management Report

June 30, 2019

DRAFT

McKinleyville Community Services District

Management Report

Table of Contents

<u>Item</u>	<u>Page No.</u>
General Introduction	1
Current Year Comment and Recommendation	1-2
Prior Year Comment and Recommendation	2
Appendix:	
Audit/Finance Committee Letter	1-3
Schedule of Adjusting and Reclassifying Journal Entries	4

DRAFT

Board of Directors
McKinleyville Community Services District
McKinleyville, California

Dear Members of the Board:

In planning and performing our audit of the financial statements of the governmental activities, the business-type activities, and each major fund of the McKinleyville Community Services District (District) as of and for the year ended June 30, 2019, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Our comment, of which have been discussed with the appropriate members of management, are summarized as follows:

Current Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Current Year Comment and Recommendation, continued

Disclosure of Audit Adjustments and Reclassifications, continued

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and will enter those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2019.

Prior Year Comment and Recommendation

Disclosure of Audit Adjustments and Reclassifications

As your external auditor, we assume that the books and records of the District are properly adjusted before the start of the audit. In many cases, however, audit adjustments and reclassifications are made in the normal course of the audit process to present the District's financial statements in conformity with accounting principles generally accepted in the United States of America or for comparison purposes with the prior year. For the Board of Directors to gain a full and complete understanding and appreciation of the scope and extent of the audit process we have presented these audit adjustments and reclassifications as an attachment to this letter. There can be very reasonable explanations for situations of having numerous adjustments as well as having no adjustments at all. However, the issue is simply disclosure of the adjustments and reclassifications that were made and to provide the Board of Directors with a better understanding of the scope of the audit.

Management's Response

We have reviewed and approved all of the audit adjustment and reclassification entries provided by the auditor and have entered those entries into the District's accounting system to close-out the District's year-end trial balance at June 30, 2018.

This report is intended solely for the information and use of management and the Board of Directors of the District. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

We appreciate the courtesy and cooperation extended to us during our examination. We would be pleased to discuss the contents of this letter with you at your convenience. Please do not hesitate to contact us.

Fedak & Brown LLP
Cypress, California
February 5, 2020

APPENDIX

McKinleyville Community Services District

Audit/Finance Committee Letter

June 30, 2019

DRAFT

Board of Directors
McKinleyville Community Services District
McKinleyville, California

We have audited the financial statements of the governmental activities, the business-type activities, and each major fund of the McKinleyville Community Services District (District) for the year ended June 30, 2019. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards (and, if applicable, *Government Auditing Standards* and the Uniform Guidance), as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter to you dated March 26, 2019. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. We noted no transactions entered into by the District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of the fair value of cash and investments is based on information provided by financial institutions. We evaluated the key factors and assumptions used to develop the fair value of cash and investments in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of capital assets depreciation is based on historical estimates of each capitalized item's useful life expectancy or cost recovery period. We evaluated the key factors and assumptions used to develop the capital asset depreciation calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

Management's estimate of the net other post-employment benefit (OPEB) liability is based on an actuarial valuation that was conducted by a third-party actuary. We evaluated the basis, methods, and assumptions used by the actuary in calculating the net OPEB liability, OPEB expense, and deferred OPEB outflows/inflows for the District to determine that they are reasonable in relation to the financial statements taken as a whole.

Significant Audit Matters, continued

Qualitative Aspects of Accounting Practices, continued

Management's estimate of the net pension liability is based on an actuarial valuation that was conducted by a third-party actuary. We evaluated the basis, methods, and assumptions used by the actuary, to calculate the net pension liability, pension expense, and deferred pension outflows/inflows in determining that they are reasonable in relation to the financial statements taken as a whole.

Certain financial statement disclosures are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting the financial statements were:

The disclosure of fair value of cash and investments in Note 2 to the basic financial statements represents amounts susceptible to market fluctuations.

The disclosure of capital assets, net in Note 4 to the basic financial statements is based on historical information which could differ from actual useful lives of each capitalized item.

The disclosure of the District's net OPEB liability in Note 7 to the basic financial statements is based on actuarial assumptions which could differ from actual costs.

The disclosure of the District's defined benefit pension plan in Note 8 to the basic financial statements is based on actuarial assumptions.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered the following significant difficulty in performing and completing our audit:

To properly and efficiently execute an audit, we rely on the District to provide a final trial balance and supporting documentation at the time of our scheduled fieldwork. We began our scheduled final field procedures in October 9, 2019. On December 4, 2019, we were provided with the final trial balance which required us to reevaluated various workpapers.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated February 5, 2020.

Significant Audit Matters, continued

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to the District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the Management Discussion and Analysis, Schedules of Revenues, Expenditures, and Changes in Fund Balance Budget to Actual, Schedules of Changes in District’s Total OPEB Liability and Related Ratios, Schedules of the District’s Proportionate Share of the Net Pension Liability, and Schedules of Pension Plan Contributions, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

Conclusion

We appreciate the cooperation extended us by Greg Orsini, General Manager, and Colleen Trask, Finance Director, in the performance of our audit testwork. We will be pleased to respond to any questions you have about the foregoing. We appreciate the opportunity to continue to be of service to the District.

This information is intended solely for the information and use of the Board of Directors and management of the District and is not intended to be, and should not be, used by anyone other than these specified parties. This restriction is not intended to limit the distribution of this letter, which is a matter of public record.

Fedak & Brown LLP
Cypress, California
February 5, 2020

McKinleyville Community Services District
Schedule of Audit Adjusting Journal Entries
June 30, 2019

Account	Description	Debit	Credit
Adjusting Journal Entries JE # 1			
To reconcile prior year ending net position to current year beginning net position.			
001-32001-000	GENERAL (PARKS) FUND BALANCE - UNRES. UNDESIG.	3,732,311.94	
004-32001-000	MEASURE B ASSMT FUND BALANCE - UNRES. UNDESIG.	85,798.00	
901-10099-000	GEN.FIXED ASSET FUND CASH BALANCE	3,732,311.94	
951-10099-000	GEN. L/T DEBT. FUND CASH BALANCE	85,798.00	
001-10099-000	GENERAL (PARKS) FUND CASH BALANCE		3,732,311.94
004-10099-000	MEASURE B ASSMT FUND CASH BALANCE		85,798.00
901-30010-000	GEN.FIXED ASSET INVESTMENT IN FIXED ASSETS		3,732,311.94
951-19011-000	GEN. L/T DEBT. AMT TO BE PROVIDED-MEAS.B GLTL		85,798.00
Total		<u>7,636,219.88</u>	<u>7,636,219.88</u>
Adjusting Journal Entries JE # 2			
To reconcile pooled cash.			
999-62195-000	CASH CLEARING CWS BAD CK EXP	135.00	
999-10011-000	CASH CLEARING CASH IN BANK - CHECKING		75.00
999-10101-000	CASH CLEARING ACCOUNTS RECEIVABLE/UTILITY		60.00
Total		<u>135.00</u>	<u>135.00</u>
Adjusting Journal Entries JE # 3			
To adjust deferred outflows of resources.			
501-15500-000	WATER Pension Deferred Outflows	60,530.01	
501-61014-902	WATER EMPLOYER PERS ADMIN./GENERAL	99,346.84	
551-15500-000	SEWER Pension Deferred Outflows	67,811.85	
551-61014-902	SEWER EMPLOYER PERS ADMIN./GENERAL	106,723.52	
951-15500-000	GEN. L/T DEBT. Pension Deferred Outflows	56,075.14	
501-23211-000	WATER Pension Liability Contra PERS		99,346.84
501-61014-902	WATER EMPLOYER PERS ADMIN./GENERAL		60,530.01
551-23211-000	SEWER Pension Liability Contra PERS		106,723.52
551-61014-902	SEWER EMPLOYER PERS ADMIN./GENERAL		67,811.85
951-23550-000	GEN. L/T DEBT. PensionDeferredOutflowsOffset		56,075.14
Total		<u>390,487.36</u>	<u>390,487.36</u>



**McKinleyville Community Services District
McKinleyville, California**

**Annual Financial Report
For the Fiscal Year Ended
June 30, 2019**



Board of Directors as of June 30, 2019

Name	Title	Elected/ Appointed	Current Term
John Corbett	President	Elected	10/2002 - 12/2020
Mary Burke	Vice President	Elected	03/2017 - 12/2020
Shel Barsanti	Director	Appointed	03/2019 - 12/2020
David Couch	Director	Elected	09/2008 - 12/2022
Dennis Mayo	Director	Elected	12/2013 - 12/2022

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

McKinleyville Community Services District
Annual Financial Report
For the Fiscal Year Ended June 30, 2019

DRAFT

**McKinleyville Community Services District
Annual Financial Report
For the Fiscal Year Ended June 30, 2019**

Table of Contents

	<u>Page No.</u>
Table of Contents	i
Financial Section	
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-7
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	8-9
Statement of Activities	10
Fund Financial Statements:	
Balance Sheet of Governmental Fund	11
Reconciliation of the Balance Sheet of Governmental Fund to the Statement of Net Position	12
Statement of Revenues, Expenditures, and Change in Fund Balance of Governmental Fund	13
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance of Governmental Fund to the Statement of Activities	14
Statement of Net Position – Enterprise Fund	15-16
Statement of Revenues, Expenses, and Change in Fund Net Position – Enterprise Fund	17
Statement of Cash Flows – Enterprise Fund	18-19
Notes to the Basic Financial Statements	20-51
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Change in Fund Balance Budget and Actual – General (Parks and Recreation) Fund	52
Schedule of Revenues, Expenditures, and Change in Fund Balance Budget and Actual – Measure B Fund	53
Schedule of Revenues, Expenditures, and Change in Fund Balance Budget and Actual – Street Lighting Fund	54
Notes to the Required Supplementary Information	55
Schedules of Changes in District’s Total OPEB Liability and Related Ratios	56
Schedules of the District’s Proportionate Share of the Net Pension Liability	57
Schedules of Pension Plan Contributions	58
Report on Compliance and Internal Controls	
Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	59-60

Financial Section

DRAFT

< Page Intentionally Left Blank >

DRAFT

Independent Auditor's Report

Board of Directors
McKinleyville Community Services District
McKinleyville, California

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, and each major fund of the McKinleyville Community Services District (District) as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, and each major fund of the McKinleyville Community Services District, as of June 30, 2019, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Independent Auditor's Report, continued

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 and the required supplementary information on pages 52 through 58 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 5, 2020, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance. That report can be found on pages 59 and 60.

Fedak & Brown LLP
Cypress, California
February 5, 2020

**McKinleyville Community Services District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2019**

The following Management's Discussion and Analysis (MD&A) of activities and financial performance of the McKinleyville Community Services District (District) provides an introduction to the financial statements of the District for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here with additional information that we have furnished in the accompanying basic financial statements and related notes, which follow this section.

Financial Highlights

- In 2019, the District's net position increased by 10.40% or \$2,705,439 to \$28,727,293 as a result of ongoing operations.
- In 2019, the District's total revenues increased 15.12% or \$1,403,880 to \$10,689,551.
- In 2019, the District's total expenses increased by 7.10% or \$529,044 to \$7,984,112.

Using This Financial Report

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

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

Government-wide Financial Statements

Statement of Net Position and Statement of Activities

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

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

**McKinleyville Community Services District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2019**

Fund Financial Statements

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

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

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

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements can be found on pages 20 through 51.

Government-wide Financial Analysis

Statement of Net Position

The following table is a summary of the statement of net position at June 30, 2019.

	Condensed Statements of Net Position					
	Governmental Activities		Business-Type Activities		Total District	
	2019	2018	2019	2018	2019	2018
Assets:						
Current assets	\$ 865,820	816,956	17,116,538	13,710,524	17,982,358	14,527,480
Capital assets	5,307,781	5,283,419	35,770,816	35,950,485	41,078,597	41,233,904
Total assets	6,173,601	6,100,375	52,887,354	49,661,009	59,060,955	55,761,384
Deferred outflows of resources	129,991	172,999	303,312	410,129	433,303	583,128
Liabilities:						
Current liabilities	338,123	340,001	1,368,270	1,939,819	1,706,393	2,279,820
Non-current liabilities	4,432,505	4,354,053	24,508,364	23,555,498	28,940,869	27,909,551
Total liabilities	4,770,628	4,694,054	25,876,634	25,495,317	30,647,262	30,189,371
Deferred inflows of resources	40,520	48,502	79,183	84,785	119,703	133,287
Net position:						
Net investment in capital assets	4,198,103	4,068,078	17,723,760	18,536,435	21,921,863	22,604,513
Restricted	187,401	168,277	1,741,925	1,657,373	1,929,326	1,825,650
Unrestricted	(2,893,060)	(2,705,537)	7,769,164	4,297,228	4,876,104	1,591,691
Total net position	\$ 1,492,444	1,530,818	27,234,849	24,491,036	28,727,293	26,021,854

**McKinleyville Community Services District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2019**

Government-wide Financial Analysis, continued

Statement of Net Position, continued

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the District, assets and deferred outflows of resources of the District exceeded liabilities and deferred inflows of resources by \$28,727,293 as of June 30, 2019. The District's total net position is made-up of three components: (1) net investment in capital assets, (2) restricted net position, and (3) unrestricted net position.

Statement of Activities

The following table is a summary of the statement of activities for the year ended June 30, 2019.

	Condensed Statements of Activities					
	Governmental Activities		Business-Type Activities		Total District	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charge for services	\$ 584,855	675,995	7,237,865	6,747,930	7,822,720	7,423,925
Operating grants and contributions	43,828	41,105	3,335	66,089	47,163	107,194
Capital grants and contributions	245,968	29,343	1,293,110	710,723	1,539,078	740,066
Total program revenues	<u>874,651</u>	<u>746,443</u>	<u>8,534,310</u>	<u>7,524,742</u>	<u>9,408,961</u>	<u>8,271,185</u>
General revenues:						
Property taxes	615,380	598,430	-	-	615,380	598,430
Voter approved taxes	210,254	209,573	-	-	210,254	209,573
Investment earnings	79,355	17,320	314,519	91,266	393,874	108,586
Gain on disposal of capital assets	-	-	13,816	65,250	13,816	65,250
Other income	47,266	32,647	-	-	47,266	32,647
Total general revenues	<u>952,255</u>	<u>857,970</u>	<u>328,335</u>	<u>156,516</u>	<u>1,280,590</u>	<u>1,014,486</u>
Total revenues	<u>1,826,906</u>	<u>1,604,413</u>	<u>8,862,645</u>	<u>7,681,258</u>	<u>10,689,551</u>	<u>9,285,671</u>
Expenses:						
General (Parks & Recreation)	1,637,702	1,558,835	-	-	1,637,702	1,558,835
Measure B	135,556	200,114	-	-	135,556	200,114
Streetlighting	92,022	88,947	-	-	92,022	88,947
Water	-	-	2,888,293	2,710,602	2,888,293	2,710,602
Wastewater	-	-	3,230,539	2,896,570	3,230,539	2,896,570
Total expenses	<u>1,865,280</u>	<u>1,847,896</u>	<u>6,118,832</u>	<u>5,607,172</u>	<u>7,984,112</u>	<u>7,455,068</u>
Changes in net position	<u>(38,374)</u>	<u>(243,483)</u>	<u>2,743,813</u>	<u>2,074,086</u>	<u>2,705,439</u>	<u>1,830,603</u>
Net position, beginning of year, as restated	<u>1,530,818</u>	<u>1,774,301</u>	<u>24,491,036</u>	<u>22,416,950</u>	<u>26,021,854</u>	<u>24,191,251</u>
Net position, end of year	<u>\$ 1,492,444</u>	<u>1,530,818</u>	<u>27,234,849</u>	<u>24,491,036</u>	<u>28,727,293</u>	<u>26,021,854</u>

Compared to prior year, net position of the District increased by 10.40% or \$2,705,439 to \$28,727,293 as a result of ongoing operations.

Total revenues increased 15.12% or \$1,403,880 to \$10,689,551, due primarily to increases of \$799,012 in capital grants and contributions, \$398,795 in charges for services, and \$285,288 in investment earnings; which were offset by decreases of \$60,031 in operating grants and contributions and \$51,434 in gain on disposal of capital assets.

Total expenses increased by 7.10% or \$529,044 to \$7,984,112, due primarily to increases of \$333,969 in wastewater fund expenses, \$177,691 in water fund expenses, and \$78,867 in General (Parks and Recreation) expenses; which were offset by a decrease of \$64,558 in Measure B expenses.

**McKinleyville Community Services District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2019**

Government-wide Financial Analysis, continued

Changes in fund balance – Governmental fund

The following table is a summary of the changes in fund balance for all governmental funds for the year ended June 30, 2019.

Condensed Changes in Fund Balance – Governmental Funds

	General (Parks and Recreation)	Measure B	Streetlighting	Total Governmental Activities
Fund balance, beginning of year	\$ 1,223,150	(582,284)	(348)	640,518
Change in fund balance	<u>22,561</u>	<u>1,730</u>	<u>19,579</u>	<u>43,870</u>
Fund balance, end of year	<u>\$ 1,245,711</u>	<u>(580,554)</u>	<u>19,231</u>	<u>684,388</u>

In 2019, total fund balance increased by 6.85% or \$43,870 to \$684,388. The General (Parks and Recreation) fund increased by 1.84% or \$22,561 to \$1,245,711; the Measure B fund increased by 0.30% or \$1,730 to a deficit fund balance of \$580,554; and the Street Lighting fund increased by 5,626.15% or \$19,579 to \$19,231.

Capital Asset Administration

	Capital Assets				Total District	
	Governmental Activities		Business-Type Activities		2019	2018
	2019	2018	2019	2018		
Capital assets:						
Non-depreciable assets	\$ 1,960,164	1,710,464	3,910,689	3,963,864	5,870,853	5,674,328
Depreciable assets	<u>7,165,727</u>	<u>7,123,515</u>	<u>54,129,725</u>	<u>52,754,245</u>	<u>61,295,452</u>	<u>59,877,760</u>
Total capital assets	9,125,891	8,833,979	58,040,414	56,718,109	67,166,305	65,552,088
Accumulated depreciation	<u>(3,818,110)</u>	<u>(3,550,560)</u>	<u>(22,269,598)</u>	<u>(20,767,624)</u>	<u>(26,087,708)</u>	<u>(24,318,184)</u>
Total capital assets, net	<u>\$ 5,307,781</u>	<u>5,283,419</u>	<u>35,770,816</u>	<u>35,950,485</u>	<u>41,078,597</u>	<u>41,233,904</u>

At the end of fiscal year 2019, the District's investment in capital assets amounted to \$41,078,597 (net of accumulated depreciation). This investment in capital assets includes land, buildings, building improvements, furnishings and equipment, collection and distribution systems, tanks, wells, water transmission and distribution systems, and construction-in-process. See Note 4 for further discussion.

**McKinleyville Community Services District
Management's Discussion and Analysis, continued
For the Fiscal Year Ended June 30, 2019**

Long-Term Debt Administration

	Long-Term Debt					
	Governmental Activities		Business-Type Activities		Total District	
	2019	2018	2019	2018	2019	2018
Long-term debt:						
Long-term debt	\$ 1,109,678	1,215,341	18,047,056	17,414,050	19,156,734	18,629,391
Total long-term debt:	\$ 1,109,678	1,215,341	18,047,056	17,414,050	19,156,734	18,629,391

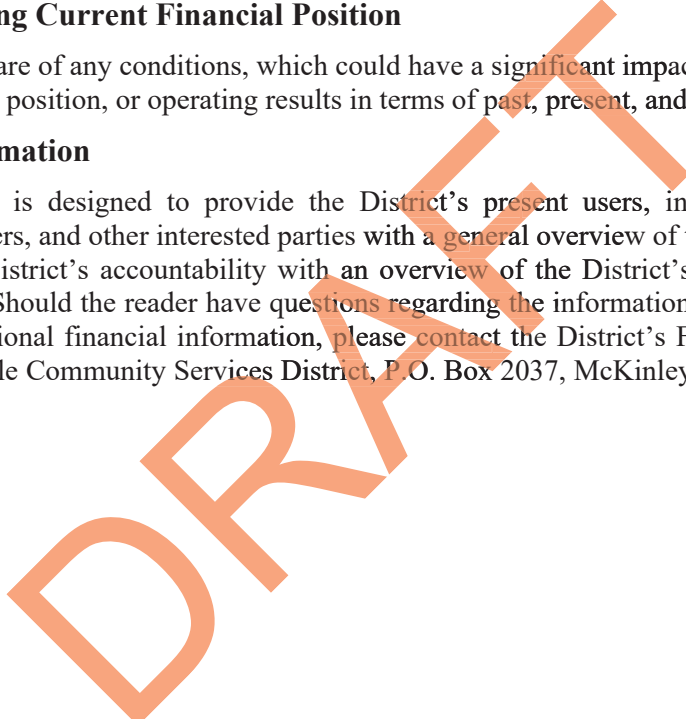
Long-term debt increased 2.83% or \$527,343 to \$19,156,734 in 2019, primarily due to additional note payable funds received from the State Water Resources Control Board for the purpose of financing a wastewater management facility improvement. See Note 6 for further discussion.

Conditions Affecting Current Financial Position

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

Requests for Information

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



Basic Financial Statements

DRAFT

McKinleyville Community Services District
Statement of Net Position
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Current assets:			
Cash and cash equivalents (notes 2 & 3)	\$ 623,033	13,409,393	14,032,426
Cash and cash equivalents – restricted (notes 2 & 3)	187,401	2,404,956	2,592,357
Accounts receivable	18,332	778,199	796,531
Accrued interest receivable	1,080	15,166	16,246
Prepaid expense	35,974	77,258	113,232
Grant receivable	-	330,901	330,901
Materials and supplies inventory	-	100,665	100,665
Total current assets	<u>865,820</u>	<u>17,116,538</u>	<u>17,982,358</u>
Non-current assets:			
Capital assets – not being depreciated (note 4)	1,960,164	3,910,689	5,870,853
Capital assets – being depreciated (note 4)	<u>3,347,617</u>	<u>31,860,127</u>	<u>35,207,744</u>
Total non-current assets	<u>5,307,781</u>	<u>35,770,816</u>	<u>41,078,597</u>
Total assets	<u>6,173,601</u>	<u>52,887,354</u>	<u>59,060,955</u>
Deferred outflows of resources:			
Deferred pension outflows (note 8)	<u>129,991</u>	<u>303,312</u>	<u>433,303</u>
Total deferred outflows of resources	<u>\$ 129,991</u>	<u>303,312</u>	<u>433,303</u>

Continued on next page

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Net Position, continued
June 30, 2019

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Totals</u>
Current liabilities:			
Accounts payable and accrued expenses	\$ 81,803	248,494	330,297
Accrued interest on long-term debt	6,817	181,598	188,415
Accrued salaries and related payables	91,829	-	91,829
Customer deposits	7,800	118,662	126,462
Unearned revenue	-	27,688	27,688
Long-term liabilities – due within one year:			
Compensated absences (note 5)	51,140	130,414	181,554
Bond payable (note 6)	-	80,000	80,000
Capital lease payable (note 6)	88,872	-	88,872
Notes payable (note 6)	9,862	581,414	591,276
Total current liabilities	<u>338,123</u>	<u>1,368,270</u>	<u>1,706,393</u>
Non-current liabilities:			
Long-term liabilities – due in more than one year:			
Compensated absences (note 5)	47,600	143,927	191,527
Bond payable (note 6)	-	225,000	225,000
Capital lease payable (note 6)	1,010,944	-	1,010,944
Notes payable (note 6)	-	17,160,642	17,160,642
Other post employment benefits (note 7)	2,780,564	5,674,554	8,455,118
Net pension liabilities (note 8)	593,397	1,304,241	1,897,638
Total non-current liabilities	<u>4,432,505</u>	<u>24,508,364</u>	<u>28,940,869</u>
Total liabilities	<u>4,770,628</u>	<u>25,876,634</u>	<u>30,647,262</u>
Deferred inflows of resources:			
Deferred OPEB inflows (note 7)	29,588	60,074	89,662
Deferred pension inflows (note 8)	10,932	19,109	30,041
Total deferred inflows of resources	<u>40,520</u>	<u>79,183</u>	<u>119,703</u>
Net position: (note 10)			
Net investment in capital assets	4,198,103	17,723,760	21,921,863
Restricted	187,401	1,741,925	1,929,326
Unrestricted	(2,893,060)	7,769,164	4,876,104
Total net position	<u>\$ 1,492,444</u>	<u>27,234,849</u>	<u>28,727,293</u>

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Activities
For the Fiscal Year Ended June 30, 2019

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-Type Activities	Total
Governmental activities:							
General (Parks and Recreation)	\$ 1,637,702	491,446	43,678	245,968	(856,610)	-	(856,610)
Measure B	135,556	-	150	-	(135,406)	-	(135,406)
Street Lighting	92,022	93,409	-	-	1,387	-	1,387
Total governmental activities	1,865,280	584,855	43,828	245,968	(990,629)	-	(990,629)
Business-Type activities:							
Water	2,888,293	3,455,056	-	360,580	-	927,343	927,343
Wastewater	3,230,539	3,782,809	3,335	932,530	-	1,488,135	1,488,135
Total business-type activities:	6,118,832	7,237,865	3,335	1,293,110	-	2,415,478	2,415,478
Total	\$ 7,984,112	7,822,720	47,163	1,539,078	(990,629)	2,415,478	1,424,849
General revenues:							
Property taxes					\$ 615,380	-	615,380
Special assessments					210,254	-	210,254
Interest earnings					79,355	314,519	393,874
Gain on disposal of capital assets					-	13,816	13,816
Other income					47,266	-	47,266
Total general revenues					952,255	328,335	1,280,590
Changes in net position					(38,374)	2,743,813	2,705,439
Net position, beginning of year					1,530,818	24,491,036	26,021,854
Net position, end of year					\$ 1,492,444	27,234,849	28,727,293

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Balance Sheet of Governmental Fund
June 30, 2019

	<u>General (Parks and Recreation)</u>	<u>Measure B</u>	<u>Street Lighting</u>	<u>Total Governmental Activities</u>
Assets:				
Cash and investments	\$ 623,033	-	-	623,033
Cash and investments – restricted	187,401	-	-	187,401
Accounts receivable	15,051	-	3,281	18,332
Interest receivable	982	98	-	1,080
Prepaid expenses	32,111	-	3,863	35,974
Due from other funds (note 9)	564,548	(580,009)	15,461	-
Total assets	<u>\$ 1,423,126</u>	<u>(579,911)</u>	<u>22,605</u>	<u>865,820</u>
Liabilities:				
Accounts payable	\$ 77,786	643	3,374	81,803
Accrued wages and related payables	91,829	-	-	91,829
Deposits	7,800	-	-	7,800
Total liabilities	<u>177,415</u>	<u>643</u>	<u>3,374</u>	<u>181,432</u>
Fund balance: (note 11)				
Restricted	187,401	-	-	187,401
Assigned	98,740	-	19,231	117,971
Unassigned	959,570	(580,554)	-	379,016
Total fund balance	<u>1,245,711</u>	<u>(580,554)</u>	<u>19,231</u>	<u>684,388</u>
Total liabilities and fund balance	<u>\$ 1,423,126</u>	<u>(579,911)</u>	<u>22,605</u>	<u>865,820</u>

Continued on next page

See accompanying notes to the financial statements

**McKinleyville Community Services District
Reconciliation of the Balance Sheet of
Governmental Fund to the Statement of Net Position
June 30, 2019**

Reconciliation:

Total Fund Balances of Government Fund	\$ 684,388
<p>Amounts reported for governmental activities in the statement of net position are different because:</p> <p>Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds balance sheet. However, the statement of net position includes those capital assets. In the current period, these amounts were as follows:</p>	
Capital assets – not being depreciated	1,960,164
Capital assets – being depreciated	3,347,617
<p>Deferred outflows(inflows) of resources are not financial resources(uses) and, therefore, are not reported in the governmental funds balance sheet. However, they are reported in the statement of net position. These are as follows:</p>	
Deferred OPEB inflows	(29,588)
Deferred pension outflows	129,991
Deferred pension inflows	(10,932)
<p>Long-term liabilities applicable to the District are not due and payable in the current period and, accordingly, are not reported as governmental fund liabilities. All liabilities, both current and long-term, are reported in the statement of net position as follows:</p>	
Accrued interest on long-term debt	(6,817)
Compensated absences	(98,740)
Long-term debt	(1,109,678)
Other postemployment benefit obligation	(2,780,564)
Net pension liability	(593,397)
Net Position of Governmental Activities	<u>\$ 1,492,444</u>

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Revenues, Expenditures, and Change in
Fund Balance of Governmental Fund
For the Year Ended June 30, 2019

	<u>General (Parks and Recreation)</u>	<u>Measure B</u>	<u>Street Lighting</u>	<u>Total Governmental Funds</u>
Revenues				
Property taxes	\$ 615,380	-	-	615,380
Special assessments	-	210,254	-	210,254
Charges for services and facilities	491,446	-	93,409	584,855
Operating grants and contributions	43,678	150	-	43,828
Capital grants and contributions	36,968	-	-	36,968
Other income	27,818	-	19,448	47,266
Unrestricted investment earnings(loss)	79,282	73	-	79,355
Total revenues	<u>1,294,572</u>	<u>210,477</u>	<u>112,857</u>	<u>1,617,906</u>
Expenditures				
General government (Parks and Recreation)	1,199,738	-	-	1,199,738
Measure B	-	81,608	-	81,608
Streetlighting	-	-	62,774	62,774
Debt service:				
Principal	-	85,798	19,865	105,663
Interest	-	41,341	-	41,341
Capital outlay	72,273	-	10,639	82,912
Total expenditures	<u>1,272,011</u>	<u>208,747</u>	<u>93,278</u>	<u>1,574,036</u>
Excess(deficiency) of revenues over expenditures	<u>22,561</u>	<u>1,730</u>	<u>19,579</u>	<u>43,870</u>
Net change in fund balance	22,561	1,730	19,579	43,870
Fund balance - beginning of year	<u>1,223,150</u>	<u>(582,284)</u>	<u>(348)</u>	<u>640,518</u>
Fund Balance - end of year	<u>\$ 1,245,711</u>	<u>(580,554)</u>	<u>19,231</u>	<u>684,388</u>

Continued on next page

See accompanying notes to the financial statements

McKinleyville Community Services District
Reconciliation of the Statement of Revenues, Expenditures, and Change in Fund Balance of
Governmental Fund to the Statement of Activities
For the Fiscal Year Ended June 30, 2019

Reconciliation:

Net Change in Fund Balance – Total Governmental Fund \$ 43,870

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense as follows:

Capital contribution – land	209,000
Capital outlay expense	82,912
Depreciation expense	(267,550)

The repayment of principal of long-term debt consumes current financial resources and, therefore, is reported as debt service principal payments in the governmental fund. However, these payments have no impact on net position and, therefore, are not reported in the statement of activities as follows:

Debt service principal	105,663
------------------------	---------

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenses in governmental funds as follows:

Net change in accrued interest expense on long-term debt	250
Net change in compensated absences for the current period	(10,072)
Net change in other postemployment benefits for the current period	(207,640)
Net change in pension obligations for the current period	5,193
	5,193

Change in Net Position – Total Governmental Activities	\$ <u><u>(38,374)</u></u>
--	---------------------------

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Net Position – Enterprise Fund
June 30, 2019

	<u>Water</u>	<u>Wastewater</u>	<u>2019</u>
Current assets:			
Cash and investments	\$ 4,697,867	8,711,526	13,409,393
Cash and investments – restricted	1,560,776	844,180	2,404,956
Accounts receivable	341,845	436,354	778,199
Accrued interest receivable	6,570	8,596	15,166
Grant receivable	-	330,901	330,901
Prepaid expenses	38,629	38,629	77,258
Inventory	75,588	25,077	100,665
Total current assets	<u>6,721,275</u>	<u>10,395,263</u>	<u>17,116,538</u>
Non-current assets:			
Capital assets – not being depreciated	483,658	3,427,031	3,910,689
Capital assets – being depreciated	7,981,200	23,878,927	31,860,127
Total non-current assets	<u>8,464,858</u>	<u>27,305,958</u>	<u>35,770,816</u>
Total assets	<u>15,186,133</u>	<u>37,701,221</u>	<u>52,887,354</u>
Deferred outflows of resources:			
Deferred pension outflows	142,990	160,322	303,312
Total deferred outflows of resources	<u>\$ 142,990</u>	<u>160,322</u>	<u>303,312</u>

Continued on next page

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Net Position – Enterprise Fund, continued
June 30, 2019

	Water	Wastewater	2019
Current liabilities:			
Accounts payable	\$ 132,451	116,043	248,494
Accrued interest payable	9,428	172,170	181,598
Customer deposits	117,162	1,500	118,662
Unearned revenue	13,844	13,844	27,688
Long-term liabilities – due within one year:			
Compensated absences	65,203	65,211	130,414
Bond payable	-	80,000	80,000
Notes payable	162,811	418,603	581,414
Total current liabilities	500,899	867,371	1,368,270
Non-current liabilities:			
Long-term liabilities – due within one year:			
Compensated absences	71,959	71,968	143,927
Bond payable	-	225,000	225,000
Notes payable	2,289,346	14,871,296	17,160,642
Other post employment benefits	2,831,350	2,843,204	5,674,554
Net pension liabilities	622,599	681,642	1,304,241
Total non-current liabilities	5,815,254	18,693,110	24,508,364
Total liabilities	6,316,153	19,560,481	25,876,634
Deferred inflows of resources:			
Deferred OPEB inflows	29,589	30,485	60,074
Deferred pension inflows	9,263	9,846	19,109
Total deferred inflows of resources	38,852	40,331	79,183
Net position:			
Net investment in capital assets	6,012,701	11,711,059	17,723,760
Restricted	1,560,777	181,148	1,741,925
Unrestricted	1,400,640	6,368,524	7,769,164
Total net position	\$ 8,974,118	18,260,731	27,234,849

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Revenues, Expenses, and Changes in Fund Net Position – Enterprise Fund
For the Fiscal Year Ended June 30, 2019

	<u>Water</u>	<u>Wastewater</u>	<u>2019</u>
Operating revenues:			
Water revenue	\$ 3,311,915	-	3,311,915
Sewer revenue	-	3,699,858	3,699,858
Other service charges	143,141	82,951	226,092
Operating grant	-	3,335	3,335
Total operating revenues	<u>3,455,056</u>	<u>3,786,144</u>	<u>7,241,200</u>
Operating expenses:			
Water purchase	1,056,472	-	1,056,472
Salaries and related expenses	461,711	571,062	1,032,773
Employee benefits	549,586	642,322	1,191,908
Professional services	44,453	45,745	90,198
Utilities	49,052	178,654	227,706
Insurance expense	34,588	34,579	69,167
Other operating expense	242,028	331,977	574,005
Total operating expenses	<u>2,437,890</u>	<u>1,804,339</u>	<u>4,242,229</u>
Operating income before depreciation	1,017,166	1,981,805	2,998,971
Depreciation expense	(389,295)	(1,201,128)	(1,590,423)
Operating income	<u>627,871</u>	<u>780,677</u>	<u>1,408,548</u>
Non-operating revenue(expense):			
Interest earning	127,085	187,434	314,519
Gain on sale of assets	7,823	5,993	13,816
Interest expense	(61,108)	(225,072)	(286,180)
Total non-operating revenues(expense), net	<u>73,800</u>	<u>(31,645)</u>	<u>42,155</u>
Net income before capital contributions	<u>701,671</u>	<u>749,032</u>	<u>1,450,703</u>
Capital contributions:			
Capacity fees	147,140	292,796	439,936
Contributed capital assets	213,440	639,734	853,174
Total capital contributions	<u>360,580</u>	<u>932,530</u>	<u>1,293,110</u>
Change in net position	<u>1,062,251</u>	<u>1,681,562</u>	<u>2,743,813</u>
Net position, beginning of year	<u>7,911,867</u>	<u>16,579,169</u>	<u>24,491,036</u>
Net position, end of year	<u>\$ 8,974,118</u>	<u>18,260,731</u>	<u>27,234,849</u>

See accompanying notes to the basic financial statements

**McKinleyville Community Services District
Statement of Cash Flows – Enterprise Fund
For the Fiscal Year Ended June 30, 2019**

	<u>2019</u>
Cash flows from operating activities:	
Cash receipts from customers	\$ 7,159,309
Cash paid to employees	(1,008,971)
Cash paid to vendors and suppliers	<u>(3,377,409)</u>
Net cash provided by operating activities	<u>2,772,929</u>
Cash flows from capital and related financing activities:	
Acquisition and construction of capital assets	(1,463,433)
Proceeds from the sale of capital assets	588,768
Proceeds from capital contributions	439,936
Proceeds from loan issuance	1,141,714
Principal payments on long-term debt	(508,708)
Interest payments on long-term debt	<u>(295,383)</u>
Net cash used in capital and related financing activities	<u>(97,106)</u>
Cash flows from investing activities:	
Interest earnings	<u>310,773</u>
Net cash provided by investing activities	<u>310,773</u>
Net increase in cash and cash equivalents	2,986,596
Cash and cash equivalents, beginning of year	<u>12,827,753</u>
Cash and cash equivalents, end of year	<u>\$ 15,814,349</u>
Reconciliation of cash and cash equivalents to statement of net position:	
Cash and investments	\$ 13,409,393
Cash and investments – restricted	<u>2,404,956</u>
Total cash and cash equivalents	<u>\$ 15,814,349</u>

Continued on next page

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Statement of Cash Flows – Enterprise Funds, continued
For the Fiscal Year Ended June 30, 2019

	2019
Reconciliation of operating income to net cash provided by operating activities:	
Operating income	\$ 1,408,548
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation expense	1,590,423
Change in assets, deferred outflows of resources, liabilities, and deferred inflows of resources:	
(Increase)decrease in assets and deferred outflows:	
Accounts receivable	(80,231)
Prepaid expenses	(8,636)
Inventory	4,096
Deferred pension outflows	106,817
Increase(decrease) in liabilities and deferred inflows:	
Accounts payable	(604,630)
Customer deposits	2,140
Unearned revenue	(3,800)
Compensated absences	23,802
Other post employment benefits	363,367
Net pension liabilities	(23,365)
Deferred inflows of resources	(5,602)
Total adjustments	1,364,381
Net cash provided by operating activities	\$ 2,772,929

See accompanying notes to the basic financial statements

McKinleyville Community Services District
Notes to the Basic Financial Statements
June 30, 2019

(1) Reporting Entity and Summary of Significant Accounting Policies

A. Organization and Operations of the Reporting Entity

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

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

B. Basis of Accounting and Measurement Focus

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

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

Government-wide Financial Statements

These statements are presented on an *economic resources* measurement focus and the accrual basis of accounting for both governmental and business-type activities. Accordingly, all of the District's assets (including capital assets), deferred outflows of resources, liabilities, and deferred inflows of resources are included in the accompanying Statement of Net Position. The Statement of Activities presents the change in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recorded when the liability is incurred or economic asset used; such as, unbilled but utilized utility services that are recorded at year end. The Statement of Activities demonstrates the degree to which the operating expenses of a given function are offset by operating revenues. Operating expenses are those that are clearly identifiable with a specific function. The types of transactions reported as operating revenues for the District are charges for services directly related to the operations of the District. Charges for services include revenues from customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by the District. Taxes, operating grants, and other items, properly not included among operating revenues, are reported instead as non-operating revenues. Contributed capital and capital grants are included as capital contributions.

Fund Financial Statements

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

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

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

B. Basis of Accounting and Measurement Focus, continued

Fund Financial Statements, continued

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

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

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

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

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

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

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

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

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

B. Basis of Accounting and Measurement Focus, continued

Fund Financial Statements, continued

The funds of the financial reporting entity are described below:

Governmental Funds

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

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

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

Enterprise Funds

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

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

C. Financial Reporting

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

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

In November 2016, the GASB issued Statement No. 83 – *Certain Asset Retirement Obligations*. This Statement (1) addresses accounting and financial reporting for certain asset retirement obligations (AROs), (2) establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs, (3) requires that recognition occur when the liability is both incurred and reasonably estimable, (4) requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred, (5) requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually, and (6) requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets.

In April 2018, the GASB issued Statement No. 88 – *Certain Disclosures Related to Debt Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

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

C. Financial Reporting, continued

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

D. Financial Statement Elements

1. Use of Estimates

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

2. Cash and Cash Equivalents

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

3. Investments

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

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

4. Fair Value Measurements

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

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

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

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

D. Financial Statement Elements, continued

5. Accounts Receivable

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

6. Property Taxes and Assessments

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

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

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

7. Materials and Supplies Inventory

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

8. Capital Assets

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

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

Governmental Activities

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

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

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

D. Financial Statement Elements, continued

8. Capital Assets

Business-Type Activities

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

9. Deferred Outflows of Resources

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

10. Compensated Absences

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

11. Other Post-Employment Benefits

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense information about the fiduciary net position of the District Retiree Benefits Plan (the Plan) and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the Plan. For this purpose, the Plan recognizes benefit payments when due and payable in accordance with the benefit terms. Investments are reported at fair value, except for money market investments and participating interest-earning investment contracts that have a maturity at the time of purchase of one year or less, which are reported at cost.

12. Pensions

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

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

- Valuation Date: June 30, 2017
- Measurement Date: June 30, 2018
- Measurement Period: July 1, 2017 to June 30, 2018

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

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

D. Financial Statement Elements, continued

13. Deferred Inflows of Resources

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

14. Net Position

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

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

15. Fund Balance

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

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

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

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

D. Financial Statement Elements, continued

15. Fund Balance, continued

Fund Balance Policy

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

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

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

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

(2) Cash and Cash Equivalents

Cash and cash equivalents as of June 30, 2019 are classified as follows:

	Governmental Activities	Business-Type Activities	Totals
Cash and cash equivalents	\$ 623,033	13,409,393	14,032,426
Cash and cash equivalents – restricted	187,401	2,404,956	2,592,357
Total	<u>\$ 810,434</u>	<u>15,814,349</u>	<u>16,624,783</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(2) Cash and Cash Equivalents, continued

Cash and cash equivalents as of June 30, 2019 consisted of the following:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash			
Cash	\$ 940	-	940
Deposits held with financial institutions	<u>1,765,841</u>	<u>189,104</u>	<u>1,954,945</u>
Total cash	<u>1,766,781</u>	<u>189,104</u>	<u>1,955,885</u>
Cash equivalents			
Deposits with Humboldt County Treasurer	2,909,712	1,460,128	4,369,840
Deposits held with California Local Agency Investment Fund (LAIF)	134,472	-	134,472
Deposit with CalTRUST	<u>9,221,461</u>	<u>943,125</u>	<u>10,164,586</u>
Total cash equivalents	<u>12,265,645</u>	<u>2,403,253</u>	<u>14,668,898</u>
Total	<u>\$ 14,032,426</u>	<u>2,592,357</u>	<u>16,624,783</u>

Authorized Deposits and Investments

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

State of California Local Agency Fund (LAIF)

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

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

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

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

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(2) Cash and Cash Equivalents, continued

CalTRUST Funds

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

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

Humboldt County Treasurer's Pool

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

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

Custodial Credit Risk

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

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

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

Interest Rate Risk

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

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(2) Cash and Cash Equivalents, continued

Interest Rate Risk, continued

As of June 30, 2019 the District's authorized deposits had the following maturities:

<u>Cash Equivalents</u>	<u>Total</u>	<u>Average Months Maturity</u>		
		<u>12 Months or Less</u>	<u>13 to 24 Months</u>	<u>25 Months or More</u>
CaITRUST Funds	\$ 10,164,586	299,984	-	9,864,602
California Local Agency Investment Fund	134,472	134,472	-	-
Humboldt County Treasurer	4,369,840	-	-	4,369,840
Total	<u>\$ 14,668,898</u>	<u>434,456</u>	<u>-</u>	<u>14,234,442</u>

Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the actual rating as of June 30, 2019 for each investment type.

<u>Cash Equivalents</u>	<u>Total</u>	<u>Rating at Year End</u>
Cal Trust – Short Term Fund	\$ 299,984	AAf
Cal Trust – Medium Term Fund	9,864,602	A+f
California Local Agency Investment Fund	134,472	Not Rated
Humboldt County Treasurer	4,369,840	Not Rated
Total	<u>\$ 14,668,898</u>	

Concentration of Credit Risk

The District's investment policy contains various limitations on the amounts that can be invested in any one governmental agency or non-governmental issuer as stipulated by the California Government Code. The District's depository and investment portfolio as of June 30, 2019 were allocated as follows:

	<u>2019</u>
Cash	\$ 940
Deposits held with financial institutions	1,954,945
Deposits with Humboldt County Treasurer	4,369,840
Deposits held with California Local Agency Investment Fund (LAIF)	134,472
Deposit with CaITrust	<u>10,164,586</u>
Total	<u>\$ 16,624,783</u>

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

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(3) Investments at Fair Value Hierarchy

Investments measured at fair value on a recurring basis, based on their fair value hierarchy at June 30, 2019 are as follows:

<u>Cash Equivalents</u>	<u>Total</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Pooled investment fund:				
Humboldt County Treasurer's Fund	\$ 4,369,840	-	4,369,840	-
CalTrust Medium-Term Fund	9,864,602	-	9,864,602	-
Total pooled investment fund	<u>14,234,442</u>	<u>-</u>	<u>14,234,442</u>	<u>-</u>
Other pooled funds measured at net asset value				
CalTrust Short-Term Fund	299,984			
California Local Agency Investment Fund	134,472			
	<u>434,456</u>			
	<u>\$ 14,668,898</u>			

(4) Capital Assets

Governmental Activities:

Change in capital assets at June 30 was as follows:

	<u>Balance 2018</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance 2019</u>
Non-depreciable assets:				
Land	\$ 1,560,744	209,000	-	1,769,744
Construction in Progress	149,720	40,700	-	190,420
Total non-depreciable assets	<u>1,710,464</u>	<u>249,700</u>	<u>-</u>	<u>1,960,164</u>
Depreciable assets:				
Buildings and improvements	2,390,722	2,485,023	-	4,875,745
Furniture and equipment	282,025	6,633	-	288,658
Park improvements	3,864,461	-	(2,460,083)	1,404,378
Vehicles	62,109	-	-	62,109
Streetlighting	524,198	10,639	-	534,837
Total depreciable assets	<u>7,123,515</u>	<u>2,502,295</u>	<u>(2,460,083)</u>	<u>7,165,727</u>
Accumulated depreciation				
Buildings and improvements	(1,721,171)	(292,378)	-	(2,013,549)
Furniture and equipment	(250,869)	(6,774)	-	(257,643)
Park improvements	(1,286,283)	(64,039)	123,004	(1,227,318)
Vehicles	(41,816)	(7,359)	-	(49,175)
Streetlighting	(250,421)	(20,004)	-	(270,425)
Total accumulated depreciation	<u>(3,550,560)</u>	<u>(390,554)</u>	<u>123,004</u>	<u>(3,818,110)</u>
Total depreciable assets, net	<u>3,572,955</u>	<u>2,111,741</u>	<u>(2,337,079)</u>	<u>3,347,617</u>
Total capital assets, net	<u>\$ 5,283,419</u>			<u>5,307,781</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(4) Capital Assets, continued

Business-type Activities:

Change in capital assets at June 30 were as follows:

	<u>Balance 2018</u>	<u>Additions/ Transfers In</u>	<u>Deletions/ Transfers Out</u>	<u>Balance 2019</u>
Non-depreciable assets:				
Land	\$ 3,410,931	-	-	3,410,931
Construction in Progress	552,933	819,626	(872,801)	499,758
Total non-depreciable assets	<u>3,963,864</u>	<u>819,626</u>	<u>(872,801)</u>	<u>3,910,689</u>
Depreciable assets:				
Buildings and improvements	467,095	27,467	-	494,562
Water infrastructure	14,501,346	476,624	(25,547)	14,952,423
Wastewater infrastructure	35,641,610	926,214	(87,299)	36,480,525
Tools and equipment	1,114,227	39,041	-	1,153,268
Vehicles	1,029,967	47,262	(28,282)	1,048,947
Total depreciable assets	<u>52,754,245</u>	<u>1,516,608</u>	<u>(141,128)</u>	<u>54,129,725</u>
Accumulated depreciation				
Buildings and improvements	(272,589)	(17,195)	-	(289,784)
Water infrastructure	(6,987,421)	(347,771)	25,547	(7,309,645)
Wastewater infrastructure	(12,016,764)	(1,122,521)	34,620	(13,104,665)
Tools and equipment	(1,043,041)	(22,398)	-	(1,065,439)
Vehicles	(447,809)	(80,538)	28,282	(500,065)
Total accumulated depreciation	<u>(20,767,624)</u>	<u>(1,590,423)</u>	<u>88,449</u>	<u>(22,269,598)</u>
Total depreciable assets, net	<u>31,986,621</u>	<u>(73,815)</u>	<u>(52,679)</u>	<u>31,860,127</u>
Total capital assets, net	<u>\$ 35,950,485</u>			<u>35,770,816</u>

Depreciation expense was charged to various functions at June 30, 2019 as follows:

Governmental activities:

General (Parks and Recreation)	\$ 370,550
Streetlighting	<u>20,004</u>
Total governmental activities	<u>390,554</u>

Business-type activities

Water Fund	389,295
Wastewater Fund	<u>1,201,128</u>
Total business-type activities	<u>1,590,423</u>
	<u>\$ 1,980,977</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(5) Compensated Absences

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

Governmental Activities

<u>Balance 2018</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2019</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
\$ 88,668	43,533	(33,461)	98,740	51,140	47,600

Business-type Activities

<u>Balance 2018</u>	<u>Earned</u>	<u>Taken</u>	<u>Balance 2019</u>	<u>Due within one year</u>	<u>Due in more than one year</u>
\$ 250,538	92,114	(68,311)	274,341	130,414	143,927

(6) Long-term Debt

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

	<u>Balance 2018</u>	<u>Additions</u>	<u>Payments</u>	<u>Balance 2019</u>	<u>Current Portion</u>	<u>Long-Term Portion</u>
<i>Governmental Activities:</i>						
Capital lease payable						
PPFCC Lease (Umpqua Loan)	\$ 1,185,614	-	(85,798)	1,099,816	88,872	1,010,944
Total capital lease payable	<u>1,185,614</u>	<u>-</u>	<u>(85,798)</u>	<u>1,099,816</u>	<u>88,872</u>	<u>1,010,944</u>
Note payable						
PG&E Loan	29,727	-	(19,865)	9,862	9,862	-
Total note payable	<u>29,727</u>	<u>-</u>	<u>(19,865)</u>	<u>9,862</u>	<u>9,862</u>	<u>-</u>
Total governmental activities	<u>1,215,341</u>	<u>-</u>	<u>(105,663)</u>	<u>1,109,678</u>	<u>98,734</u>	<u>1,010,944</u>
<i>Business-type Activities</i>						
Notes payable						
Water fund						
ARRA Loan	101,213	-	(11,467)	89,746	11,523	78,223
Davis-Grunsky Act Loan	1,793,822	-	(102,821)	1,691,001	104,965	1,586,036
I-Bank Loan	716,223	-	(44,813)	671,410	46,323	625,087
Total Water fund	<u>2,611,258</u>	<u>-</u>	<u>(159,101)</u>	<u>2,452,157</u>	<u>162,811</u>	<u>2,289,346</u>
Wastewater fund						
State Revolving Fund Loan #3	14,427,792	1,141,714	(279,607)	15,289,899	418,603	14,871,296
Total Wastewater fund	<u>14,427,792</u>	<u>1,141,714</u>	<u>(279,607)</u>	<u>15,289,899</u>	<u>418,603</u>	<u>14,871,296</u>
Total notes payable	<u>17,039,050</u>	<u>1,141,714</u>	<u>(438,708)</u>	<u>17,742,056</u>	<u>581,414</u>	<u>17,160,642</u>
Bond payable						
Wastewater fund						
USDA Revenue Bonds	375,000	-	(70,000)	305,000	80,000	225,000
Total bond payable	<u>375,000</u>	<u>-</u>	<u>(70,000)</u>	<u>305,000</u>	<u>80,000</u>	<u>225,000</u>
Total business-type activities	<u>17,414,050</u>	<u>1,141,714</u>	<u>(508,708)</u>	<u>18,047,056</u>	<u>661,414</u>	<u>17,385,642</u>
Total long-term debt	<u>\$ 18,629,391</u>	<u>1,141,714</u>	<u>(614,371)</u>	<u>19,156,734</u>	<u>760,148</u>	<u>18,396,586</u>

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(6) Long-term Debt, continued

Public Property Financing Corporation of California Lease

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

Future lease payments are as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 88,872	38,581	127,453
2021	92,054	35,398	127,452
2022	95,351	32,101	127,452
2023	98,767	28,687	127,454
2024	102,304	25,150	127,454
2025-2029	569,182	62,624	631,806
2030	53,286	6,572	59,858
Total	<u>1,099,816</u>	<u>229,113</u>	<u>1,328,929</u>
Current	<u>(88,872)</u>		
Non-current	<u>\$ 1,010,944</u>		

PG&E Loan

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

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 9,862	-	9,862
Total	<u>9,862</u>	<u>-</u>	<u>9,862</u>
Current	<u>(9,862)</u>		
Non-current	<u>\$ -</u>		

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(6) Long-term Debt, continued

ARRA Loan

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

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 11,523	867	12,390
2021	11,641	749	12,390
2022	11,757	633	12,390
2023	11,875	515	12,390
2024	11,994	396	12,390
2025-2027	<u>30,956</u>	<u>459</u>	<u>31,415</u>
Total	89,746	<u>3,619</u>	<u>93,365</u>
Current	<u>(11,523)</u>		
Non-current	\$ <u>78,223</u>		

Davis-Grunsky Act Loan

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

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 104,965	36,313	141,278
2021	107,164	34,115	141,279
2022	109,417	31,861	141,278
2023	111,726	29,552	141,278
2024	114,094	27,185	141,279
2025-2029	608,101	98,290	706,391
2030-2033	<u>535,534</u>	<u>29,573</u>	<u>565,107</u>
Total	1,691,001	<u>286,889</u>	<u>1,977,890</u>
Current	<u>(104,965)</u>		
Non-current	\$ <u>1,586,036</u>		

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(6) Long-term Debt, continued

I-Bank Loan

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

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 46,323	23,860	70,183
2021	47,884	22,134	70,018
2022	49,498	20,350	69,848
2023	51,166	18,505	69,671
2024	52,890	15,866	68,756
2025-2029	292,420	52,606	345,026
2030-2031	131,229	5,053	136,282
Total	671,410	158,374	829,784
Current	(46,323)		
Non-current	\$ 625,087		

USDA Revenue Bonds

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

Future debt service is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 80,000	13,250	93,250
2021	80,000	9,250	89,250
2022	80,000	5,250	85,250
2023	65,000	1,625	66,625
Total	305,000	29,375	334,375
Current	(80,000)		
Non-current	\$ 225,000		

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(6) Long-term Debt, continued

State Revolving Fund Loans No. 3

In 2015, the District entered into a loan agreement with the State Water Resources Control Board for the purpose of financing a wastewater management facility improvement project. The loan amount totaled \$15,569,506 and bears an interest rate of 1.60% per annum. Annual payment of principal and interest are due September of each year and continues through September 2048. The District is subject to levy taxes or assessments to repay the loan should it not have sufficient resources available to make the scheduled payments.

Future debt service on the loan is as follows:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 418,603	244,429	663,032
2021	425,295	237,737	663,032
2022	432,094	230,938	663,032
2023	439,001	224,031	663,032
2024	446,019	217,013	663,032
2025-2029	2,339,357	975,804	3,315,161
2030-2034	2,532,032	783,128	3,315,160
2035-2039	2,740,877	574,284	3,315,161
2040-2044	2,967,276	347,884	3,315,160
2045-2048	2,549,345	102,783	2,652,128
Total	15,289,899	3,938,031	19,227,930
Current	(418,603)		
Non-current	\$ 14,871,296		

(7) Other Post Employment Benefit Obligations

Plan Description

The District administers a single-employer defined-benefit post-employment healthcare plan. Benefits vary by hire date. Benefits continue to dependents, including surviving spouses.

Benefits Provided

Retirees are eligible for medical benefits if they retire directly from the District at least age 50 with 5 years of service. Employees hired before January 1, 2017 receive 100% district-paid coverage. Employees hired on or after January 1, 2017 receive 100% of the PPO rate. Dental benefits are not covered.

The District's share of family coverage is subject to a cap. The District's contribution toward family coverage will not increase by more than the greater of 5%, or the actual percentage increase in the cost of dependent coverage.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(7) Other Post-Employment Benefits Payable, continued

Employees Covered by Benefit Terms

At June 30, 2017 (the valuation date), the following employees were covered by the benefit terms:

	2019
Inactive employees or beneficiaries currently receiving benefit payments	15
Active employees	26
Total plan membership	41

Contributions

The District pays benefits as they come due.

Net OPEB Liability

The District's total OPEB liability was valued as of June 30, 2017 and was used to calculate the net OPEB liability measured as of June 30, 2019.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement unless otherwise specified:

Inflation	2.50%
Salary increases	2.75%; Additional merit-based increases based on CalPERS merit salary increase tables
Healthcare cost trend rates	6.50% in the first year, trending down to 3.84% over 58 years
Mortality rates*	Based on CalPERS tables

* Mortality rates were based on the 2014 CalPERS Active Mortality for Miscellaneous Employees and the 2014 CalPERS Retiree Mortality for Miscellaneous Employees. Inasmuch as these tables are based on appropriate populations, and that these tables are used for pension purposes, these tables are to be the most appropriate for the valuation.

Discount Rate

The discount rate used to measure the total OPEB liability was 3.62%. The District's OPEB Plan is an unfunded plan; therefore, the discount rate was set to the rate of tax-exempt, high-quality 20-year municipal bonds, as of the valuation date.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(7) Other Post-Employment Benefits Payable, continued

Changes in the Total OPEB Liability

During the year ended June 30, changes in total OPEB liability was as follows:

	2019
Balance at June 30, 2018	\$ 7,913,699
Changes for the year:	
Service cost	493,346
Interest	288,256
Changes in assumptions or other inputs	(102,116)
Benefit payments	(102,866)
Implicit rate subsidy fulfilled	(35,201)
Net change	541,419
Balance at June 30, 2019	\$ 8,455,118

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.62%) or 1-percentage-point higher (4.62%) than the current discount rate (3.62%):

	Discount Rate	Valuation	Discount Rate
	1% Lower	Discount Rate	1% Higher
Total OPEB liability	\$ 10,104,864	8,455,118	7,084,619

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a healthcare cost trend rates that is 1-percentage-point lower (5.50% decreasing to 2.84%) or 1-percentage-point higher (7.50% decreasing to 4.84%) than the current healthcare cost trend rates (6.50% decreasing to 3.84%):

	Trend 1%	Valuation	Trend 1%
	Lower	Trend	Higher
Total OPEB liability	\$ 6,813,944	8,455,118	10,554,366

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(7) Other Post-Employment Benefits Payable, continued

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2019, the District recognized an OPEB expense of \$769,148. At June 30, 2018, the District reported deferred outflows of resources and deferred inflows of resources related OPEB as follows:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of assumptions or other inputs	\$ -	(89,662)
Total	\$ -	(89,662)

(8) Defined Benefit Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost-Sharing Multiple-Employer Defined Pension Plan (Plan or PERF C) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of a miscellaneous risk pool and a safety risk pool, which are comprised of individual employer miscellaneous and safety plans, respectively. Benefit provisions under the Plan are established by State statute and the District's resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website or may be obtained from their executive office at 400 P Street, Sacramento, California 95814.

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: The Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

On September 12, 2012, the California Governor signed the California Public Employees' Pension Reform Act of 2013 (PEPRA) into law. PEPRA took effect January 1, 2013. The new legislation closed the District's CalPERS 2.0% at 60 Risk Pool Retirement Plan to new employee entrants effective December 31, 2012. All employees hired after January 1, 2013, are eligible for the District's CalPERS 2.0% at 62 Retirement Plan under PEPRA.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(8) Defined Benefit Pension Plan, continued

Benefits Provided, continued

The Plans' provision and benefits in effect at June 30, 2019, are summarized as follows:

	<u>Classic</u>	<u>PEPRA</u>
	Prior to December 31, 2012	On or after January 1, 2013
Hire Date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years	5 years
Benefit payments	Monthly for life	Monthly for life
Retirement age	50	52
Monthly benefits, as a percentage of eligible compensation	1.43% to 2.42%	1.00% to 2.50%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	8.892%	6.842%

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by an actuary and shall be effective on July 1, following notice of a change in the rate. Funding contribution for the Plan are determined annually on an actuarial basis as of June 30, by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the fiscal year ended June 30, 2019, the contributions recognized as part of pension expense for the Plan were as follows:

	<u>2019</u>
Contributions – employer	\$ <u>184,417</u>

Net Pension Liability

As of the fiscal year ended June 30, 2019, the District reported net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>2019</u>
Proportionate share of net pension liability	\$ <u>1,897,638</u>

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability for the miscellaneous risk pool. As of June 30, 2019, the net pension liability of the Plan is measured as of June 30, 2018 (the measurement date). The total pension liability for the Plan's miscellaneous risk pool used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 (the valuation date), rolled forward to June 30, 2018, using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(8) Defined Benefit Pension Plan, continued

Net Pension Liability, continued

The District's proportionate share of the net pension liability for the Plan's miscellaneous risk pool as of the measurement dates June 30, 2018, was as follows:

	Proportionate Share
Proportion – June 30, 2017	0.01948 %
Increase in proportion	0.00022
Proportion – June 30, 2018	0.01969 %

Deferred Pension Outflows (Inflows) of Resources

For the year ended June 30, 2019, the District recognized pension expense of \$225,156. As of the fiscal year ended June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

Description	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to measurement date	\$ 212,575	-
Differences between actual and expected experience	48,032	-
Changes in assumptions	163,316	-
Net differences between projected and actual earnings on plan investments	9,380	-
Adjustment due to changes in proportions and difference in employer contributions	-	(30,041)
Total	\$ 433,303	(30,041)

As of June 30, 2019, the District reported \$212,575 as deferred outflows of resources related to contributions subsequent to the measurement date. Pension contributions subsequent to the measurement date for the year ended June 30, 2019, will be recognized as a reduction of the net pension liability for the year ended June 30, 2020.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(8) Defined Benefit Pension Plan, continued

Deferred Pension Outflows (Inflows) of Resources, continued

As of June 30, 2019, other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Fiscal Year Ending June 30,	Deferred Net Outflows(Inflows) of Resources
2020	\$ 169,281
2021	96,288
2022	(57,811)
2023	(17,071)

Actuarial Assumptions

The total pension liability in the June 30, 2017, actuarial valuation was determined using the following actuarial assumptions and methods:

Valuation date	June 30, 2017
Measurement date	June 30, 2018
Actuarial cost method	Entry Age Normal in accordance with the requirements of GASB Statement No. 68
Actuarial assumption	
Discount rate	7.15%
Inflation	2.50%
Salary increase	Varies by entry age and service
Mortality table*	Derived using CalPERS membership data
Period upon which actuarial experience survey assumptions were based	1997 - 2015
Post-retirement benefit increase	Contract COLA up to 2.50% until PPPA floor on purchasing power applies; 2.50% thereafter

* The mortality table used was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries 90 percent of scale MP 2016. For more details on this table, please refer to the December 2017, experience study report (based on CalPERS demographic data from 1997 to 2015) available online on the CalPERS website.

Discount Rate

The discount rate used to measure the total pension liability as of June 30, 2018, for the PERF C was 7.15% This discount rate is not adjusted for administrative expenses.

The PERF C fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return for those pension plans' investments were applied to all periods of projected benefit payments to determine the total pension liability.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(8) Defined Benefit Pension Plans, continued

Discount Rate, continued

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all of the funds' asset classes, expected compound (geometric) returns were calculated over the short term (first 10 years) and the long term (11+ years) using a building-block approach. Using the expected nominal returns for both short term and long term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equal to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The table below reflects long-term expected real rates of return by asset class. The rates of return were calculated using the capital market assumptions applied to determine the discount rate.

Based on the testing of the plans, the tests revealed the assets would not run out. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability for the PERF C.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

As of June 30, 2019, the target allocation and the long-term expected real rate of return by asset class were as follow:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Real Return Years 1-10</u>	<u>Real Return Year 11+</u>
Global Equity	50.00 %	4.80 %	5.38 %
Global Fixed Income	28.00	1.00	2.62
Inflation Sensitive	0.00	0.77	1.81
Private Equity	8.00	6.30	7.23
Real Asset	13.00	3.75	4.93
Infrastructure and Forestland	0.00	0.00	0.00
Liquidity	1.00	0.00	-0.92
Total	<u>100.00 %</u>		

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate

The following table presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate, as well as what the District's proportional share of the net pension liability would be if it were calculated using a discount rate that is one-percentage point lower or one-percentage point higher than the current rate.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(8) Defined Benefit Pension Plans, continued

Sensitivity of the Proportionate Share of Net Pension Liability to Changes in the Discount Rate, continued

At June 30, 2019, the discount rate comparison was as follows:

	Discount Rate - 1% 6.15%	Current Discount Rate 7.15%	Discount Rate + 1% 8.15%
District's Net Pension Liability	\$ 3,080,752	1,897,638	920,996

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in separately issued CalPERS financial reports. See pages 57 and 58 for the Required Supplementary Information.

(9) Internal Transfers

Inter-fund Operational Transfers

Inter-fund receivables/payables are used to move financial resources from the General (Parks and Recreation) fund to the Measure B fund and the Street Lighting fund, as advances to temporarily support the operations of each respective fund.

As of June 30, 2019, inter-fund receivables/payables between the District's funds were as follows:

Receivable From	Payable To	Amount
Measure B	General (Parks & Recreation)	\$ 580,009
Street Lighting	General (Parks & Recreation)	(15,461)
	Payable to General Fund	\$ 564,548

(10) Net Position

Net investment in capital assets is calculated as follows:

	Governmental Activities	Business-type Activities	2019
Net investment in capital assets:			
Capital assets – not being depreciated	\$ 1,960,164	3,910,689	5,870,853
Capital assets – being depreciated	3,347,617	31,860,127	35,207,744
Long-term debt – current portion	(98,734)	(661,414)	(760,148)
Long-term debt – long-term portion	(1,010,944)	(17,385,642)	(18,396,586)
Total net investment in capital assets	\$ 4,198,103	17,723,760	21,921,863

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

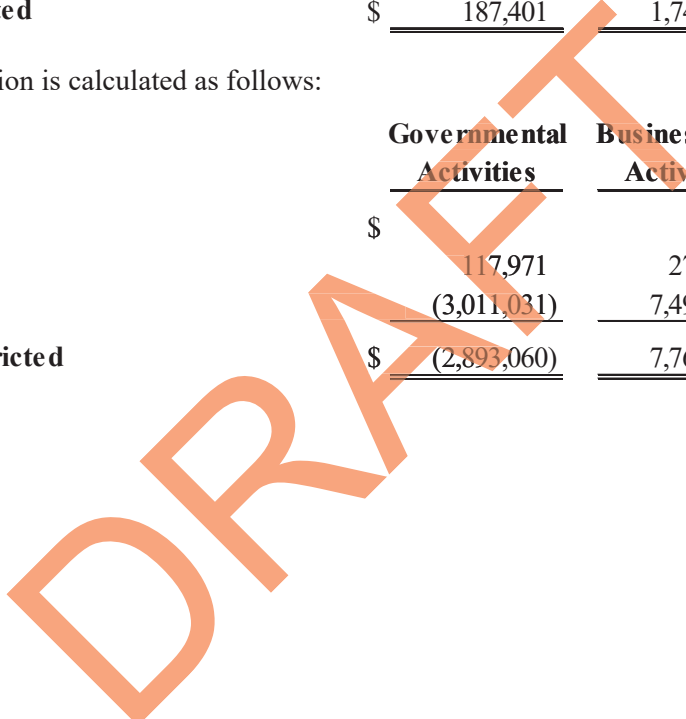
(10) Net Position, continued

Restricted net position is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2019</u>
Restricted:			
Capacity fees	\$ -	943,125	943,125
Debt service	-	798,800	798,800
Teen and community center	7,957	-	7,957
Park & Recreation capital projects - Coastal	44,373	-	44,373
Park & Recreation capital projects - Inland	135,071	-	135,071
Total restricted	<u>\$ 187,401</u>	<u>1,741,925</u>	<u>1,929,326</u>

Unrestricted net position is calculated as follows:

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>2019</u>
Unrestricted:			
Assigned	\$ 117,971	274,341	392,312
Unassigned	(3,011,031)	7,494,823	4,483,792
Total unrestricted	<u>\$ (2,893,060)</u>	<u>7,769,164</u>	<u>4,876,104</u>



McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(11) Fund Balance

Fund balance is presented in the following categories: non-spendable, restricted, committed, assigned, and unassigned (See Note 1.D.15 for a description of these categories). Fund balance and their funding composition at June 30, 2019, are as follows:

	2019
Restricted:	
Teen and community center	\$ 7,957
Park & Recreation capital projects - Coastal	44,373
Park & Recreation capital projects - Inland	135,071
Total restricted	187,401
Assigned:	
Compensated absences	98,740
Street lighting	19,231
Total assigned	117,971
Unassigned:	
General (Parks and Recreation)	
Operating fund	647,482
Repair and replacement fund	4,300
Catastrophe	106,156
Other postemployment benefits	201,632
Measure B	(580,554)
Streeting lighting	-
Total unassigned	379,016
Total fund balance	\$ 684,388

(12) Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA), an intergovernmental risk sharing joint powers authority created to provide self-insurance programs for California special districts. The purpose of the SDRMA is to arrange and administer programs of self-insured losses and to purchase excess insurance coverage.

At June 30, 2019, the District participated in the liability and property programs of the SDRMA as follows:

- General and auto liability, public officials and employees' errors and omissions: Total risk financing self-insurance limits of \$5,000,000, combined single limit at \$2,500,000 per occurrence.
- Employee dishonesty coverage up to \$1,000,000 per loss includes public employee dishonesty, forgery or alteration, and theft, disappearance, and destruction coverage.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(12) Risk Management, continued

- Property loss is paid at the replacement cost for property on file, if replaced within two years after the loss, otherwise paid on an actual cash value basis, to a combined total of \$1.0 billion per occurrence, subject to a \$1,000 deductible per occurrence.
- Boiler and machinery coverage for the replacement cost up to \$100 million per occurrence, subject to a \$1,000 deductible per occurrence, unless otherwise specified.
- Public officials' personal liability up to \$500,000 each occurrence, with an annual aggregate of \$500,000 per each elected/appointed official to whom this coverage applies, subject to the terms and a \$500 deductible per claim.
- Workers compensation insurance with statutory limits per occurrence and employer's liability coverage up to \$5 million.

Settled claims have not exceeded any of the coverage amounts in the last fiscal year. There were no reductions in insurance coverage in fiscal year 2019. Liabilities are recorded when it is probable that a loss has been incurred and the amount of the loss can be reasonably estimated net of the respective insurance coverage. Liabilities include an amount for claims that have been incurred but not reported (IBNR). There were no material IBNR claim payables as of June 30, 2019.

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective

The Governmental Accounting Standards Board (GASB) has issued several pronouncements prior to the issue date that have effective dates that may impact future financial presentations.

Governmental Accounting Standards Board Statement No. 84

In January 2017, the GASB issued Statement No. 84 – *Fiduciary Activities*. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 87

In June 2017, the GASB issued Statement No. 87 – *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments’ financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments’ leasing activities.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged.

Governmental Accounting Standards Board Statement No. 89

In June 2018, the GASB issued Statement No. 89 – *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 90

In August 2018, the GASB issued Statement No. 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

Governmental Accounting Standards Board Statement No. 91

In May 2019, the GASB issued Statement No. 91 – *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

McKinleyville Community Services District
Notes to the Basic Financial Statements, continued
June 30, 2019

(13) Governmental Accounting Standards Board Statements Issued, Not Yet Effective, continued

Governmental Accounting Standards Board Statement No. 91, continued

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged.

(14) Commitments and Contingencies

Commitments

The District has a contract with Humboldt Bay Municipal Water District (HBMWD) to purchase water. Under the contract, the District pays HBMWD a rate that includes cost allocations of various factors designed to cover costs associated with the operation, maintenance, repair, and replacement of the HBMWD's base water facilities and drinking water treatment facilities.

Grant Awards

Grant funds received by the District are subject to audit by the grantor agencies. Such audit could lead to requests for reimbursements to grantor agencies for expenditures disallowed under terms of the grant. Management of the District believes that such disallowances, if any, would not be significant.

Litigation

In the ordinary course of operations, the District is subject to claims and litigation from outside parties. After consultation with legal counsel, the District believes the ultimate outcome of such matters, if any, will not materially affect its financial condition.

(15) Subsequent Event

Events occurring after June 30, 2019, have been evaluated for possible adjustment to the financial statements or disclosure as of February 5, 2020, which is the date the financial statements were available to be issued. The District is not aware of any further subsequent events that would require recognition or disclosure in the financial statements.

Required Supplementary Information

DRAFT

< Page Intentionally Left Blank >

DRAFT

McKinleyville Community Services District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual – General (Parks and Recreation) Fund
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Property taxes	\$ 621,077	621,077	615,380	(5,697)
Charges for services and facilities	620,013	620,013	491,446	(128,567)
Operating grants and contributions	-	-	43,678	43,678
Capital grants and contributions	19,900	19,900	36,968	17,068
Other income	18,622	18,622	27,818	9,196
Unrestricted investment earnings	16,000	16,000	79,282	63,282
Total revenues	<u>1,295,612</u>	<u>1,295,612</u>	<u>1,294,572</u>	<u>(1,040)</u>
Expenditures:				
Salaries and employee benefits	1,008,030	1,008,030	993,440	14,590
Materials and services	243,934	243,934	206,297	37,637
Capital outlay	43,000	43,000	72,273	(29,273)
Total expenditures	<u>1,294,964</u>	<u>1,294,964</u>	<u>1,272,010</u>	<u>22,954</u>
Excess(deficiency) of revenues over expenditures	<u>648</u>	<u>648</u>	<u>22,562</u>	<u>21,914</u>
Net change in fund balance	648	648	22,562	<u>21,914</u>
Fund balance, beginning of year	<u>1,223,150</u>	<u>1,223,150</u>	<u>1,223,150</u>	
Fund balance, end of year	<u>\$ 1,223,798</u>	<u>1,223,798</u>	<u>1,245,712</u>	

McKinleyville Community Services District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual – Measure B Fund
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Special assessments	\$ 210,000	210,000	210,254	254
Operating grants and contributions	-	-	150	(150)
Unrestricted investment earnings	-	-	73	73
Total revenues	<u>210,000</u>	<u>210,000</u>	<u>210,477</u>	<u>177</u>
Expenditures:				
Salaries and benefits	56,265	56,265	52,061	4,204
Materials and services	23,400	23,400	29,547	(6,147)
Debt service				
Principal	88,872	88,872	85,798	3,074
Interest	41,262	41,262	41,341	(79)
Total expenditures	<u>209,799</u>	<u>209,799</u>	<u>208,747</u>	<u>1,052</u>
Excess of revenues over expenditures	<u>201</u>	<u>201</u>	<u>1,730</u>	<u>1,229</u>
Net change in fund balance	201	201	1,730	<u>1,229</u>
Fund balance, beginning of year	<u>(582,284)</u>	<u>(582,284)</u>	<u>(582,284)</u>	
Fund balance, end of year	<u>\$ (582,083)</u>	<u>(582,083)</u>	<u>(580,554)</u>	

McKinleyville Community Services District
Schedule of Revenues, Expenditures, and Changes in Fund Balance
Budget to Actual – Street Lighting Fund
For the Year Ended June 30, 2019

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>	<u>Variance Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services and facilities	\$ 88,816	88,816	93,409	4,593
Other income	18,600	18,600	19,448	848
Total revenues	<u>107,416</u>	<u>107,416</u>	<u>112,857</u>	<u>5,441</u>
Expenditures:				
Salaries and payroll expenses	46,220	46,220	41,625	4,595
Materials and services	36,051	36,051	21,149	14,902
Debt service				
Principal	19,865	19,865	19,865	-
Capital outlay	2,000	2,000	10,639	(8,639)
Total expenditures	<u>104,136</u>	<u>104,136</u>	<u>93,278</u>	<u>10,858</u>
Excess of revenues over expenditures	<u>3,280</u>	<u>3,280</u>	<u>19,579</u>	<u>16,299</u>
Net change in fund balance	<u>3,280</u>	<u>3,280</u>	<u>19,579</u>	<u>16,299</u>
Fund balance, beginning of year	<u>(348)</u>	<u>(348)</u>	<u>(348)</u>	
Fund balance, end of year	<u>\$ 2,932</u>	<u>2,932</u>	<u>19,231</u>	

McKinleyville Community Service District
Notes to the Required Supplementary Information
June 30, 2019

Basis of Budgeting

The District follows specific procedures in establishing the budgetary data reflected in the financial statements. Each year, the District's General Manager prepares and submits a capital and operating budget to the Board of Directors and adopted no later than June of each year. Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all government and proprietary funds. Annual budgets are adopted on the modified accrual basis of accounting for government fund types and the accrual basis for proprietary fund. The adopted budget becomes operative on July 1.

The Board of Directors must approve all supplemental appropriations to the budget and transfers between major funds. The legal level of budgetary control is at the fund level. Budget information is presented as required supplementary information for the General (Parks and Recreation), Measure B, and Street Lighting funds.

DRAFT

McKinleyville Community Service District
Schedules of Changes in District's Total OPEB Liability and Related Ratios
For the Fiscal Year Ended June 30, 2019
Last Ten Years*

Other Post-Employment Benefits Payable

	<u>2019</u>	<u>2018</u>
Total OPEB liability		
Service cost	\$ 493,346	478,977
Interest	288,256	253,523
Changes of assumptions or other inputs	(102,116)	-
Benefit payments	(102,866)	(96,421)
Implicit rate subsidy fulfilled	<u>(35,201)</u>	<u>(28,201)</u>
Net change in total OPEB liability	541,419	607,878
Total OPEB liability – beginning	<u>7,913,699</u>	<u>7,305,821</u>
Total OPEB liability – ending	<u>\$ 8,455,118</u>	<u>7,913,699</u>
Covered-employee payroll	<u>\$ 1,511,378</u>	<u>1,470,927</u>
Total OPEB liability as a percentage of covered-employee payroll	<u>559.43%</u>	<u>538.01%</u>

Note to Schedule

Changes in Benefit Terms – There were no changes to benefit terms for the measurement period ended June 30, 2018.

Changes of Assumptions – In fiscal year 2019, changes in actuarial assumptions are as follows:

Assumptions	2019	2018
Aging/Morbidity factor	Based on actual CalPERS HMO and PPO population data.	Based on a Society of Actuaries study.
Participant contributions	Based on service at retirement and employee group.	Based on hire date.
Salary increases	2.750%	3.000%
Marital status	Current retirees: actual spouse coverage is used. Future retirees: 85% assumed to be married.	Current retirees: actual spouse coverage is used. Future retirees: none noted.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

McKinleyville Community Service District
Schedules of the District's Proportionate Share of the Net Pension Liability
As of June 30, 2019
Last Ten Years*

Defined Benefit Plan

Description	6/30/2019	6/30/2018	6/30/2017	6/30/2016	6/30/2015
District's proportion of the net pension liability(asset)	0.01969%	0.01948%	0.01878%	0.01728%	0.01805%
District's proportionate share of the net pension liability(asset)	\$ 1,897,638	1,931,634	1,625,303	1,186,322	1,123,351
District's covered payroll	\$ 1,390,558	1,313,591	1,260,867	1,253,808	1,175,186
District's proportionate share of the net pension liability(asset)as a percentage of its covered payroll	136.47%	147.05%	128.90%	94.62%	95.59%
Plan's fiduciary net position as a percentage of the total pension liability	75.26%	73.31%	74.06%	78.40%	83.21%

Notes to the Schedules of the District's Proportionate Share of Net Pension Liability

Changes in Benefit Terms – Public agencies can make changes to their plan provisions, and such changes occur on an ongoing basis. A summary of the plan provisions that were used for a specific plan can be found in the plan's annual valuation report.

Changes of Assumptions – In December 2017, the CalPERS Board adopted new mortality assumptions for plans participating in the PERF. The new mortality table was developed from the December 2017 experience study and includes 15 years of projected ongoing mortality improvement using 90% of scale MP 2016 published by the Society of Actuaries. The inflation assumption is reduced from 2.75% to 2.50%.

The assumptions for individual salary increases and overall payroll growth are reduced from 3.00% to 2.75%. These changes will be implemented in two steps commencing in the June 30, 2017 funding valuation. However, for financial reporting purposes, these assumption changes are fully reflected in the results for fiscal year 2018.

In fiscal year 2017, the financial reporting discount rate for the PERF C was lowered from 7.65% to 7.15%. In December 2016, the CalPERS Board approved lowering the funding discount rate used in the PERF C from 7.50% to 7.00%, which is to be phased in over a three-year period (7.50% to 7.375%, 7.375% to 7.25%, and 7.25% to 7.00%) beginning with the June 30, 2016, valuation reports. The funding discount rate includes a 15 basis-point reduction for administrative expenses, and the remaining decrease is consistent with the change in the financial reporting discount rate.

In fiscal year 2015, the financial reporting discount rate was increased from 7.50% to 7.65% resulting from eliminating the 15 basis-point reduction for administrative expenses. The funding discount rate remained at 7.50% during this period and remained adjusted for administrative expenses.

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

McKinleyville Community Service District
Schedules of Pension Plan Contributions
As of June 30, 2019
Last Ten Years*

Defined Benefit Plan

<u>Description</u>	<u>6/30/2019</u>	<u>6/30/2018</u>	<u>6/30/2017</u>	<u>6/30/2016</u>	<u>6/30/2015</u>
Actuarially determined contribution	\$ 212,575	187,417	162,865	155,352	126,683
Contributions in relation to the actuarially determined contribution	<u>(212,575)</u>	<u>(187,417)</u>	<u>(163,266)</u>	<u>(155,352)</u>	<u>(126,683)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>(401)</u>	<u>-</u>	<u>-</u>
District's covered payroll	\$ 1,390,558	1,313,591	1,260,867	1,253,808	1,175,186
Contribution's as a percentage of covered-payroll	<u>15.29%</u>	<u>14.27%</u>	<u>12.92%</u>	<u>12.39%</u>	<u>10.78%</u>

Notes to the Schedules of Pension Plan Contributions

* The District has presented information for those years for which information is available until a full 10-year trend is compiled.

DRAFT

< Page Intentionally Left Blank >

DRAFT

Report on Internal Controls and Compliance

DRAFT

< Page Intentionally Left Blank >

DRAFT

**Independent Auditor's Report on Internal Control over Financial Reporting
and on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards***

Board of Directors
McKinleyville Community Services District
McKinleyville, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the McKinleyville Community Services District (District), which comprise the statement of net position as of June 30, 2019, and the related statements of activities and cash flows for the year then ended, and the related notes to the financial statements, and have issued our report thereon dated February 5, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Independent Auditor’s Report on Internal Controls Over Financial Reporting
And on Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with *Government Auditing Standards*, continued**

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District’s internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District’s internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Fedak & Brown LLP
Cypress, California
February 5, 2020

DRAFT

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **ACTION**

ITEM: E.5 **Consideration of Reynolds Claim for Damages**

PRESENTED BY: **Gregory P. Orsini, General Manager**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review the Claim for Damages Against Public Entity from Rachele D. Reynolds, consider testimony related to the claim and uphold the General Manager's denial of the claim.

Discussion:

In accordance with Government Code sections 910 and 910.2 the claimant, Rachele D. Reynolds, has provided a completed Claim for Damages resulting from a leak that occurred between May 2018 and January 2019.

Ms. Reynolds asked for the water to be shut off due to a leak within the house and claims that after this shut off, a faulty valve stop caused water to continue to leak through the meter and cause damage to property. The meter did not register the water passing through.

Staff was able to assess the issue and discovered the faulty angle valve stop. The meter was removed at the end of January 2019 and resident notified.

MCS D Rules and Regulations clearly state that the curb side angle stop shall not be the customer's service shut off.

Rule 7.06. CONTROL VALVE ON THE CUSTOMER PROPERTY - the customer shall provide a valve on his side of the service installation, as close to the meter location as practicable, to control the flow of water to the piping on his premises. The customer shall not use the service curb stop to turn water on and off for his convenience.

All customers have the right to request a variance from the Board of Directors as stated below.

Rule 63.01. VARIANCES - the Board may, in specific cases, grant a variance from any provision of the standards incorporated into these Rules and Regulations whenever it finds:

- (a) that special circumstances exist in a particular case, and
- (b) that practical difficulties or unnecessary hardship would result from strict interpretation and enforcement of any standard, and

(c) that the granting of such a variance would not tend to defeat the purposes of these Rules and Regulations. The Board may place conditions upon such variances.

Alternatives:

- Pay the claim for damages

Fiscal Analysis:

There will be an expense for either alternative action.

Environmental Requirements:

Not applicable

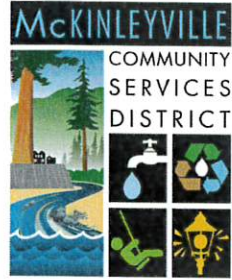
Exhibits/Attachments:

- Attachment 1 – Claim for damages from Rachele D. Reynolds

this has cost me much hardship -

CLAIM FOR DAMAGES AGAINST PUBLIC ENTITY

[Government Code § 910 and § 910.2]



1. Name of Claimant: Rachele D. Reynolds
2. Post Office Address: 1389 Belnor Road McKinleyville CA 95519-3415
3. Post office address to which person presenting the claim desires notices to be sent:
same as above
4. Date of injury, damage, loss or obligation: LEAK from May 2018 thru Jan 2019
5. Location where the injury, damage, loss or obligation occurred (Specify in as much detail as possible, i.e., 5 feet east of west corner of Elmira Road and Peabody):
the leak occurred at 1389 Belnor Road McKinleyville CA. PAID to have water shut off \$40. Faulty valve allowed leak.
6. The general description of the injury, damage, loss or obligation:
A leak of 8oz per 2 minute period Approx 10,000 gallons in total. (VIDEO AVAILABLE) meter reading did not change. Valve faulty - I have substantial proof and video documentation.
7. Names(s) of Public Employee(s) who caused injury, damage or loss, if applicable:
Jennifer - Denied leak repeatedly.
8. Description of the actions or conduct of employee(s) who caused the injury, damage or loss, if applicable:
Wasnt until the end of January 2019 that a technician come out and removed faulty valve. I was not informed of facts until Feb 2019.
9. Names/addresses/telephone number of any witnesses:
Dana bensen - INSTALL water heater (3 visits total) (707) 498-5412
10. Total Amount of Claim: \$ 1,700 + \$500 = \$2,200.
11. Basis for computation amount of claim:
 - Current Medical Expenses: \$ N/A
 - Future Medical Expenses: \$ N/A
 - Wage Loss: \$ N/A
 - Damage to Personal Property: \$ 1,700.

RECEIVED
JUN 28 2019
McK. C.S.D.

General Damages: \$ \$500 - \$500 to ^{plumbing} contractor (3 visits)
 Other Damages (Describe): \$ DUMPSTERS TO DISPOSE OF LOSS OF PROPERTY - (\$1,700.)
 (Attach Copies of Medical Bills/Estimates for Property Damages/Proof of Loss)

12. If Claimant is a minor (Under age 18 years):
 Name of Parent/Legal Guardian: N/A
 Address of Parent/Legal Guardian: _____
 Parent/Legal Guardian Telephone Number: _____

13. Supplemental Information:
 Claimant's Drivers License No. _____
 Claimant's Date of Birth: _____
 Law Enforcement/Public Agency Report No. N/A Date: N/A

14. Attorney for Claimant:
 Name: _____ SBN: _____
 Address: _____
 Telephone Number: _____

Rachelle D. Reynolds 6/27/19 (707) 845-3764
 Signature of Claimant Date Telephone Number

Relationship of Signer, if not the Claimant Date Telephone Number

NOTICES

A claim relating to a cause of action for death or for injury to person or to personal property or to growing crops must be presented to the public entity, in the matter provided for in the **Government Code § 915, et seq.**, not later than six months after the accrual of the cause of action.

A claim relating to any other cause of action shall be presented to the public entity as provided in **Government Code § 915, et seq.**, not later than one year after the accrual of the cause of action [**Government Code § 911.2**].

A person is required by law, under **Government Code § 910.4(a)**, to use this prescribed Claim Form, in order that his or her claim is deemed to be in conformity with **Government Code § 910 and § 910.2**. A claim may be returned to the person, if it is not presented using this Claim Form. Any claim returned to a person may be resubmitted using the appropriate form.

Section 72 of the California Penal Code states: Every person who, with intent to defraud, presents for allowance or for payment to any state board or officer, or to any county, city, or district board or officer, authorized to allow or pay the same if genuine, any false or fraudulent claim, bill, account, voucher, or writing, is punishable either by imprisonment in the county jail for a period of not more than one year, by a fine of not exceeding one thousand dollars (\$1,000), or by both that imprisonment and fine, or by imprisonment pursuant to subdivision (h) of Section 1170, by a fine of not exceeding ten thousand dollars (\$10,000), or by both such imprisonment and fine.

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **ACTION**

ITEM: E.6 **Consideration of Scott Appeal**

PRESENTED BY: **Gregory P. Orsini, General Manager**

TYPE OF ACTION: **Roll Call Vote**

Recommendation:

Staff recommends that the Board review the appeal application from Garry Scott, consider testimony related to the appeal and deny the appeal.

Discussion:

In accordance with McKinleyville Community Services District Rules and Regulations, the procedure for appeals is as follows:

REGULATION 65 - APPEALS

Rule 65.01. APPEALS - the Board may, in specific cases, grant an appeal from any decision made by staff applying the standards incorporated into these Rules and Regulations whenever it finds:

- (a) that special circumstances exist in a particular case, and
- (b) that practical difficulties or unnecessary hardship would result from strict interpretation and enforcement of any standard, and
- (c) that the granting of such an appeal would not tend to defeat the purposes of these Rules & Regulations. The Board may place conditions upon the approval of an appeal.

Rule 65.02. APPEAL APPLICATION - any individual seeking an appeal shall complete an appeal application on the form provided by the District. A non-refundable fee of \$25.00 shall be paid by the applicant to the District for such application to be considered by the Board.

Mr. Scott claims that his water bill was high and that he did not find a leak and his water had not been left on for four days. He claims that MCSD is unable to explain the high-water usage.

An hourly profile from his meter from October 11th to December 10th reflects at least three periods of extended water use. The meter registered use for 15 consecutive hours on November 10th, 19 consecutive hours on November 17th and hourly use from November 20th through November 24th. There was no indication of any backflow during the profile period.

Alternatives:

Fiscal Analysis:

There will be an expense for either alternative action.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Appeal Application from Garry Scott

RECEIVED

DEC 16 2019

McK. C.S.D.

APPEAL APPLICATION

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

1. NAME: GARRY L. SCOTT
 2. MAILING ADDRESS: 2350 Hewitt RD
 3. TELEPHONE ADDRESS: 839-4020 4. Account # 5C00014
 5. DESCRIBE DECISION BEING APPEALED: High WATER Bill

6. EXPLAIN UNIQUE NATURE OF SITUATION: My WATER WAS NOT LEFT ON FOR 4 DAYS, ALSO TOILET RUNNING AND MCKSD CANNOT EXPLAIN HOW METER RAG SO HIGH UNLESS WATER NOT USED.
 7. EXPLAIN HARDSHIP IF STAFF DECISION ENFORCED: _____

8. EXPLAIN HOW APPROVAL WOULD NOT DEFEAT PURPOSE OF STANDARD

Signed: [Signature] Date: 12-16-19
 Receipt #: 31392 Date: 12/16/2019

NOTE: \$25 FILING FEE IS NON-REFUNDABLE

"Appeal"/MOUSE

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **INFORMATION**

ITEM: E.7 **Review the Tactical Planning Matrix CY 2020-25**

PRESENTED BY: **Greg Orsini, General Manager**

TYPE OF ACTION: **Information Only**

Recommendation:

Staff recommends that the Board review, take public comment and discuss the Tactical Planning Matrix CY2020-25 (**Attachment 1**).

Discussion:

Historically, the Strategic Plan was approved annually to begin the budget process. Recently, the Board approved a Strategic Plan 5-Year update that has a different format and will be reviewed annually and updated every 5 years.

The attached Tactical Planning Matrix was adapted and updated to reflect current projects and the Strategic Plan 5-Year Updated, starting with calendar Year 2020. It was presented to the Board for feedback at the November Board Meeting.

This planning matrix will be used to track multi-year projects and the Strategic Plan Visionary Goals.

Staff has incorporated feedback from the November meeting, and now presents the final draft of the Tactical Planning Matrix for review.

Alternatives:

Staff analysis consists of the following potential alternative

- Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Tactical Planning Matrix CY 2020-25

Work Plan Section	PROJECT NAME	PROJECT MANAGER	CURR. FY CIP\$	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	EST. COMPLETION	TOTAL PROJECT % COMPLETE	STATUS/COMMENTS
1.0 Water												
1.1	Water Storage Tank Project	OD	\$ 200,000.00	Pursue grant funding/property purchased	Pursue grant funding/property purchased	Design & build	Build	Place in operation		2020	5%	Geotech complete and complete negotiations
1.2	Emergency Water Crossing	OD	n/a	Test SOP	Test SOP/Pursue grant funding for North Bank River Crossing	Pursue grant funding for North Bank River Crossing				2019	99%	Waiting for Arcata to add comments
1.3	Emergency Water Supply	GM/OD	\$ 50,000.00	Groundwater Mgmt Plan & Test Wells	Groundwater Mgmt Plan	Design	Emergency Source Implementation			2020	10%	
1.4	Water Main Rehab and Replacement	OD	\$ 100,000.00	Build up reserves and determine workforce increase or contract work, Phase 3A soil study	Build up reserves,	Build up reserves, develop areas of concern and schedule using soil survey plan	Build up reserves and determine workforce increase or contract work	Start rehab and replacement				Reserves will be built up to replace water mains when needed
1.5	Meter Testing and Replacement	OD	\$ 200,000.00	Phase 3 - Testing of larger meters	Plan replacement schedule for 2025					2019	5%	Will be completed this FY
1.6	F/H upgrade and installation in commercial area	OD	\$ 7,000.00	Install fire hydrants where requested by the fire department and pursue grant funding to retrofit dry barrel hydrants with wet barrel	Install fire hydrants where requested by the fire department and pursue grant funding to retrofit dry barrel hydrants with wet barrel	Install fire hydrants where requested by the fire department and pursue grant funding to retrofit dry barrel hydrants with wet barrel				2019	40%	Cost share with Fire Department
1.7	Cochran Emergency Generator Replacement	OD	\$ 50,000.00	Design & Implementation						2020	0%	
2.0 Wastewater												
2.1	WWMF Improvement Proj./Biosolids Maint./NPDES Update	GM/OD	\$ 200,000.00	Ammonia Study Workshop/ Sludge depths (Biosolids Mgmt Plan), Create Biosolids Mgmt Plan	Ammonai Study (Mussel Survey)/ Sludge depths (Biosolids Mgmt Plan), Implement Biosolids Mgmt Plan	Ammonia Study Final Report/ CTR Priority Pollutant Scan/ Report of Waste Discharge/ Sludge depths (Biosolids Mgmt Plan)				2019	5%	Upgrade completed. Implement biosolids management plan

Mckinleyville CSD Strategic Plan 2019-2022

Work Plan Section	PROJECT NAME	PROJECT MANAGER	CURR. FY CIP\$	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	EST. COMPLETION	TOTAL PROJECT % COMPLETE	STATUS/COMMENTS
2.2	Collection Sys Upgrades	OD	\$ 10,000.00	Design for Thiel crossing/ Pursue grant funding for all 3 crossings	Construct of Thiel crossing	Monitor capacity of all 3 basins					20%	This will be scheduled and completed when build-out requires upgrade
2.3	Sewer Main Rehab and Replacement	OD	\$ 90,000.00	Build up reserves, Phase 3A soil study, develop areas of concern and schedule using soil survey plan	Build up reserves and determine workforce increase or contract work	Start rehab and replacement					20%	There is no completion date to this maintenance. I&I will be repaired when found and a plan for replacing pipe will be developed
2.4	Sewer Use Ordinance and Pre-Treatment Program	OD	n/a	Issue & administer grease trap permits/Conduct local limits study/Update Sewer Use Ordinance on local limits to reflect capabilities of new process	Issue & administer grease trap permits/Update Sewer Use Ordinance on local limits to reflect capabilities of new process/ 5 Year inspections due						Ongoing	157
2.5	Reclamation Site Expansion and Upgrade	OD	\$ 5,000.00	Expand reclamation area/explore purchasing more property and implement findings of bio-filtration pilot study	Expand reclamation area/Finalize purchase of more property and implement findings of bio-filtration pilot study	Finalize procurement of reclamation site	Design irrigation system	Install/Implement design		2021	20%	Pilot project placed in service
2.6	Percolation site decommissioning	GM/OD	n/a	Pursue grant funding for construction	Implementation					2020	30%	Fish & Wildlife and Coastal Conservancy Grant
2.7	Disinfection byproduct removal study and/ or ultraviolet disinfection study/ design and implementation	OD		Research alternatives for converting away from CL2 disinfection	Feasibility Study on Alternatives/Plan and budget for selected Alternative	Design and bid process	Construction and placed into service					

Mckinleyville CSD Strategic Plan 2019-2022

Work Plan Section	PROJECT NAME	PROJECT MANAGER	CURR. FY CIP\$	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	EST. COMPLETION	TOTAL PROJECT % COMPLETE	STATUS/COMMENTS
3.0 Streetlights												
3.1	Maintenance Programs	OD	n/a		Photocell replacement on all streetlights/Solicit proposals for pole inspections	Pole Inspections						Poles will be inspected for rot every 10 years. Completed 6/11
4.0 Parks & Recreation												
4.1	Sustainability Strategy*	GM/RD	\$ -	Implement Large Fundraising event; Add 2-3 revenue generating programs	Survey community for feasibility of increasing Meas. B	Implement process to re-assess Meas. B				2023	Ongoing	
4.2	Hewitt Ranch Park	OD/RD	to be determined	Pursue access from Cochran Rd.	Funding options brought to Board & consider environmental planning contingent on tank property purchase	Funding options brought to Board & consider environmental planning	Planning for parking area/create plan for development					This project is dependent on access from Cochran Road and tank site development
4.3	Washington Ave. Property	GM/OD/RD	to be determined	Possible park development (depending on funding)	Possible park development (depending on funding)	Possible park development (depending on funding)						Invasives have been removed, staff continues to mow quarterly
4.4	Community Forest *****	GM	to be determined	Define amenities of Community Forest as desired by the community residents	Define amenities of Community Forest as desired by the community residents	Identify potential properties; Identify possible funding sources for acquisition	Identify Forest management strategies for identified properties			2024		Working with TPL for grant funding
4.5	Standards & Specs for OSMZ/Parks	GM/OD	n/a	Standards and Specifications being developed for all parks, facilities and open space maintenance zones	Standards and Specifications being developed for all parks, facilities and open space maintenance zones	Policy finalized and implemented				2020	25%	
4.6	Maintenance Standards/Checklist	OD	n/a	Determine necessity for checklist, SOP's & maintenance standards	Staff training					2020	50%	
4.7	Update Parks & Recreation Master Plan	RD	n/a	Conduct annual review	Conduct annual review	Complete Community Survey and initiate plan		Complete Plan		2019	100%	Begin next update process in 2022

Mckinleyville CSD Strategic Plan 2019-2022

Work Plan Section	PROJECT NAME	PROJECT MANAGER	CURR. FY CIP\$	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	EST. COMPLETION	TOTAL PROJECT % COMPLETE	STATUS/COMMENTS
5.0 Partnerships												
5.1	Strategic Partnership Plan *****			Meet with all 5 Hum. County Supervisors to facilitate regional cooperation. Meet with State Senator and Assembly Person to build/maintain political relationships	Create List of Current and Potential Partners. Create Rubric for determining whether or not partnership would be effective and beneficial. Ensure maintenance of regional and statewide political relationships	Outline the required steps and considerations for developing and implementing partnership agreements. Create a rubric of criteria for measuring the effectiveness of a partnership. Ensure maintenance of regional and statewide political relationships	Ensure maintenance of regional and statewide political relationships	Ensure maintenance of regional and statewide political relationships. Assess Partnership Plan rubrics for effectiveness	Ensure maintenance of regional and statewide political relationships	2023		
6.0 Personnel/Organization												
6.1	HR Compliance	GM/Dept. Heads	n/a	Create Policy for Biannual review of Supervisors Manual and Employee Handbook	Next scheduled reviews of Supervisors Manual & Employee Handbook	Next scheduled review Employee Handbook	Next scheduled reviews of Supervisors Manual & Employee Handbook				Ongoing	
6.2	District Disaster Preparedness & Public Education Campaign**			Host 2 Public education workshops. Create Process for updating education materials. Conduct All Staff tabletop exercise	Host 1-2 Public education workshops. Conduct All Staff tabletop exercise	Continue Improving and implementing Public Education Strategies. Conduct All Staff tabletop exercise	Continue Improving and implementing Public Education Strategies. Conduct All Staff tabletop exercise	Continue Improving and implementing Public Education Strategies. Conduct All Staff tabletop exercise		2023		159
7.0 Administrative Management												
7.1	District Policies & Procedures	GM & Board	n/a	Development of Benefit Escalation Policy								Refocus on Benefit Escalation Policy
7.2	Records Retention	Admin Assist	n/a	Review Legislation for Compliance								
7.3	Update MCSD Website	Admin Assist		Investigate options and migrate to new website	Complete implementation					2021		

Mckinleyville CSD Strategic Plan 2019-2022

Work Plan Section	PROJECT NAME	PROJECT MANAGER	CURR. FY CIP\$	CY 2020	CY 2021	CY 2022	CY 2023	CY 2024	CY 2025	EST. COMPLETION	TOTAL PROJECT % COMPLETE	STATUS/COMMENTS
7.4	Continue to build upon Public Information Program	GM/Admin Assist	n/a	Website, newsletter, PSA's, social networking, looking for intern	Website, newsletter, PSA's, social networking, looking for intern							
7.5	Explore Alternative Energy Options	GM & Board	\$100,000.00	Complete Climate Action Plan	Implement climate change action plan	Continue to explore opportunities for energy efficiency and reduce reliance on fossil fuel					Ongoing	Continue working towards energy independence
7.6	Determine number of building permits allocated by the county within the District AND know the impact accommodating allocated permits will have on District service capacity.***			Integrate County information into District's Hydraulic Flow Analysis; Determine annual date for providing county info to MCSD Board						2021		
8.0 Finance												
8.1	Reserve Policy Implementation	GM/FD	n/a	Review & monitor	Review & monitor							Review and Update as required
8.2	Development of Financial Mgmt System	GM/FD	n/a	Begin implementation	Complete implementation					2020	3%	Enterprise Resource Planning (ERP)
8.3	Rate Studies	GM & Board	n/a		Capacity/fee review and Prop 218						Ongoing	

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **ACTION**

ITEM: E.8 **AN ORDINANCE OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AMENDING RULES 9.05, 10.01, AND 10.03, OF THE MCSD RULES AND REGULATIONS**

PRESENTED BY: **Gregory Orsini, General Manager**

TYPE OF ACTION: **Introduction and First Reading; Roll Call**

Recommendation:

Staff recommends the board review, take public comment and adopt resolution 2020-01 implementing a policy governing the disconnection of water services for nonpayment of water rates and charges (**Attachment 1**). Staff further recommends that the board conduct a first reading, by title only, of Ordinance 2020-01 amending rules 9.05, 10.01, and 10.03 of the MCSD Rules and Regulations (**Attachment 2**).

Discussion:

Senate Bill 998, also known as the “Water Shutoff Protection Act”, was added to Chapter 6 of Part 12 of Division 104 to the Health and Safety Code to regulate the manner in which a public entity may disconnect water service to residential customers or users in the event of nonpayment. Among other things, the law requires public water systems that have 200 or more service connections to adopt a formal water disconnection policy that includes all procedural safeguards included in SB 998 and to make the policy available on the agency website and be made available in multiple, specified languages.

The primary procedural safeguards that MCSD is required to implement are as follows:

1. A public entity shall not discontinue residential service for nonpayment until a payment has been delinquent for at least 60 days.
2. At least seven days before the date water service is discontinued, public entities must contact the customer named on the account by phone or by written notice.
3. The notice must contain all of the following in a “clear and legible format”:
 - a. The customer’s name and address.
 - b. The amount of the delinquency.
 - c. The date by which payment or other arrangement for payment is required to avoid discontinuation of service.
 - d. The date of intended disconnection.

- e. A description of the process to apply for an extension of time to pay the delinquent charges.
 - f. A description of the procedure to petition for bill review and appeal.
 - g. A description of the procedure by which the customer may request a deferred, reduced, or alternative payment schedule, including an amortization of the delinquent service charges.
 - h. Information on how to restore water service after discontinuation.
4. If the customer properly and timely appeals the decision to discontinue service for nonpayment in accordance with the entity's appeal procedures, service shall not be discontinued while the appeal is pending.
 5. No shut-off in the event the customer demonstrates a threat to health and safety, financial hardship, and agrees to and complies with an alternative payment plan.
 6. SB 998 created additional safeguards to protect tenants of residential units where the customer is the owner, not the tenant.

The proposed Ordinance revises MCSD's existing rules and regulations to be consistent with the SB 998 requirements.

Resolution 2020-01 proposes implementation of the actual SB 998 policy and provides detail concerning safeguards.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action
- Direct staff to make revisions to the Ordinance and bring back to the Board

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Resolution 2020-01 Governing the Disconnection of Residential Water Service for Nonpayment of Water Rates and Charges
- Attachment 2 – Ordinance 2020-01 01 Amending Rules 9.05, 10.01, and 10.03 of the MCSD Rules and Regulations

RESOLUTION 2020 – 01

A RESOLUTION OF THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT ESTABLISHING AND ADOPTING A POLICY GOVERNING THE DISCONNECTION OF RESIDENTIAL WATER SERVICE FOR NONPAYMENT OF WATER RATES AND CHARGES

WHEREAS, the McKinleyville Community Services District (“District”) provides residential, commercial, and industrial water supply to residents and businesses within the District;

WHEREAS, Regulations 9 and 10 of the District’s Rules and Regulations currently provides regulations for the payment of water bills and charges and further provides remedies that the District may use to ensure timely and full payment of water service;

WHEREAS, Senate Bill 998, signed into law on September 28, 2018, requires an urban and community water system, defined as a public water system that supplies water to more than 200 service connections, to have a written policy on discontinuation of water service to certain types of residences for nonpayment;

WHEREAS, by way of this Resolution, the Board of Directors desires to adopt the policy attached hereto as Exhibit 1.

NOW, THEREFORE, BE IT RESOLVED that the Board of Directors of the McKinleyville Community Services District does hereby resolve, determine, and establish as follows:

SECTION 1. The Policy attached hereto as Exhibit 1 (the “Policy”) is hereby adopted as the policy of the District governing the disconnection of residential water service for nonpayment of water rates and charges.

SECTION 2. This Policy shall take effect on February 1, 2020 and shall remain in place until amended or repealed by further resolution of the Board of Directors.

SECTION 3. This Policy does not apply or otherwise affect the District’s ability to discontinue water service to nonresidential customers or to discontinue water service to residential customers for reasons other than nonpayment of rates and charges.

SECTION 4. This Policy is intended to be consistent with California law governing the disconnection of residential water service. To the extent there is any inconsistency between this Policy and California law, California law will control.

ADOPTED, SIGNED AND APPROVED at a duly called meeting of the Board of Directors of the McKinleyville Community Services District on February 5, 2020 by the following polled vote:

AYES:

NOES:

ABSENT:
ABSTAIN:

Mary Burke, Board President

Attest:

April Sousa, CMC, Board Secretary

Exhibit 1

McKinleyville Community Services District Policy Governing the Disconnection of Residential Water Service for Nonpayment of Water Rates and Charges

In accordance with California law, this policy is also available Spanish, Chinese, Tagalog, Vietnamese, and Korean. Please contact the District to obtain a copy in a desired language.

I. Scope and Purpose.

Under existing law, the District reserves the right to discontinue (shut-off) water service to residential and commercial properties in the event of nonpayment for water service. The purpose of this Policy is to (i) provide regulations for the manner in which residential water service may be disconnected in the event of nonpayment; (ii) to provide adequate safeguards to ensure residential customers and occupants are provided adequate notice and a fair opportunity to contest the water bill before water service is disconnected; and (iii) to provide potential alternative payment arrangements for residential customers who qualify.

This Policy does not apply or otherwise affect the District's ability to discontinue water service to nonresidential customers or to discontinue water service to residential customers for reasons other than nonpayment of rates and charges.

The District reserves the right to amend this Policy by resolution at a properly noticed meeting. Other than as may be required by the Ralph M. Brown Act, no further notice, including but not limited to individual written notice to customers, is required to amend this Policy.

This Policy is intended to be consistent with California law governing the disconnection of residential water service. To the extent there is any inconsistency between this Policy and California law, California law will control.

II. Discontinuation of Water Service to Residential Units.

The District reserves the right to discontinue water service to residential units, including, but not limited to, single-family dwellings, multi-unit residential structures, and mobile home parks, in the event a water bill remains unpaid for a period of sixty (60) calendar days after it becomes delinquent. A water bill becomes delinquent if it is not paid, in full, within 30 days of the date printed on the water bill.

Before water service is actually discontinued, the District will attempt to contact customers and occupants by mail at least fifteen (15) calendar days before the date water service is discontinued to provide notice of the intended date water service will be discontinued, among other important information. If the mailing is returned as undeliverable, the District will make a good faith effort to post the notice in a conspicuous place on the property where service is

provided. It is the customer's obligation to ensure the District has a current mailing address on file.

The written notice will provide customers and, if applicable, occupants with the following information (among other information):

- The name and address of the customer whose account is delinquent;
- The amount of the delinquency;
- The date by which payment or other arrangement for payment is required to avoid discontinuation of service;
- The date service will be discontinued if payment or other arrangement for payment is not in place;
- A description of the process to apply for an extension of time to pay the delinquent charges;
- A description of the procedure to petition for bill review and appeal;
- A description of the procedure by which the customer may request a deferred, reduced, or alternative payment schedule including an amortization of the delinquent charges;
- The procedure for the customer to obtain information on the availability of financial assistance, including private, local, state, or federal sources, if applicable.
- The telephone number of a representative of the district who can provide additional information or institute arrangements for payment;
- Information on how to restore water service after discontinuation; and
- For certain tenant occupied units in which the landlord is the customer, that the tenants' have the option to avoid service disconnection without being required to pay the amount due on the delinquent account by becoming a direct customer of the District.

In addition to the written notice provided for above, the District shall make a reasonable, good faith effort to contact an adult person residing at the premises of the customer by telephone or in person at least 48 hours prior to any discontinuance of service. If telephone or personal contact cannot be accomplished, the District shall give, by mail or by posting in a conspicuous location at the premises, a notice of discontinuance of service, at least 48 hours prior to discontinuance.

No water service shall be discontinued to any residential customer by reason of delinquency in payment on any Saturday, Sunday, legal holiday or at any time during which the business office of the District is not open to the public.

III. Right to Appeal the Delinquent Water Bill.

Residential customers who dispute their water bill have the right to appeal (contest) the amount due. An appeal must be submitted in writing and received by the District no later than the fourth (4th) day before the date described in the notice as the intended water disconnection date, unless the fourth day falls on a weekend or federal holiday, in which case the written notice of appeal must be received on the next business day following the weekend or holiday.

To be valid, a notice of appeal must, at minimum, provide the following information: (i) name of customer, (ii) phone number, (iii) address where notices can be mailed, (iv) the particular water bill(s) appealed, (v) a brief statement of the ground for the appeal.

The District will contact you at the phone number provided on the notice of appeal to provide notice of the date, time, and location for the appeal hearing. The hearing will normally take place within three to five business days, subject to the General Manager's availability, following receipt of the notice of appeal. Customers may request one continuance for a period not to exceed three business days upon a showing of good cause.

The General Manager will hear the appeal and render a final decision at the conclusion of the hearing in writing. At the hearing, customers have the right, but not the obligation, to present documents, call witnesses, and have counsel. For purposes of the appeal, the water bill is presumed valid and the burden of proof rests with the customer to demonstrate otherwise. Except as may be expressly provided by law, the decision of the General Manager shall be final and there shall be no right to appeal to the District Board of Directors.

Water service will not be discontinued while the appeal is pending. In the event the appeal is denied, water service may be discontinued, without further written notice, no sooner than three days after the hearing if payment is not made in full.

IV. Alternative Payment Arrangements for Qualifying Customers.

Under certain qualifying conditions, customers who are facing a residential water service disconnection may be eligible to participate in alternative payment arrangements.

--Who may qualify?

Customers who are able to demonstrate each of the following are eligible to participate in an alternative payment arrangement:

First requirement: the customer, or a tenant of the customer, must submit to the District a certification of a primary care provider, licensed physician or surgeon that discontinuation of residential service will be life threatening to, or pose a serious threat to the health and safety of, a resident of the premises where service is provided. For purposes of this requirement, a "primary care provider" means either of the following: (i) any internist, general practitioner, obstetrician-gynecologist, pediatrician, family practice physician, nonphysician medical practitioner, or any primary care clinic, rural health clinic, community clinic or hospital outpatient clinic currently enrolled in the Medi-Cal program, which agrees to provide case management to Medi-Cal beneficiaries.

Second requirement: the customer demonstrates to the satisfaction of the District a financial inability to pay for water service within the normal billing cycle. A customer is deemed financially unable to pay if any member of the household is a current recipient of CalWORKS, CalFresh, general assistance, Medi-Cal, Supplemental Security Income/State Supplementary Payment Program, or California Special Supplemental

Nutrition Program for Woman, Infants, and Children, or the customer declares that the household's annual income is less than 200 percent of the federal poverty level.

Third requirement: the customer agrees in writing on a form provided by the District to comply with the alternative payment arrangement proposed by the District.

--How to request an alternative payment plan?

If a customer believes he or she qualifies to participate in an alternative payment plan, the customer must contact the District as soon as possible at the phone number below, but in no event after the time to appeal the water bill has expired, to inform the District that the customer intends to submit information to establish eligibility to participate in an alternative payment arrangement. After such notice is provided, the customer must submit documentation demonstrating he or she meets the first two requirements described above no later than five (5) calendar days after the date set for the intended service disconnection.

It is the customer's obligation to ensure the timely submission of complete and satisfactory documentation demonstrating eligibility. If the information is not submitted in a timely manner or if the information is incomplete, the District will provide notice of a new intended disconnection date no earlier than five (5) calendar days after mailing. In such a circumstance, the only way to avoid the disconnection of service is the payment, in full, of all delinquent charges.

Customers who are approved for an alternative payment plan for a delinquent amount must still keep current with ongoing water service billing or water service may be disconnected.

--What alternative payment options are available?

Alternative payment plans. At its election, District may offer you one of three alternative payment plans for the delinquent amount.

Temporary deferral of payment. For delinquencies less than \$300, the District may offer customers the opportunity to temporarily defer payment of the delinquent amount to a certain date in the future. The deferment applies only to the delinquent amount and customers must still pay, when due, all current charges for water service.

Amortization of unpaid amount. The District may offer customers the opportunity to amortize the delinquent amount over a period not to exceed twelve (12) months at the District's election.

--What happens if a customer does not comply with the alternative payment plan, amortization agreement or deferral or reduction payment plan?

In the event a customer either (i) fails to comply with an amortization agreement, an alternative payment schedule, or a deferral or reduction payment plan for delinquent charges for 60 days or more; or (ii) fails to pay his or her current residential service charges for 60 days or more while undertaking an amortization agreement, an alternative payment schedule, or a deferral or reduction in payment plan the residential service may be discontinued no sooner than 5 business days after the District posts a final notice of intent to disconnect service containing the conditions the customer is required to meet to avoid termination in a prominent and conspicuous location at the property.

V. Contacting the District and Additional Information.

If you have questions or to provide notice to the District under this Policy, please direct your inquiry or notice to:

McKinleyville Community Services District
1656 Sutter Road
P.O. Box 2037
McKinleyville, CA 95519

(707) 839-3251
mcsd@mckinleyvillecsd.com

For more information, please visit the District's website at <https://mckinleyvillecsd.com/>.

ORDINANCE NO. 2020-01

AN ORDINANCE OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AMENDING RULES 9.05, 10.01, AND 10.03, OF THE MCSD RULES AND REGULATIONS

WHEREAS, the Water Shutoff Protection Act (SB 998) was signed by former Governor Jerry Brown on September 28, 2018; and

WHEREAS, the Water Shutoff Protection Act (SB 998) creates statewide requirements for the discontinuation of residential water service for nonpayment by water systems that provide water to more than 200 service connections; and

WHEREAS, the requirements of Water Shutoff Protection Act (SB 998) must be implemented by February 1, 2020 by public water systems that supply water to more than 3,000 customers annually; and

WHEREAS, the Board passed Resolution No. 2020-01 on February 5, 2020, adopting a Policy Governing the Disconnection of Residential Water Service for Nonpayment of Water Rates and Charges; and

WHEREAS, the Board has determined that certain MCSD Rules and Regulations must be amended in order to be consistent with the adopted Policy Governing the Disconnection of Residential Water Service for Nonpayment of Water Rates and Charges, as set forth herein.

NOW, THEREFORE, the Board of Directors of the McKinleyville Community Services District ordains as follows:

Rules 9.05, 10.01, and 10.03, of the District's adopted Rules and Regulations are amended to read as follows:

Rule 2.07. PENALTY FOR VIOLATION - for the failure of the customer to comply with all or any part of this article, and any ordinance, resolution or order fixing rates and charges of the District, a penalty for which has not hereafter been specifically fixed, the customer's service shall be discontinued and the water shall not be supplied such customer until he shall have complied with the rule or regulation, rate or charge which he has violated or, in the event that he cannot comply with said rule or regulation, until he shall have satisfied the District that in the future he will comply with all the rules and regulations established by ordinance of the District and with all rates and charges of this District.

Rule 9.05. PAYMENT OF BILLS - bills for metered water service shall be rendered at the end of each billing period. Bill shall be payable on presentation and shall be deemed delinquent thirty (30) days from the date printed on the bill. On each bill for water service rendered by the District shall be printed substantially the following: "If this bill is not paid within sixty (60) days after the date of delinquency, service may be discontinued. A reconnection charge and penalties will be made in accordance with the District's Rules and Policy for Discontinuation of Water Service for Nonpayment and collected prior to renewing service following discontinuance." In order to comply with the amended California Civil Code Section 1798.29, the District will notify, without unreasonable delay, any customer whose unencrypted personal information was or is reasonably believed to have been acquired by an unauthorized person.

Rule 10.01. TERMINATION OF SERVICE - water service may be terminated by the District in compliance with the notice and other requirements of Chapter 9.6 of Division 1, title 6, of the California Government Code and Chapter 6 of Part 12 of Division 104 of the California Health and Safety Code.

- (a) Water service may be discontinued for any one of the following reasons:
 - i. Delinquency in payment of any residential water service rate or charge in accordance with the District's Policy Governing the Disconnection of Residential Water Service for Nonpayment of Water Rates and Charges.
 - ii. Delinquency in payment of any commercial or other nonresidential water service rate or charge.
 - iii. The unauthorized taking of water or the taking of water in excess of the amount paid for.
 - iv. Failure of the customer to maintain his facilities in suitable condition to prevent waste of water.
 - v. The existence of an unprotected cross connection on the customer's premises or the lack of adequate backflow protection at the service connection.
 - vi. Any violation by the customer of any rules of the District governing water service.
- (b) The process that will be followed prior to discontinuance of residential service for non-payment is set forth in the District's Policy Governing the Disconnection of Residential Water Service for Nonpayment of Water Rates and Charges.
- (c) The following process will be followed prior to a discontinuance other than a discontinuance of residential service for non-payment: At least ten (10) days before discontinuing such a water service the District shall provide written notice which shall specify the reason for the proposed discontinuance and inform the customer of the procedure for and the availability of the opportunity to discuss the reason for the proposed discontinuance with the Manager, or the Manager's designee, who is empowered to review disputes and rectify errors and settle controversies pertaining to such proposed discontinuance of service. The name and phone number of the Manager, or the Manager's designee, shall be included in any such notice of proposed discontinuance given to the customer.
- (d) No water service shall be discontinued to any customer because of any delinquency in payment on any Saturday, Sunday, legal holiday or at any time during which the business office of the District is not open to the public.

Rule 10.02. RECONNECTION - failure to receive bill does not relieve consumer of liability. Any amount due shall be deemed a debt to the District and any person, firm or corporation failing, neglecting or refusing to pay said indebtedness shall be liable to an action in the name of the district in any court of competent jurisdiction for the amount thereof.

Rule 10.03. RECONNECTION CHARGE - a reconnection charge plus penalties as applicable shall be made and collected prior to renewing service following an initial discontinuance or suspension. The reconnection charge for residential water service is set forth in the District's Rules and Policy Governing the Disconnection of Residential Water Service for Nonpayment of Water Rates and Charges. The reconnection charge for commercial or other nonresidential water service will be equivalent to 2/3 (two-thirds) of an hour at the loaded Operations average hourly payroll rate as listed in the current MCSD fee schedule in Appendix A. Service reconnection shall also require the payment of all charges currently due in addition to the reconnection charges. An additional refundable deposit equivalent to 2 1/2 (two and one-half) times the monthly average for each class of customer will be required of water/sewer accounts that have begun new service, reconnected or with an outstanding balance remaining from a previous MCSD service. (See current MCSD fee schedule in Appendix A.)

Rule 10.04. UNSAFE APPARATUS - water service may be refused or discontinued to any premises where apparatus or appliances are in use which might endanger or disturb the service to other customers.

Rule 10.05. CROSS-CONNECTIONS - water service may be refused or discontinued to any premises where there exists a cross-connection in violation of State or Federal laws.

Rule 10.06. FRAUD OR ABUSE - service may be discontinued if necessary, to protect the District against fraud or abuse.

This Ordinance shall take effect and be in full force and effect thirty (30) days after its passage.

Introduced at a regular meeting of the Board of Directors held on _____, 2019 and passed and adopted by the Board of Directors on _____, 2019, upon the motion of Director _____ and seconded by Director _____ and by the following polled vote:

AYES:
NOES:
ABSTAIN:
ABSENT:

Mary Burke, Board President

Attest:

April Sousa, CMC, Board Secretary

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **ACTION**

ITEM: E.9 **Discuss and Consider Committee Assignments and Appointment of Committee Chairs by the Board President for the 2020 Calendar Year**

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

TYPE OF ACTION: **Presidential Appointment**

Recommendation:

Staff recommends that the Board discuss the necessity of existing active committees, take public comment, and Board President make the committee appointments for the 2020 calendar year effective immediately.

Discussion:

Discuss and consider various committee assignments that will be appointed by the Board President and also designate committee chair/co-chair as well as Treasurer (Colleen M.R. Trask, Finance Director).

Board Secretary (April Sousa) is appointed by the General Manager per Board Policy Manual.

Government Code § 54952(b) defines an *advisory committee* as a committee which is comprised solely of less than a quorum of the members of the legislative body that created the advisory body. A *standing committee* is a committee which has continuing jurisdiction over a particular subject matter (e.g., budget, finance, legislation) or if the committee's meeting schedule is fixed by charter, ordinance, resolution or other formal action of the legislative body that created it. With this information in mind, the Board may also choose to discuss the necessity for existing active committees. The current committees include:

- Recreation Advisory Committee (RAC)
- McKinleyville Area Fund
- Redwood Region Economic Development Commission (RREDC)
- McKinleyville Senior Center Advisory Council
 - Board Liaison
 - Executive Committee Liaison
- Audit
- Employee Negotiations
- Water Task Force
- AdHoc No Drugs & Toxins Down the Drain
- McKinleyville Municipal Advisory Committee (MMAC or McMAC)

- Cornerstone Committee
- Groundwater Sustainability Committee
- Local Agency Formation Commission

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – 2019 Positions, Staff Member Appointments and 2019 Committee Assignments

2019 ROSTER for MCSD

2019 Board positions are as follows:

- 1. President John Corbett
- 2. Vice-President Mary Burke

Directors: Dennis Mayo, Shel Barsanti, David Couch

Staff Member Officers:

- 1. Treasurer Finance Director, Colleen M.R. Trask
- 2. Secretary Emily Abfalter/April Sousa

2019 Committee Assignments are as follows:

- 1. Recreation Advisory committee
David Couch; alternate Dennis Mayo
- 2. McKinleyville Area Fund
John Kulstad; alternate Mary Burke
- 3. Redwood Region Economic Development Commission
Dennis Mayo; alternate Shel Barsanti
- 4. McKinleyville Senior Center Advisory Committee
Shel Barsanti; Alternate Mary Burke
- 5. Audit
John Corbett; Shel Barsanti
- 6. Employee Negotiations
David Couch; John Corbett
- 7. Water Task Force
Mary Burke
- 8. AdHoc No Drugs & Toxics Down the Drain
Mary Burke
- 9. McKinleyville Municipal Advisory Committee
Mary Burke; alternate Dennis Mayo
- 10. Cornerstone Committee
David Couch
- 11. Groundwater Sustainability Committee
John Corbett Chair; Mary Burke Vice Chair
- 12. Humboldt Local Agency Formation Commission
David Couch

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.10 **Review of the 2019 Integrated Pest Management Plan Annual Report**

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

TYPE OF ACTION: **None**

Recommendation:

Staff recommends that the Board review the information provided, take public comment and discuss the 2019 Integrated Pest Management Plan (IPM) annual report.

Discussion:

As stated in the IPM Scope, District staff will utilize the most environmentally sound approaches to pest management and eliminate where feasible the use of pesticides to minimize environmental and health impacts of pest and vegetation management in all cases. To accomplish this, staff will utilize physical, mechanical, cultural, biological and educational tactics as primary controls.

The plan is intended to provide procedural guidelines for the implementation as a basis for pest and vegetation management that will protect public health, the environment and aesthetic value of the District's facilities.

As stated in Section 4.A of the IPM (**Attachment 1**), the MCSD coordinator will compile data from all participating departments and submit an annual report at the January Board meeting to the General Manager and the Board of Directors. Each department submitted their IPM Treatment Tracking Forms, appendix A of the attachment, for review. Upon review of the forms, it was found that all methods were mechanical tactics. A table is provided below as an overview of the forms submitted. This staff report will serve the purpose of the annual report.

Category	Weed Abatement Hours	Ant Removal Hours	Wasp Removal Hours	Gopher Control Hours	Total Labor Hours	NHES Weed Abatement Hours	Swap Weed Abatement Hours	Cost
Tree	0	0	0.5	0	0.5			\$ 17.75
Turf	6	0	0	207	213			\$ 7,561.50
Hard Surface	75	90	0	0	165			\$ 6,600.00
Planter Bed	1129.75	0	0	0	1129.75	1408	1688	\$ 120,877.00
Total	1210.75	90	0.5	192	1493.25	1408	1688	\$ 135,056.25

The table is separated into categories and includes the time in each category to manually remove weeds in planter beds, remove weeds in asphalt or concrete and trap gophers. The table also includes the annual labor cost for performing these tasks. Most of the planter bed weed abatement is located in the Open Space Maintenance Zones which include landscape strips. Most of the hard surface treatment is weeds growing around edges or cracks of asphalt and concrete at most of the stations and facilities. The major target pest is weed abatement, with gopher control also contributing to the labor costs. Most of the gopher control takes place at the Hiller Sports Site along with Pierson Park.

Ants have been a reoccurring issue in several facilities and have accumulated 90 hours of labor. Some of these occurrences can be treated by renters doing a better job at cleaning up after themselves when serving food. Most of the ant issues are related to the ants coming through the walls and foundations to get out of the wet weather.

As stated above, there are a lot of man hours assigned to weed abatement. Staff conducted a pilot study at the Wastewater Management Facility to compare salt, vinegar solution and flame torching against manual weed pulling to try to find out which method works best to eliminate some of the labor costs. Salt had the best affect and would prevent new weed growth for about 30 days, but it required an abundant amount of salt and labor to apply the salt. The remaining approaches only phased new weed growth for a couple days.

Gopher control can get quite extensive, from setting traps to blasting the tunnels. Due to the shallow tunneling from gophers, the turf collapses and creates depressions which become unsafe for the youth and adult leagues playing on the fields. Staff has found that blasting helps expose the shallow tunnels but requires a lot of labor to fill in the depressions after blasting occurs. Community work gatherings, made up of staff and volunteers, have been put together to help repair the turf each year mostly due to gophers.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Integrated Pest Management Plan
- Attachment 2 – IPM Treatment Tracking Forms



Integrated Pest Management Plan

Effective Date: March 2nd, 2016

Table of Contents

1. POLICY	4
2. SCOPE & PURPOSE	4
3. DEFINITIONS.....	4
A. Integrated Pest Management	4
B. Pest.....	4
C. Pesticide	4
D. Reasonable Alternative	5
E. Emergency.....	5
F. Environment.....	5
G. Sensitive Areas	5
4. MCSD IPM COORDINATOR.....	5
A. Annual IPM Report.....	5
B. Interdepartmental IPM Review Group	5
5. DEPARTMENTAL OBLIGATIONS.....	5
A. Integrated Pest Management Plan	6
B. Record-keeping and Evaluation	6
C. Contractor Notification	6
6. INTEGRATED PEST MANAGEMENT (IPM) PROCEDURE.....	7
A. Initial Data Collection, Mapping and Monitoring	7
B. Establishing Threshold Levels	7
C. Treatment Selection Criteria.....	7
D. Treatment Strategies	8
D.1 Prevention	8
D.2 Cultural	8
D.3 Mechanical.....	8
D.4 Biological.....	9
D.5 Chemical	9
E. Education	10
7. CONTRACTOR/LESSEE RESPONSIBILITIES & REQUIREMENTS	10

8. INTERPRETATION 11

9. MODIFICATIONS/CHANGES..... 11

APPENDIX A: MCSD IPM TREATMENT TRACKING FORM 12

APPENDIX B: ACKNOWLEDGEMENT OF RECEIPT OF MCSD INTEGRATED PEST MANAGEMENT PLAN 14

1. POLICY

McKinleyville Community Services District will utilize the most environmentally sound approaches to pest management, eliminate where feasible the use of pesticides to minimize environmental and health impacts of pest and vegetation management in all cases. To accomplish this, staff will utilize physical, mechanical, cultural, biological, and educational tactics as primary controls.

Pests will be controlled to preserve the integrity of facilities, infrastructure, and public health. Reduced-risk chemical controls will be used when necessary after primary control solutions have been exhausted. In the event reduced-risk chemical controls are not effective Board action will be required before further treatment. Pesticides will not be used to control pests for aesthetic reasons alone.

2. SCOPE & PURPOSE

This Integrated Pest Management (IPM) Plan shall apply to all pest control activities and pesticide use in buildings and related facilities; grounds and open space; and other property owned or managed by the McKinleyville Community Services District (MCSD). Employees, lessees and contractors will receive a copy of and are required to meet the Plan standards and such other appropriate contract language as determined by the General Manager.

This plan is intended to provide procedural guidelines for implementation as a basis for pest and vegetation management that will protect public health, the environment (see Section 3 for definition) and the aesthetic value of MCSD's facilities. This plan supersedes all previous plans covering the same or similar topics.

3. DEFINITIONS

A. Integrated Pest Management: A decision making process which selects, integrates, and implements pest control strategies to prevent or control pest populations. Integrated Pest Management uses a "whole systems approach", looking at the target species as it relates to the entire ecosystem. The following are considered in choosing control strategies; minimal impacts to human health, the environment and non-target organisms.

B. Pest: Any form of plant or animal life which the Administrator of the United States Environmental Protection Agency (US EPA) declares to be a pest pursuant to Section 25(c)(1) of the Federal Insecticide, Fungicide and Rodenticide Act [7 USC § 136w(c)(1)].

C. Pesticide: Any substance or mixture of substances intended for destroying or repelling any pest. This includes without limitation fungicides, insecticides, nematocides, herbicides, and rodenticides and any substance or mixture of substances intended for use as a plant regulator, defoliant, or desiccant.

The following products are not pesticides:

1. Deodorizers, bleaching agents, disinfectants and substances for which no pesticidal claim is made in the sale or distribution thereof; and
2. Fertilizers and plant nutrients.

D. Reasonable Alternative: A feasible option for pest control which takes into account the economic, social, and environmental costs and benefits of the proposed choices.

E. Emergency: A Pest outbreak that poses and immediate threat to public health or will cause significant economic or environmental damage.

F. Environment: The conditions that surround someone or something: the conditions and influences that affect the growth, health, progress, etc., of someone or something.

G. Sensitive Areas: Nearby a school, playground, or other area of concentrated use by children; or where runoff into nearby streams, wetlands, or ponds is likely.

4. MCSD IPM COORDINATOR

The General Manager shall designate an MCSD staff member as the IPM Coordinator, whose responsibilities shall include, but are not limited to, the following items:

- Coordination with MCSD departments, contractors and lessees on weed and pest control issues
- Publication of the annual IPM report
- Coordination of the Interdepartmental IPM Review Group
- Coordination of the implementation of the IPM in accordance with state law
- Recommendations on IPM strategies
- Assist MCSD departments with staff training needs
- Outreach to citizens regarding IPM

A. Annual IPM Report

The MCSD IPM Coordinator will compile data from all participating MCSD departments and submit an annual report at the January Board Meeting to the MCSD General Manager and Board of Directors. The report will detail the previous year's IPM efforts and shall contain information listed in Section 5, Departmental Obligations. Each department using pest control methods shall submit their information to the MCSD IPM Coordinator. The report will include a review of new IPM strategies as well as trends in IPM techniques over time.

B. Interdepartmental IPM Review Group

The General Manager may designate at least one staff member from each department as a representative to the Interdepartmental IPM Review Group. This group will be coordinated by the MCSD IPM Coordinator and will include designated MCSD staff. The Group shall meet at least semiannually and meetings will include development of annual MCSD IPM goals, review and evaluation of the plan, as well as opportunities for information exchange, education and cooperation. The Interdepartmental IPM Review Group shall also review interdepartmental issues and make Plan recommendations to the General Manager prior to presenting to the Board that advance the objectives of the IPM Plan and reduce reliance on chemical pest control.

5. DEPARTMENTAL OBLIGATIONS

The following departments conduct pest control operations that use or potentially use pesticides:

- Parks & Recreation Department
- Operations Department
- Support Department

A. Integrated Pest Management Plan

Each of these departments and any others using pest control methods in the future, shall use the guidance provided by this Plan. This plan shall be submitted to the MCSD IPM Coordinator by November 1. The plan will be reviewed and updated as necessary, to incorporate adaptive management changes consistent with the MCSD IPM Plan and updated at least every five years.

B. Record-keeping and Evaluation

Each department shall keep accurate records of all Integrated Pest Management treatments used and the results (see Appendix A: MCSD IPM Treatment Tracking Form). Information on all treatments (including non-chemical ones) shall include how, when, where and why the treatment was applied and the name of the applicator. This information will be available to the MCSD IPM Coordinator and will be the basis for the Annual IPM Report. It should also be available for review at the Interdepartmental IPM Review Group meetings. The MCSD IPM Coordinator will review pest management treatments with MCSD departments to evaluate the successes and failures of the IPM program, and to plan more efficient and effective pest management strategies.

The following information shall be maintained:

1. Target pest
2. Pest population levels or injury thresholds for treatment
3. Treatment selection criteria with final treatment decision (Section 6. C.)
4. Area treated (including type of location and size of area)
5. Pesticide (including product trade name, active ingredient and EPA toxicity category)
6. Quantity of product used
7. Treatment method used (i.e. bait, injection)
8. Location of application, time, date and type of noticing provided (physical sign, web posting, newspaper, etc.).
9. Time and date of pesticide application
10. Name(s) and license number(s) of Pesticide Applicator(s)
11. Name of the department contact authorizing work
12. Safety Data Sheets (SDS) and labels for all pesticides used

Application records shall be made available to the public upon request in accordance with MCSD's Records Retention Policy and all applicable state laws governing public access to information.

C. Contractor Notification

Departments bidding out contractual work for pest management must inform all bidders that MCSD has an IPM Plan, include its guidelines in bid specifics, and provide a written copy of the IPM Plan. Contractors are encouraged to submit bids that include nonchemical pest control methods.

6. INTEGRATED PEST MANAGEMENT (IPM) PROCEDURE

MCS D assumes that all pesticides are *potentially* hazardous to human and environmental health. Therefore, reasonable non-pesticide alternatives shall be given preference over chemical controls by following the IPM procedure. MCS D staff will evaluate alternatives to chemical treatment including the cost-effectiveness of the treatments. When chemical application is being considered, the IPM procedure outlined below shall be followed.

A. Initial Data Collection, Mapping and Monitoring

Each department considering pest control measures shall collect baseline data on the pest ecosystem(s) to determine pest population(s) occurrence, size, density and presence of any natural enemy population(s); gather information on pest biology and different control techniques available; and document sensitive areas and conditions that may limit control options. Data shall be collected in a standardized manner that is repeatable. This information may be included in departmental IPM plans.

Ranking, inventory, mapping, monitoring and evaluation are methods used for determining pest management priorities. Maps and inventories depict infestations in terms of pest species, size, location and threats to resources. Departments shall monitor infestations or pest populations and evaluate treatments over time to assess the effectiveness of various treatment strategies and their effects on target and non-target organisms.

All monitoring methods and data shall be specified in the departmental IPM plan, systematically recorded, and available for review at the Interdepartmental IPM Review Group meetings. Departments shall coordinate and utilize standardized pest mapping protocols.

B. Establishing Threshold Levels

To determine if treatment is warranted, an acceptable threshold level of treatment for each target pest and site should be established. The IPM Coordinator will contain the threshold levels for common pests, determined by individual work groups. In some instances, treatment may be required by federal, state or county laws. The assessment will be based on the following:

1. The tolerable level of environmental, aesthetic and economic damage as a result of the pest population(s) and the tolerable level of risk to human health as a result of the pest population(s);

OR

2. The size, density or growth rate of the pest population that must be present to cause unacceptable environmental, aesthetic and/or economic damage; and the size, density and type of pest population that must be present to create a human health risk.

C. Treatment Selection Criteria

Upon determining that treatment is necessary, the following criteria in descending order shall be used to help select the appropriate IPM treatment strategy:

1. Least hazardous to environment, non-target organisms and human health
2. Cost-effectiveness in the short and long-term
3. Least disruptive of natural controls
4. Most likely to produce a permanent reduction in the environment's ability to support target pests

D. Treatment Strategies

Each department in consultation with the MCSD IPM Coordinator shall make its own determination about appropriate and effective treatments, based on site-specific requirements. Commitment to the most environmentally sound approach is expected, with non-chemical methods considered first.

Prevention, cultural control, mechanical control, biological control and chemical control are the techniques used in integrated pest management. In general, a combination of treatments may be more effective than a single approach. Departments are encouraged to seek out and experiment with innovative IPM treatments (and combinations of treatments) and share this information at the Interdepartmental IPM Review Group meetings. The following treatments are listed in the order in which they should be executed:

D.1 Prevention – This is the most effective pest management strategy. By reducing the capacity of the ecosystem to support target pest populations through design and appropriate management, the opportunities for pest establishment can be reduced or eliminated.

- a. Use strategies that reduce the preferred harborage, food, water or other essential requirements of pests.
- b. Use weed-free materials for trail construction and maintenance.
- c. Use landscape and structural design that is appropriate to the specific habitat, climate and maintenance the area will receive.
- d. When designing projects, consider the potential impacts of pests and mitigate through the use of appropriate landscape design keeping in mind that initial costs of the project may be high, but can reduce long term maintenance costs (water requirements, weed barriers, etc)

D.2 Cultural – Cultural control is the use of management activities that prevent pests from developing due to enhancement of desired conditions. Specific examples are the following:

- a. Selection and placement of materials that provide life-support mechanisms for pest enemies and competitors.
- b. Modification of pest habitat by reducing pest harborage, food supply and other life support requirements.
- c. Vegetation management including irrigation, mulching, fertilization, aeration, seeding, pruning and thinning.
- d. Waste management and proper food storage.
- e. Barriers and traps.
- f. Heat, cold, humidity, desiccation or light applied to affected regions.
- g. Prescribed grazing.

D.3 Mechanical – Mechanical control is accomplished by using physical methods or mechanical equipment to control pest infestations.

- a. Mowing or weed-whipping
- b. Burning
- c. Hand-pulling of weeds
- d. Hand-removal of insect egg masses

D.4 Biological – Biological controls include the introduction or enhancement of natural enemy populations to target pests. Introduction of non-indigenous organisms has an associated risk factor and should be thoroughly evaluated prior to implementation due to new species may be impossible to completely remove at a later date. Biological methods include:

D.5 Chemical – Chemical control of pests is accomplished by using chemical compounds registered as pesticides. All pesticides shall be assumed to be *potentially* hazardous to human and environmental health.

- a. The type, methods and timing of chemical treatment shall be determined **after** consideration has been given to protection of public health and the environment.
- b. Initial review of potential chemicals shall begin with the least toxic compounds, i.e. chemicals in EPA Toxicity Categories III and IV. The use of compounds in EPA Toxicity Categories I and II shall be avoided if possible or used in situations where exposure to the active ingredient is limited (i.e. baits or soil/trunk injections).
- c. If, after a thorough evaluation of alternatives, the only effective or practical chemical control is an EPA Toxicity Category I or II compound, the MCSD General Manager, and, if practical, IPM Coordinator will review the decision-making process and make a recommendation to the Board of Directors for approval. This will be done on a case by case basis for specific pest treatments. The decision-making process and lack of alternatives shall be documented.
- d. Staff will review the information available on potential chemicals for persistence in the environment and the potential impacts from persistence. These factors will be considered along with the potential for more frequent application of chemicals that have lower persistence in the environment.
- e. If chemical treatment is warranted in a riparian area, applications will generally be plant specific and limited to wick applications. If broader applications are needed, the MCSD IPM coordinator shall confer with the Interdepartmental IPM Review Group, to review the decision-making process and make a recommendation to the General Manager for approval. If EPA Toxicity Categories I or II are necessary, Board approval will be required. This will be done on a case by case basis.
- f. Potential chemical approaches
 1. Pheromones and other attractants to confuse pests and/or act as bait
 2. insecticidal soaps
 3. juvenile hormones that arrest pest development
 4. repellants
 5. allelopathins
 6. sterilants or contraceptives to reduce breeding
 7. contact, stomach or other poisons
 8. fumigants
 9. combinations of above (baits with poisons)
 10. herbicides, insecticides

- g. All pesticides All pesticides shall be applied in conformance with label specifications and all applicable federal, state and municipal laws, regulations and ordinances.
- h. All pesticide applications shall comply with the appropriate pre and post notification requirements. For all MCSD pesticide applications, notification will be posted at least 24 hours in advance, unless there is an extreme public safety concern. This includes soil and trunk injections, spot spraying, hand-wicking and broadcast spraying on all MCSD lands or property open to the public.

E. Education

Education is a critical component of an IPM program. The MCSD IPM Coordinator will include IPM information on the MCSD website. Information will include the Annual IPM Report and other pertinent material. Individual departments and work groups may conduct additional specific educational activities.

7. CONTRACTOR/LESSEE RESPONSIBILITIES & REQUIREMENTS

All contractors working for MCSD are required to abide by MCSD's IPM Plan. The contractor will return a signed statement to the appropriate Department Head certifying they have read and understand the Plan prior to any work being done for MCSD (See Appendix B: Acknowledgement of Receipt of the MCSD Integrated Pest Management Plan). The contractor shall maintain records as listed in Section 5, B.

MCSD may periodically enter into contracts that authorize pest management, such as for building maintenance, project construction and maintenance, and weed and insect control.

When MCSD signs a new contract or extends the term of an existing contract with a contractor or lessee that may include or authorize the application of pesticides, the department shall review its IPM plan with the MCSD IPM Coordinator and update the plan to include the pesticide usage by the contractor or lessee.

Contractors/lessees who apply pesticides on MCSD owned or managed property shall submit a procedure to the appropriate MCSD department and the MCSD IPM Coordinator if the department has not provided a procedure. Their procedure shall include the following:

- Information addressing all the elements listed in Section 6 of the IPM
- Types and estimated rates, to the extent possible, of the pesticides that the contractor may need to apply to MCSD property during its contract
- An outline of the actions the contractor will take to meet the MCSD IPM Plan
- The primary IPM contact for the contractor

Contractors/lessees will provide background information on the decision-making process for treatment methods to MCSD upon request. The department and MCSD IPM Coordinator shall approve the plan before any chemical applications are made. Contractors/lessees shall notify their departmental contact when any biological or chemical treatments are conducted. The contractors/lessees shall comply with appropriate pre and post notification requirements, according to MCSD IPM and relevant internal MCSD protocols.

8. INTERPRETATION

Employees or contractors who have questions concerning possible conflict between their interests and those of MCSD, or the interpretation and application of any of these rules, should direct their inquiries to their Department Director. The Department Director shall refer the matter to the General Manager for final resolution.

9. MODIFICATIONS/CHANGES

Any modification to this Plan may be granted only by the Board of Directors after considering the recommendation of the General Manager. This Plan may be reviewed and changed at any time.

APPENDIX A: MCSD IPM TREATMENT TRACKING FORM

MCSD IPM Treatment Tracking Form

Location (Map on Back) _____

Department: Operations Parks & Recreation Support Services Contractor/Lesseees

Authorized by IPM Coordinator: Yes No

Professional Pesticide Applicator Used: Yes No If Yes, Applicator's Name and Licence # _____

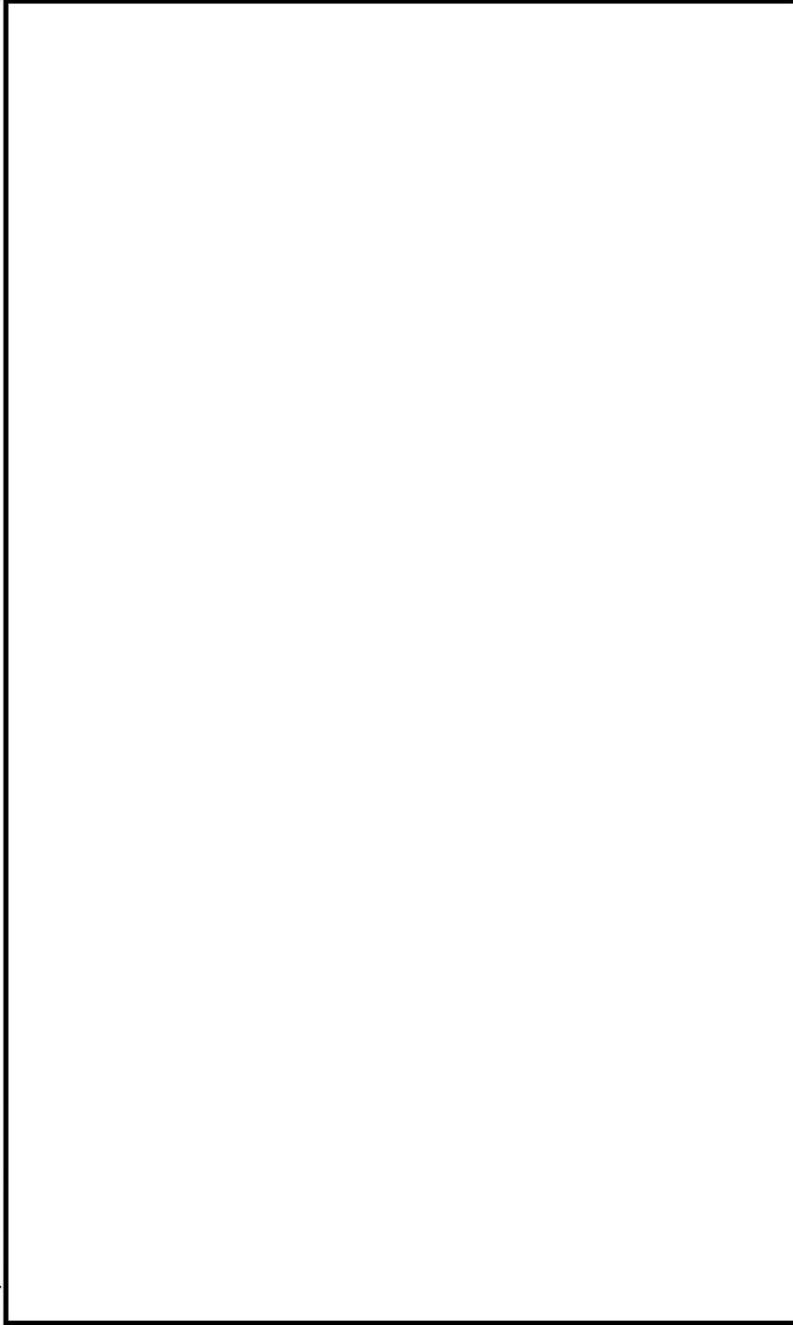
Target Pest _____

Population Levels/Injury Thresholds for Treatment _____

Final Treatment Decision _____

Treatment Method Used	Active Ingredient	EPA Toxicity Category	Quantity of Product Used	Date/Quarter	Time	Hours Spent	Public Notification Type	Results	Staff Initials
Prevention									
Cultural									
Mechanical									
Biological									
Chemical/Pesticide Name									

Map the Location Here:



APPENDIX B: ACKNOWLEDGEMENT OF RECEIPT OF MCSD INTEGRATED PEST MANAGEMENT PLAN; AGREEMENT TO INDEMNIFY MCSD

McKinleyville Community Services District

Acknowledgement of Receipt of the MCSD Integrated Pest Management Plan; Agreement to Indemnify MCSD

I, _____, hereby acknowledgement that I have received a copy of the McKinleyville Community Services District (hereafter referred to as “MCSD” or “the District”) MCSD Integrated Pest Management (IPM) Plan dated March 2, 2016 (hereafter referred to as the “IPM Plan”).

I have read the IPM Plan and understand its contents, and have had an opportunity to ask any questions I may have regarding it.

The IPM Plan is designed to help me get acquainted with MCSD’s Integrated Pest Management. It explains the District’s approach to Pest Management guided by the Board of Director’s Approved Policy Statement:

“McKinleyville Community Services District will utilize the most environmentally sound approaches to pest management, eliminate where feasible the use of pesticides to minimize environmental and health impacts of pest and vegetation management in all cases. To accomplish this, staff will utilize physical, mechanical, cultural, biological, and educational tactics as primary controls.

Pests will be controlled to preserve the integrity of facilities, infrastructure, and public health. Reduced-risk chemical controls will be used when necessary after primary control solutions have been exhausted. In the event reduced-risk chemical controls are not effective Board action will be required before further treatment. Pesticides will not be used to control pests for aesthetic reasons alone.”

I understand and agree to receive prior approval from the IPM Coordinator before conducting any Pest Treatment on MCSD owned property. I further agree that when performing any Pest Treatment on MCSD owned property to comply with the IPM Plan and any conditions of approval by the IPM Coordinator. Because MCSD is a growing and changing organization, I understand it reserves full discretion to add to, modify, or delete provisions of the IPM Plan, or the policies and procedures on which they may be based, at any time without advance notice. For this reason, I agree to first check with the IPM Coordinator, then the General Manager, to obtain current information regarding the status of any particular policy, procedure, or practice. Any modification must be in writing.

To the fullest extent allowable by law, I further agree to indemnify, defend, and hold harmless MSCD, and its directors, agents, and employees, from and against any and all claims, damages, injuries, causes of action, fines, penalties, and/or administrative orders that may be asserted by any person or entity as a result of or otherwise arising from any pest treatment on MCSD property, including without limitation, the use of any chemicals or pesticides, and whether or not such pest treatment is perform in accordance with the IPM Plan or applicable law or regulation.

I understand that the IPM Plan is the property of MCSD, and is intended for my use and reference as a Contractor/Lessee of the District.

Contractor/Lessee Signature

Date

Contractor/Lessee Printed Name

MCSO IPM Treatment Tracking Form

Location (Map on Back) Magalia

Department: Operations Parks & Recreation Support Services Contractor/Lessee

Authorized by IPM Coordinator: Yes No

Professional Pesticide Applicator Used: Yes No If Yes, Applicator's Name and Licence # _____

Target Pest Weeds

Population Levels/Injury Thresholds for Treatment _____

Final Treatment Decision Hand pull.

Treatment Method Used	Active Ingredient	EPA Toxicity Category	Quantity of Product Used	Date/Quarter	Time	Hours Spent	Public Notification Type	Results	Staff Initials
Prevention									
Cultural									
Mechanical	N/A	N/A	N/A	6/13	-	4.5	N/A	Temporarily Removal of Weeds	BS
Biological									
Chemical/Pesticide Name									

FEB 19

MCSO IPM Treatment Tracking Form

Location (Map on Back) WINNIE

Department: Operations Parks & Recreation Support Services Contractor/Lessee

Authorized by IPM Coordinator: Yes No

Professional Pesticide Applicator Used: Yes No If Yes, Applicator's Name and Licence # _____

Target Pest WEEDS

Population Levels/Injury Thresholds for Treatment _____

Final Treatment Decision _____

Treatment Method Used	Active Ingredient	EPA Toxicity Category	Quantity of Product Used	Date/Quarter	Time	Hours Spent	Public Notification Type	Results	Staff Initials
Prevention									
Cultural									
Mechanical	PULLING	N/A		FEB	MONTHLY	4 HRS /WK	N/A	TODSLOW TO KEEP UP	SM JD
Biological	WEEBING SALT SOAP	N/A		FEB	MONTHLY	4 HRS /WK	N/A	ALLS EXISTING, DOESNT GROW NEW, WEEDS NEEDS BILLED	SM JD
Chemical/Pesticide Name									

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **INFORMATIONAL**

ITEM: E.11 **Review Information for the Draft Capital Improvement Plan for the Parks & General Fund, FY2020-21**

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

TYPE OF ACTION: **None**

Recommendation:

Staff recommends that the Board review and discuss the Draft Capital Improvement Plan for the Parks and General Fund and take public comment.

Discussion:

The detailed draft of the Fiscal Year 2020-21 Capital Improvement Plan (CIP) for the Parks & General Fund is attached (**Attachment 1**), covering the next ten fiscal years. The majority of budgeted expenditures are anticipated to be covered by assessments and user fees. This allows the District to take a structured approach to future user fees as these projects are undertaken. Funding for certain projects depends on grants awarded. Smaller projects that do not meet the definition of Fixed Assets will be treated as regular expenditures, and are anticipated to be paid from operating funds.

The attached Narrative (**Attachment 2**) provides further detail. The final summarized CIP will be brought back to the Board for review and approval with the complete Fiscal Year 2020-21 Budget in June 2020.

Alternatives:

Take Action

Fiscal Analysis:

Not applicable

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 - Draft Capital Improvement Plan for the Fiscal Years ending June 30, 2021 – 2030 for the Parks and General Fund
- Attachment 2 – Draft Capital Improvement Plan Narrative for Fiscal Year 2020-21

McKinleyville Community Services District

DRAFT General Fund (Parks & Recreation) Capital Improvement Project Budget

For the Fiscal Years Ending June 30, 2021 - 2030

(All numbers in \$000s)

1 2 3 4 5 6 7 8 9 10

	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030
1. Hillier Park & Sports Complex Projects										
Park landscaping & signage			50		25					
Playground Structure Replacement										
Siding Replacement										
Roof Replacement								5	5	
Parking Lot	14							8		
Totals:	14	0	50	0	25	0	0	13	5	0

2. Pierson Park Projects										
Playground Structure Replacement			60		12					
Park Restrooms/Garage					10					
Gazebo Rehabilitation/Replacement						5				
Pavilion Rehabilitation/Replacement										
Totals:	0	0	60	0	12	0	0	0	0	0

**McKinleyville Community Services District
 DRAFT General Fund (Parks & Recreation) Capital Improvement Project Budget
 For the Fiscal Years Ending June 30, 2021 - 2030**

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030

3. Azalea Hall Projects

Major Appliance Replacement	6	6	6	6	6	6	6	6	6	6
Replace flooring	85						5			
Roof replacement										25
Exterior Repairs/Replacement				8	25					67
Parking lot resurfacing				11						
Wall/Window Covering replacement		6								
Kitchen equipment replacement	6	5			35					
Replace tables & chairs			15						15	
P/A system and audio-visual		6								
Floor scrubber										
Totals:	97	23	21	25	66	6	11	6	21	31

McKinleyville Community Services District
DRAFT General Fund (Parks & Recreation) Capital Improvement Project Budget
For the Fiscal Years Ending June 30, 2021 - 2030

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030

4. McKinleyville Activity Center Projects

Park landscaping & signage										
Flooring replacement		100								
Gymnasium Walls			10							
Roof replacement										
Siding repair/replacement					70					86
Equipment rehabilitation/replacement						10				
Parking lot resurfacing						16				
Bleacher replacement				5						
Major Appliance replacement			32	5						
Tables & chairs										
Totals:	0	100	42	10	70	26	0	0	0	0

McKinleyville Community Services District

DRAFT General Fund (Parks & Recreation) Capital Improvement Project Budget

For the Fiscal Years Ending June 30, 2021 - 2030

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030

5. Other Park Projects & Equipment

Mower & landscaping equipment			16							
Light duty utility truck/van/car	8	10		11		11		12		12
Mobile Radio Upgrade										
Totals:	8	10	16	11	0	11	0	12	0	12

6. Law Enforcement Facility Projects

Flooring	19									
Furnace replacement			6							
Roof replacement										
Siding replacement								21		
LEF/Library Parking sealing/paving/fencing					5	10				
Totals:	19	0	6	0	5	10	0	21	0	0

**McKinleyville Community Services District
 DRAFT General Fund (Parks & Recreation) Capital Improvement Project Budget
 For the Fiscal Years Ending June 30, 2021 - 2030**

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030

7. McKinleyville Library Projects										
Carpet replacement	10									
Furnace replacement			6		6					
Fire Suppression system						20				
Roof & Siding replacement							21			
Totals:	10	0	6	0	6	20	21	0	0	0

8. Teen & Community Center										
Flooring						14				
Interior rehabilitation/replacement						6				
Kitchen Equipment & Appliances										
Roof & Siding replacement										
Equipment rehabilitation/replacement										
Parking lot resurfacing										
Furnace & Water Heater								5		
Tables & chairs		10								
Totals:	0	10	0	0	0	20	0	5	0	0

McKinleyville Community Services District

DRAFT General Fund (Parks & Recreation) Capital Improvement Project Budget

For the Fiscal Years Ending June 30, 2021 - 2030

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2021	June 30, 2022	June 30, 2023	June 30, 2024	June 30, 2025	June 30, 2026	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030

9. Projects Contingent Upon Grant Funding

Playstructure replacement-Larissa Park							10			
Community Forest										
Hewitt Ranch Parking & Amenities Dev.	120									
Totals:	120	0	0	0	0	0	10	0	0	0

10. Projects Funded by Quimby & Other Funds

Dog park										
Pole Barn				25						
Skate park	0									
Hewitt Ranch improvements										
Washington/School Rd Property Dev.										
Granite (Mad River) Property										
Totals:	0	0	0	25	0	0	0	0	0	0

Total Planned Capital Expenditures

	268	143	201	71	184	93	42	57	26	43
--	-----	-----	-----	----	-----	----	----	----	----	----

***Capital Improvement Plan
Parks and General Fund
Fiscal Year 2020-21***

General Fund capital asset purchases and projects are significantly dependent upon property tax revenues and assessments. The Measure B Maintenance Assessment District -- Renewal for Parks, Open Space, and Recreational Facilities was renewed in FY2012-13 for 20 years.

CAPITAL IMPROVEMENT PROGRAM PROJECT DISCUSSION

Utility Vehicles and Equipment

In 1998, the Board adopted a Fleet Replacement Plan to insure that MCSD's aging fleet of service vehicles would be replaced in an approximately ten-year cycle. Where possible, the District has started to exchange some of the heavier utility vehicles with light compact trucks for savings in capital and operating costs. The light duty truck scheduled to be replaced in fiscal year 2018-19 will be replaced in fiscal year 2020-21.

Facility Projects

\$97,000 has been allotted to Azalea Hall. \$12,000 is for the replacement of the water heater and commercial range. \$85,000 of grant funding is shown for replacement of flooring in the Hewitt Room, resealing the expansion joints, and installing a French drain around the building. No additional funding has been designated for the McKinleyville Activity Center this year.

\$19,000 has been designated for replacement of the flooring at the Law Enforcement Facility, though this is dependent on the County's schedule for expansion of the facility. A grant is being sought for \$10,000 for carpet replacement at the Library. The parking lot at Hiller Sports Site has been designated \$14,000 for re-sealing and striping. The development of an additional Parks Department parking lot at the Cochran Tank Site depends on grant funding to a total of \$120,000.

The only capital-level budgeted expenditure for the Teen Center going forward is \$127,000 construction debt service. This will appear in the final budget as a debt-service line item, rather than a capital expenditure.

Parks and Trails Projects

Staff has committed to greater use of MCSD's Quimby Funds, which are held in trust by the County.

The District will continue to pursue additional grant funding for new projects, which may be included in the budget in future years, but are contingent upon successfully receiving grants. No specific dollars have yet been allocated for the proposed Community Forest. As more information becomes available for that project, more accurate projections for required funding will be possible.

Small Equipment, Contingency and Other

Nothing has been set aside in the upcoming fiscal year for unanticipated capital emergency equipment repair or replacement of greater than \$5,000. Smaller and less expensive (more than \$500 but less than \$5,000) new equipment and emergency replacement of existing equipment cannot generally be anticipated. These are considered expenditures, rather than capital assets, and are included in the repairs/maintenance/supplies line of the Parks & General Fund Operating Budget.

Note on Attachment 2 – Parks & General Fund Capital Improvement Plan

Attachment 2 contains the detail lines of the Parks and General Fund Capital Improvement Program's planned capital expenditures (in thousands: 10 = \$10,000). The planning horizon for the Program is 10 years. It should be noted that all estimated replacement costs are in current year dollars, since future inflation is unknown. Since the CIP is a dynamic plan that is updated annually, future costs will be regularly evaluated.

Microgrid project to Ameresco, Inc. The award includes Ameresco’s original proposed base bid for a total contract price of \$1,957,520.00 dollars and Additive Bid Item #2 for a price of \$108,000.00.

Please find attached, a copy of the “clean” final draft of the Agreement, **Attachment 1**; Addendum Number 1 and Number 2, **Attachment 2** and General Conditions, **Attachment 3**. A “comparison” drafts of changes approved by the District’s legal counsel will be provided for review of the Board at the February Meeting. Also attached is the Bid Schedule from Ameresco’s bid proposal with modification to reflect actual costs for the Additive Items, **Attachment 4**. The Board should be aware that only Additive Item Number 2 is approved for the contract. An email correspondence from Ameresco approving terms and pricing is included as **Attachment 5**.

Alternatives:

Staff analysis consists of the following potential alternative

- Take No Action

Fiscal Analysis:

Base Bid		\$ 1,957,520.00
Additive Bid Item #2	\$ 12,000.00 per year,9 years additional O&M	\$ 108,000.00
Contingency	10%	\$206,552.00
	Total	\$2,272,072.00

The actual fiscal impact of this project to MCSD will be 50% grant funding and 50% low interest loan through the State Revolving Fund.

Environmental Requirements:

Not applicable

Exhibits/Attachments:

- Attachment 1 – Agreement Between MCSD and Ameresco
- Attachment 2 – Addendum Number 1 and Number 2
- Attachment 3 – General Condition for Construction Microgrid Project
- Attachment 4 – Bid Schedule
- Attachment 5 – Email from Jacqueline DeRosa Concurring to Pricing and Terms for the Long Term O&M

**AGREEMENT BETWEEN THE MCKINLEYVILLE
COMMUNITY SERVICES DISTRICT AND AMERESCO, INC. PROVIDING FOR DESIGN AND
CONSTRUCTION SERVICES ASSOCIATED WITH THE MICROGRID PROJECT.**

This AGREEMENT BETWEEN THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AND AMERESCO, INC. PROVIDING FOR DESIGN AND CONSTRUCTION SERVICES ASSOCIATED WITH THE Microgrid Project (this "Agreement"), is entered into as of _____, 2020 (the "Effective Date"), between the McKinleyville Community Services District, a duly formed community services district pursuant to California Government Code § 61000, et seq. (hereinafter referred to as "District", "Owner" or "MCSD"), and Ameresco, Inc. (hereinafter "Contractor").

For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, MCSD and Contractor agree as follows:

AGREEMENT

1. Scope of Work and Contract Documents

Contractor shall furnish to the District, upon its request, the Work set forth in the "Scope of Work" (hereinafter "Work") described in the "Contract Documents" and delineated further in the General Conditions at Section B, Article 1, but subject to the provisions of Section 2 below. The Microgrid Project to be constructed by Contractor in accordance with the Contract Documents is sometimes hereinafter referred to as the "Project".

The Contract Documents consist of this Agreement, Addendum Number 1 (Skilled and Trained Workforce) and Addendum Number 2 (Resolution of Claims) (both appended hereto), the Bid Requirements (Part 1), Contract Forms (Part 2), General Conditions (Part 3), Specifications (Part 4 (at Sections 01 11 00 through 01 70 00)), and Appendices (Part 5) including the Basis of Design Memorandum and Attachments, and modifications thereof incorporated into the documents before their execution, and including all other requirements incorporated by specific reference thereto. These Contract Documents collectively form the agreement between the District and Contractor. If any portion of the Contract Documents shall be in conflict with any other portion, the various documents comprising the Contract Documents shall govern in the following order of precedence: this Agreement (and approved Change Orders); the General Conditions (and approved Change Orders); the Bid Requirements and submitted documents including, without limitation, the Bid Schedule; the Specifications (and approved Change Orders); Contract Appendices, including Basis of Design Memorandum and Attachments; Contractor provided Drawings; Fieldwork Directives; additional Contract documents and attachments. Any proposed changes to the order of precedence shall be agreed to in writing by both parties.

Requests by the District to Contractor to perform under this Agreement will be made by the General Manager of the District, or an authorized representative thereof. Work provided at the District's request by Contractor under this Agreement will be performed in a manner consistent with the requirements and standards established by applicable federal, state and county laws, ordinances, regulations, and resolutions. Such laws, ordinances, regulations, and resolutions include, but are not limited to, those to which reference is made in this Agreement.

2. Term and Progress Schedule

The term of this Agreement shall be from _____, 2020, through _____, 2020, unless sooner terminated as provided below. The Work shall be completed within Five Hundred and Twenty-Five (525) consecutive calendar days of the date following the District's provision of the Full Notice to Proceed to Contractor, subject to Excusable Delays (as defined in the General Conditions) and allowed by approved Change Orders.

3. Standard of Care in Performing the Work

Contractor represents and warrants to the District each of the following:

(i) Contractor is knowledgeable and experienced in providing services comparable to the Work, and will maintain all necessary licensure pursuant to Section 7 of this Agreement when performing the Work;

(ii) The Work will be performed in a manner consistent with the level of care and skill ordinarily exercised by other professional contractors under similar circumstances in accordance with customarily accepted good and sound professional practices and procedures;

(iii) Contractor and its agents, subordinates, and employees and any subcontractors performing Work under this Agreement shall perform every part of the Work hereunder in strict accordance with this Agreement, applicable federal, state, county and municipal laws, orders, rules, regulations and directives, including, but not limited to, EPA and OSHA regulations, environmental, health and safety laws, and laws pertaining to wages and other conditions of employment, as further set forth in this Agreement;

(iv) Contractor shall be strictly responsible for the proper performance of the Work and for any loss or damage to the District or to others by reason of Contractor's failure to properly perform the Work;

(v) The Contractor has carefully examined the Specifications, and such Specifications, set forth in the Contract Documents are full and complete, and are sufficient to have enabled the Contractor to determine the cost of the Work therein in order to enter into this Agreement;

(vi) The Specifications are sufficient to enable Contractor to design and construct the Work outlined therein in accordance with applicable laws, statutes, building codes and regulations, and otherwise to fulfill all of Contractor's obligations hereunder; and

(vii) As provided in the Specifications, the Contractor shall visit the site, examine all conditions affecting the Work, and become fully familiar with all of the conditions thereon and affecting the same.

4. Contract Price

A. Compensation and Progress Payments.

The District shall pay Contractor the amounts recited and in accordance with the timing intervals set forth in the "Bid Schedule" included in Part 1 of the Contract Documents (Bid Requirements) for the Work described in "Scope of Work" which are performed by Contractor at the District's request. The total project cost shall not exceed the total amount for the entirety of the Work set forth in the Bid Schedule, unless otherwise authorized by the District in writing prior to Contractor incurring additional expenses. Payment intervals shall be in accord with paragraph 4.E of this Agreement, below. For purposes of clarity, the total project cost (the not to exceed amount) for the entirety of the Work equals \$2,065,520.00, consisting of Base Bid Work Items Numbers 1 through 11 (\$1,197,520.00) and Additive Bid Item Number 2 (\$108,000.00) set forth in the Bid Schedule attached as **Exhibit A** and incorporated by reference. Additive Bid Item No. 1 on the Bid Schedule is excluded from, and not part of, the Scope of Work.

Compensation and progress payments shall be paid to Contractor in accordance with the cost allocations set forth in Base Bid Work Item Numbers 1 through 11 and Additive Bid Item Number 2 of the Bid Schedule and at the intervals established pursuant to Article 6 and other applicable provisions of the General Conditions.

B. Travel and Per Diem.

Unless otherwise agreed by the parties, Contractor will not be paid or reimbursed for travel expenses or per diem which Contractor incurs in providing the Work requested by the District under this Agreement.

C. No Additional Consideration Absent Written Change Order.

Except as expressly provided in paragraph 4.G. of this Agreement, below, Contractor shall not be entitled to, nor receive from the District, any additional consideration, compensation, salary, wages, or other type of remuneration in excess of the total amount set forth in the Bid Schedule for services or work rendered under this Agreement. Specifically, Contractor shall not be entitled, by virtue of this Agreement, to consideration in the form of overtime, health insurance benefits, retirement benefits, disability retirement benefits, sick leave, vacation time, paid holidays, or other paid leaves of absence of any type or kind whatsoever.

D. Limit Upon Amount Payable Under Agreement.

The total sum of all payments made by the District to Contractor for the Work performed under this Agreement shall not exceed amounts specified in the Bid Schedule and/or any authorized adjustments made consistent with the terms and conditions of this Agreement (hereinafter referred to as "Contract Limit") and the Public Contract Code. The District expressly reserves the right to deny any payment or reimbursement requested by Contractor for services or work performed which is in excess of the Contract Limit.

E. Billing and Payment.

Contractor shall submit to the District, not more than once per month, an itemized statement of all the Work described in the Scope of Work, which were done at the District's request. The statement to be submitted will cover the period from the first day of the preceding month through and including the last day of the preceding month. All statements submitted in request for payment should identify the date on which the Work were performed and describe the nature of the Work which were performed on each day. Invoicing shall be informative and concise regarding Work performed during that billing period. The District shall make payment to Contractor within thirty (30) days of receipt of an itemized statement, but shall retain ten percent (10%) of each such payment in accordance with Section 9203 of the California Public Contract Code until the Project is completed. Should Contractor produce incorrect invoices, the District shall withhold payment until corrected.

F. Federal and State Taxes.

1) The District will not withhold any federal or state income taxes or social security from any payments made by the District to Contractor under the terms and conditions of this Agreement.

2) The District shall withhold California State income taxes from payments made under this Agreement to non-California resident independent contractors when it is anticipated that total annual payments to Contractor under this Agreement will exceed one thousand four hundred ninety-nine dollars (\$1,499.00).

3) Except as set forth above, the District has no obligation to withhold any taxes or payments from sums paid by the District to Contractor under this Agreement. Payment of all taxes and other assessments on such sums is the sole responsibility of Contractor. The District has no responsibility or liability for payment of Contractor's taxes or assessments. The District and Contractor shall cooperate in good faith with each other, and shall use commercially reasonable efforts, to minimize sales and use taxes and other taxes relating to this Agreement and the Work, including taking advantage of applicable exemptions, if any, and consulting and cooperating in good

faith with each other in order to effectively handle and respond to any tax audit, examination, investigation, or administrative, court or other proceeding. Contractor shall cooperate with the District in any application for any tax exemption certificates; the District makes no representation or warranty to Contractor regarding the availability of the same.

4) The total amounts paid by the District to Contractor, and taxes withheld from payments to non-California residents, if any, will be reported annually by the District to the Internal Revenue Service and the California State Franchise Tax Board.

G. Changes to Scope of the Work.

If at any time during the progress of the Work the District desires to make any additions to, alterations of, deviations or omissions from the Work, District shall have the right to do so to the extent permitted by the California Public Contract Code and the same shall in no way affect or make void this Agreement. No extra work shall be made except on the District's written request by change order, which has been agreed to in writing by Contractor ("Change Order"). All Change Orders will be in writing and signed by Contractor, the District and the District's Engineer. Each Change Order shall identify the proposed change in the Work and will include a proposed basis for adjustment, if any, in the Bid Schedule. The District may prepare a Change Order without invalidating the Agreement, order changes in the Work within the general scope of the Agreement consisting of additions, deletions, or other revisions, with the Bid Schedule being adjusted accordingly. Any changes that decrease the cost of the Work shall be evaluated on a lump-sum basis and deducted from the sums set forth in the Bid Schedule. Any extra work that increases the cost of the Work shall at District's option be evaluated (i) on a lump-sum basis, the amount thereof to be agreed on in writing before execution of the Work or (ii) on the basis of "Actual Necessary Cost" (defined below), plus fifteen percent (15%).

"Actual Necessary Cost" shall be limited to:

(i) expenditures for materials, supplies, and labor (including foremen's wages) furnished by Contractor;

(ii) additional cost to Contractor for insurance required because of authorized changes; and

(iii) an allowance based on current market rental prices for the use of vehicles and equipment. The "Actual Necessary Cost" shall not include any allowance for Contractor's office expense or other overhead or general expense.

Contractor shall not be entitled to compensation for any extra work unless the District has issued a written Change Order designating in advance the amount of additional compensation to be paid for the extra work prior to Contractor incurring the expense or performing the extra work.

Without limitation on the Contractor's obligation to comply with the extra work and Change Order protocol, if main or trunkline utilities are not identified by the District in the Plans, Specifications and Drawings made a part of the Work, Contractor may be compensated for the costs of locating, repairing damage not due to the failure of the Contractor to exercise reasonable care, and removing or relocating such utility facilities not indicated in the Plans, Specifications and Drawings, and for equipment on the Project necessarily idled during such work and Contractor shall not be assessed any delay damages directly caused by the failure to identify the utilities in accord with Government Code Section 4215.

5. Work Schedule

Upon the issuance of a formal written "Notice to Proceed" from the District, Contractor's obligation is to perform, in a timely manner, subject to the terms and conditions of the Contract Documents, the Work identified in the Scope of Work which is requested by the District. It is understood by Contractor that the performance of the Work will require a varied schedule. Contractor, in arranging its own schedule, will coordinate with the District to ensure that all Work requested by the District under this Agreement will be performed within the time frames set forth by the District. Contractor shall endeavor to perform the Work during normal business hours in order to limit the impacts of construction traffic and noise on surrounding property owners.

6. Guaranties and Warranties

A. Manufacturer's Specifications and Warranties—Assignment.

The Contractor shall assemble for the District's Architect and/or Engineer's approval and transmittal to the District three (3) complete copies in loose leaf binders of all operating and maintenance data from all manufacturers whose equipment is installed in the Work. In addition, the Contractor shall secure and deliver to the District written warranties and guaranties from subcontractors, sub-subcontractors and suppliers bearing the date of Substantial Completion or some other date as may be agreed to by the District and stating the period of warranty.

B. Contractor's Warranty.

Contractor guarantees all equipment, material, supplies and Work furnished on the project against defective construction or workmanship for a period of one (1) year following recordation of a Notice of Completion on the Work for patent defects and for a period of ten (10) years following recordation of a Notice of Completion on the Work for latent defects, except when a longer guaranty is provided by the supplier or manufacturer of any equipment, material or supplies incorporated into the Work. Upon receipt of written notification from District that any Work is defective, Contractor shall immediately remedy, repair, or replace, without cost to District and to District's entire satisfaction, all such defective construction or workmanship. Contractor shall supply District with all warranty and guaranty documents relative to equipment and materials incorporated in the Work and guaranteed by the suppliers or manufacturers of such equipment and materials.

Contractor additionally guarantees system performance including, but not limited to annual electricity production in kilowatt hours, system peak electricity production in kilowatts, and cost savings in dollars, and will provide operational assistance to the District for the first one (1) year of operation following recordation of the Notice of Completion. Any deficiency in actual cost savings provided by the system will be remedied by direct payment to the District by the Contractor for the difference between guaranteed savings to be established in the final design (i.e., 100% design) developed by Contractor pursuant to Specifications Section 011500, Bid Schedule Item 1, and Basis of Design Sections 2.5, 8, and 9, and actual savings. No compensation will be provided to the Contractor for system performance greater than the guaranteed performance established by the Contractor in the final design developed pursuant to Specifications Section 011500, Bid Schedule Item 1, and Basis of Design Sections 2.5, 8, and 9. Contractor guarantees electricity production performance for a period of ten (10) years following recordation of the Notice of Completion. Contractor will provide annual reports to the District and remedy deficiencies in electricity production by direct compensation for the annualized average cost of electricity that the District would otherwise be charged for service by the utility in the absence of the system.

7. Required Licenses, Certificates and Permits

Any licenses, certificates, or permits required by federal, state, county, or municipal governments for Contractor to provide the Work described in the Contract Documents must be procured by Contractor and be valid at the time Contractor enters into this Agreement. Further, during the term of this Agreement, Contractor must maintain such licenses, certificates, and permits in full force and effect.

Licenses, certificates, and permits may include, but are not limited to, driver's licenses, professional licenses or certificates, contractor's licenses, and business licenses. Such licenses, certificates, and permits will be procured and maintained in force by Contractor at no expense to the District. Contractor will provide the District, upon execution of this Agreement, with evidence of current and valid licenses, certificates and permits which are required to perform the Work. Where there is a dispute between Contractor and the District as to what licenses, certificates, and permits are required to perform the Work, District reserves the right to make such determination for purposes of this Agreement.

8. Office Space, Supplies, Equipment, Etc.

Contractor shall provide such office space, supplies, equipment, vehicles, reference materials, support services, and telephone service as is necessary for Contractor to provide the Work identified in Bid Solicitation Documents for this Agreement. The District is not obligated to reimburse or pay Contractor for any expense or cost incurred by Contractor in procuring or maintaining such items. The costs and expenses incurred by Contractor in procuring and maintaining such items is the sole responsibility and obligation of Contractor.

9. District Property

A. Personal Property of District.

Any personal property such as, but not limited to, protective or safety devices, badges, identification cards, keys, uniforms, etc., provided to Contractor by the District pursuant to this Agreement are, and at the termination of this Agreement remain, the sole and exclusive property of the District. Contractor will use reasonable care to protect, safeguard, and maintain such items while they are in Contractor's possession. Contractor will be financially responsible for any loss or damage to such items, partial or total, which is the result of Contractor's negligence.

B. Products of Contractor's Work and Services.

Any and all compositions, publications, plans, designs, specifications, blueprints, maps, formulas, processes, photographs, slides, video tapes, computer programs, computer disks, computer tapes, memory chips, films, audio-visual presentations, exhibits, reports, studies, patents, trademarks, copyrights, or intellectual properties of any kind which are created, produced, assembled, compiled by, or are the result, product or manifestation of, Contractor's services or work under this Agreement are, and at the termination of this Agreement remain, the sole and exclusive property of the District. At the termination of the Agreement, Contractor will convey possession and title to all such properties to District. The foregoing shall not be deemed to require Contractor to transfer to the District any pre-existing intellectual property of Contractor or any subcontractor or supplier of Contractor, or to imply any automatic transfer of any such pre-existing intellectual property.

10. Workers' Compensation Insurance

Contractor shall provide workers' compensation insurance coverage, in the legally required amount, for all Contractors' employees utilized in providing Work pursuant to this Agreement. By executing a copy of this Agreement, Contractor acknowledges its obligations and responsibilities to its employees under the California Labor Code, and warrants that Contractor has complied and will comply during the term of this Agreement with all provisions of the California Labor Code with regard to its employees. Contractor, at the time of execution of this Agreement, will provide the District with evidence of the required workers' compensation insurance coverage.

11. Public Work

A. Determination.

The Work to be provided by Contractor under this Agreement constitute a Public Work within the meaning of California Labor Code Sections 1720 and 1720.3. Accordingly, and as required by Section 1771 of the California Labor Code, Contractor and any subcontractor under him, shall pay not less than the general prevailing rate of per diem wages, and not less than the general prevailing rate of per diem wages for holiday and overtime work, to all workers employed in the execution of those Work items described in this Agreement.

B. Prevailing Wage Rate.

The general prevailing rate of per diem wages applicable to each class of worker employed in the execution of the Work that constitute a Public Work described in this Agreement has been determined by the Director of the California Department of Industrial Relations (hereinafter referred to as "Director"). The Director's determination is available through a link to CA Department of Industrial Relations website (2019): <http://www.dir.ca.gov>.

C. Apprentices.

Pursuant to Section 1777.5 of the California Labor Code, properly registered apprentices performing services and work that constitute a Public Work, if any, shall be paid the standard wage paid to apprentices under the regulations of the craft or trade at which he or she is employed, and shall be employed only at the work of the craft or trade to which he or she is registered.

D. Penalty for Non-Payment of Prevailing Wages.

Pursuant to Section 1775 of the California Labor Code, Contractor, and any subcontractor under him or her, shall as a penalty to the District, forfeit not more than two hundred dollars (\$200.00) for each calendar day, or portion thereof, for each worker paid less than the general rate of per diem wages for the performance of services and work that constitute a Public Work, as determined by the Director of Industrial Relations, for the work or craft for which the worker is employed in the performance of the Work provided under this Agreement that constitute a Public Work, except as provided by subdivision (b) of Section 1775, of the California Labor Code.

E. Payroll Records.

Pursuant to Section 1776 of the California Labor Code, Contractor, and any subcontractor under him, shall keep accurate payroll records, showing the name, address, social security number, work classification, straight time and overtime hours worked each day and week and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by him or her in connection with the performance of the Work requested by the District, as described in the Scope of Work of this Agreement. Failure to provide certified payrolls and supporting documentation within 10 days of request by the MCSD or the DIR may result in penalties of one hundred dollars (\$100.00) per day per worker for each day the requested information is late (beyond the initial 10 days).

F. Inspection of Payroll Records.

Contractor, and any subcontractor under him, shall comply with each of the additional requirements set forth in California Labor Code Section 1776, regarding: (1) the form of records; (2) the provision of records upon request to the District, the Division of Labor Standards Enforcement, and the Division of Apprenticeship Standards of the California Department of Industrial Relations; and, (3) the inspection of records by the public.

G. Posting of Prevailing Wages at Job Sites.

Pursuant to California Labor Code Section 1773.2, Contractor shall post at each job site in connection with this Agreement a copy of the Director's determination of the general prevailing rate of per diem wages for each classification of work required in the execution of the Work of this Agreement that constitute a Public Work.

H. Hours.

Pursuant to Section 1811 of the California Labor Code, the time of services of any worker employed by Contractor, or by any subcontractor under him, in the performance of the Work described in the Scope of Work of this Agreement that constitute a Public Work, is limited and restricted to eight hours during any one calendar day, and 40 hours during any one calendar week, except as otherwise provided

by the California Labor Code.

I. Overtime.

Pursuant to California Labor Code Section 1815, the performance of the Work, as described in the Scope of Work of this Agreement that constitute a Public Work, by employees of Contractor, or employees of any subcontractor under him, in excess of eight hours per calendar day or 40 hours per week shall be compensated at a rate of not less than one and one-half (1 ½) times the basic rate of pay.

J. Records of Hours.

Contractor, and any subcontractors under him, shall keep an accurate record showing the name of and actual hours worked each calendar day and each calendar week by each worker employed by him or her in connection with the performance of the Work requested by the District, as described in the Scope of Work of this Agreement. The record shall be kept open at all reasonable hours to the inspection of the District and to the Division of Labor Standards Enforcement as required by Labor Code Section 1812.

K. Penalty for Violation of Work Hours.

Pursuant to California Labor Section 1813, Contractor, and any subcontractors under him, shall, as a penalty to the District, forfeit twenty-five dollars (\$25.00) for each worker employed by the respective Contractor or subcontractor in the execution of the Work requested by the District that constitute a Public Work, as described in the Scope of Work of this Agreement, for each calendar day during which the worker is required or permitted to work more than eight hours in any one calendar day and 40 hours in any one calendar week in violation of the provisions of the California Labor Code.

L. Contractor Registration Requirements

No contractor or subcontractor may be listed on a bid proposal for a public works project unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5 [with limited exceptions from this requirement for bid purposes only under Labor Code section 1771.1(a)].

No contractor or subcontractor may be awarded a contract for public work on a public works project, unless registered with the Department of Industrial Relations pursuant to Labor Code section 1725.5.

All contractors/subcontractors and related construction services subject to prevailing wage, including but not limited to: trucking, surveying and inspection work must be registered with the Department of Industrial Relations as a "public works contractor". Those who fail to register and maintain their status as a public works contractor shall not be permitted to perform work on the Project.

M. Department of Industrial Relations Jurisdiction

This Project is subject to compliance monitoring and enforcement by the Department of Industrial Relations.

N. Payment Conditioned on Full Labor Compliance

The District may withhold any portion of a payment; including the entire payment amount, until certified payroll forms and related documentation are properly submitted, reviewed and found to be in full compliance. In the event that certified payroll forms do not comply with the requirements of Labor Code Section 1720 et seq., the District may continue to hold sufficient funds to cover

estimated wages and penalties under the Agreement and Contract Documents.

12. Insurance

A. General Liability.

Contractor shall procure, and maintain during the entire term of this Agreement, a policy of general liability insurance which covers all the Work to be performed by Contractor under this Agreement. Such policy shall have a per occurrence combined single limit coverage of not less than two million dollars (\$2,000,000). Such policy shall not exclude or except from coverage any of the Work required to be performed by Contractor under this Agreement. The required policy of insurance shall be issued by an insurer authorized to sell such insurance by the State of California, and have at least a "Best's" policyholder's rating of "A" or "A+". Prior to commencing any work under this Agreement, Contractor shall provide the District: 1) a certificate of insurance documenting evidence of the required coverage; 2) an additional insured endorsement applying to the McKinleyville Community Services District, its agents, officers and employees; and, 3) a notice of cancellation endorsement indicating that the policy will not be canceled without thirty (30) days' written notice (10 days for non-payment of premium) to the District.

B. Professional Liability Insurance.

Contractor will file with the District, before beginning the Work, a certificate of insurance satisfactory to the District evidencing professional liability coverage of not less than One Million Dollars (\$1,000,000) per claim and annual aggregate, requiring 30 days' notice of cancellation (10 days for non-payment of premium) to the District. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A:VII, or equivalent, or as otherwise approved by the District. The retroactive date (if any) is to be no later than the Effective Date of this Agreement. Contractor shall maintain such coverage continuously for a period of at least three years after the recordation of the Notice of Completion. Contractor shall purchase a one-year extended reporting period i) if the retroactive date is advanced past the Effective Date of this Agreement ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the Effective Date of this Agreement.

C. Business Vehicle.

Contractor shall procure and maintain in force throughout the duration of this Agreement, a commercial auto liability insurance policy with coverage level of one million dollars (\$1,000,000) per occurrence, combined single limit for bodily injury liability and property damage liability. The coverage shall include all Contractor-owned, non-owned, and hired vehicles employed by the Contractor in the performance of the Work requested by the District, as described in the Scope of Work. A certificate of insurance shall be provided to the District by Contractor prior to commencing any work under this Agreement. The policy shall maintain a provision prohibiting the cancellation of said policy except upon thirty (30) days' written notice (10 days for non-payment of premium) to the District.

D. Deductibles and Self-Insured Retentions.

Any deductibles or self-insured retentions shall be declared by Contractor and must be approved by the District prior to Contractor commencing the Work requested by the District under this Agreement, such approval not to be unreasonably withheld, conditioned or delayed. In addition to all other indemnity obligations under this Agreement, Contractor shall independently pay any and all deductibles promptly in the event of any claim and hold the District harmless from any expenditure or cost related to such deductibles.

E. Subcontractors.

Contractor shall include all subcontractors as insured under its policies or shall furnish separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all of the requirements stated herein for Contractor.

F. Unemployment, Disability, and Liability Insurance.

Contractor shall maintain, if so required by law, unemployment, disability and liability insurance in an amount to be determined by the State which is reasonable to compensate any person, firm, or corporation who may be injured or damaged by the Contractor in performing work associated with this Agreement.

13. Bonds

Contractor shall furnish and maintain a performance bond in an amount equal to one hundred percent (100%) of the Contract Limit. Contractor shall also furnish and maintain a labor and materials payment bond in the amount equal to one hundred percent (100%) of the Contract Limit. The bonds shall comply with the requirements of California Civil Code Section 3248 and must be issued by an "Admitted Surety Insurer." For purposes of this Agreement, an Admitted Surety Insurer means a corporate insurer or inter-insurance exchange to which the California State Insurance Commissioner has issued a certificate of authority to transact surety insurance in California, as defined in Section 105 of the California Insurance Code. Bonds shall be in a form acceptable to the District's Counsel and comply with all other terms and conditions of the Contract Documents. The Attorney-in-Fact (resident agent) who executes the bonds on behalf of the surety company must attach a copy of his Power of Attorney as evidence of his authority. A notary shall acknowledge this Power of Attorney as of the date of the execution of the surety bond that it covers. If any surety becomes unacceptable to the District or fails to furnish reports as to its financial condition as requested by the District, Contractor shall promptly furnish such additional security as may be required from time to time to protect the interests of the District and of persons supplying labor or materials in the prosecution of the work contemplated by this Agreement. The payments and performance bonds shall only apply to the design and installation portion of this Agreement and do not apply in any way to energy savings guarantees, payments or maintenance or operational provisions, except that the performance bond shall guarantee that the installation will be free of defective materials and workmanship for a period of twelve (12) months following completion and acceptance of the work.

14. Status of Contractor

Contractor, its agents, officers, employees, and subcontractors shall constitute independent contractors, and not agents, officers, or employees of the District. Contractor, by virtue of this Agreement, has no authority to bind or incur any obligation on behalf of, or exercise any right or power vested in, the District, except as expressly provided by law or set forth in the Contract Documents of this Agreement. No agent, officer, or employee of the District is to be considered an employee of Contractor. It is understood by both Contractor and the District that this Agreement shall not under any circumstances be construed or considered to create an employer-employee relationship or joint venture.

As an independent contractor, Contractor: (1) shall determine the method, details, and means of performing the Work to be provided by Contractor under this Agreement (unless otherwise specified herein); (2) shall be responsible to the District only for the requirements and results specified in this Agreement and, except as expressly provided in this Agreement, shall be not be subjected to the District's control with respect to the physical action or activities of Contractor in fulfillment of this Agreement; and (3) Contractor, its agents, officers and employees are, and at all times during the term of this Agreement shall, represent and conduct themselves as independent contractors, and not as employees of District.

15. Defense and Indemnification

The defense and indemnity obligations of the respective parties are recited in Section B-61

of the General Conditions, which are hereby incorporated by reference.

16. Records and Audit

A. Records.

Contractor shall prepare and maintain all records required by the various provisions of this Agreement, and federal, state, county, and municipal law, ordinances, regulations, and directions. Contractor shall maintain these records for a minimum of four (4) years from the termination or completion of this Agreement. Contractor may fulfill its obligation to maintain records as required by this paragraph by substitute photographs, micrographs, or other authentic reproduction of such records.

B. Inspections and Audits.

Any authorized representative of the District shall have access to any books, documents, papers, and records, including, but not limited to, financial records of Contractor, which the District reasonably determines to be pertinent to this Agreement, for the purposes of making audit, evaluation, examination, excerpts, and transcripts during the period such records are to be maintained by Contractor. Such access shall be provided to the District's representative upon reasonable prior notice to Contractor, during normal business hours at Contractor's offices. The District's representative shall have the right to review such records but shall have no right to copy any records or remove the same from Contractor's offices without Contractor's written consent or as required by law. Further, the District has the right, at all reasonable times, to audit, inspect, or otherwise evaluate the work performed or being performed under this Agreement. In addition to the foregoing, Contractor acknowledges that all contracts for a public works project with a contract sum in excess of \$10,000.00 are potentially subject to examination and audit by the California State Auditor pursuant to Government Code Section 8546.7 for three years after final payment.

17. Non-Discrimination

During the performance of this Agreement, Contractor, its agents, officers, employees, and subcontractors shall not unlawfully discriminate in violation of any federal, state, or local law, against any employee, or applicant for employment, or person receiving services under this Agreement, because of race, religion, color, ancestry, national origin, physical handicap, medical condition, marital status, age, or sex. Contractor and its agents, officers, employees, and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code section 12900, et seq.), and the applicable regulations promulgated thereunder in the California Code of Regulations. Contractor shall also abide by the Federal Civil Rights Act of 1964 (P.L. 88-352) and all amendments thereto, and all administrative rules and regulations issued pursuant to said act.

18. District Termination and Cancellation Rights

This Agreement may be canceled by the District without cause, and at will, for any reason by giving to Contractor 30 days' written notice ("Termination Notice") of such intent to cancel. Upon receipt of Termination Notice, Contractor shall stop all performance under this Agreement except as directed by the District. In the event of any such cancellation, Contractor shall be entitled to compensation for all work performed prior to receipt of the Termination Notice as well as work performed after receipt of the Termination Notice and prior to expiration of the thirty (30) day notice period to the extent such post-notice work was performed at the direction of the District, assuming all of said work falls within the Scope of the Work commissioned by the District.

19. Assignment

This is an agreement for the services of Contractor. The District has relied upon the skills,

knowledge, experience, and training of Contractor as an inducement to enter into this Agreement. Contractor shall not assign or subcontract this Agreement, or any part of it, without the express written consent of the District, such consent not to be unreasonably withheld, conditioned or delayed.

20. Default

If Contractor abandons the Work, or fails to proceed with the Work in a timely manner as set forth in the project schedule, or fails in any way as required to conduct the Work as required by this Agreement, the District may declare Contractor in default and, if such default is not cured by Contractor within thirty (30) days following Contractor's receipt of written notice thereof from the District (plus such additional reasonable time as may be necessary in the circumstances), the District may terminate this Agreement upon five (5) days' written notice to Contractor. Contractor shall be liable to the District for all additional costs and expenses incurred by the District in finishing the Work as well as any damages incurred as a result of Contractor's default, which at the option of the District may be charged against any amounts due from the District to Contractor hereunder. Upon such termination by default, District will pay to Contractor all amounts owing to Contractor for services and work satisfactorily performed through the date of termination assuming said work falls within the Scope of the Work commissioned by the District, less any offsets the District is entitled under this Agreement. This Section 20 is not intended to constitute and shall not constitute a limitation on any damages the District may seek in the event of Contractor's default.

21. Waiver of Default

Waiver of any default by either party to this Agreement shall not be deemed to be a waiver of any subsequent default. Waiver or breach of any provision of this Agreement shall not be deemed to be a waiver of any other or subsequent breach, and shall not be construed to be a modification of the terms of this Agreement unless this Agreement is modified as provided in paragraph 28 below.

22. Confidentiality

Contractor agrees to comply with various provisions of applicable federal, state, and county laws, regulations, and ordinances providing that information and records kept, maintained, or accessible by Contractor in the course of providing the Work under this Agreement, shall be privileged, restricted, or confidential. Contractor agrees to keep confidential all such privileged, restricted or confidential information and records; provided, however, that the District acknowledges and agrees that Contractor shall have the right to disclose certain information regarding the Project and the Work as needed to apply for and obtain the necessary permits and approvals for the performance of the Scope of Work. Any other disclosure of such information or records shall be made by Contractor only with the express written consent of the District.

23. Conflicts

Contractor agrees that it has no interest, and shall not acquire any interest, direct or indirect, which would conflict in any manner or degree with the performance of the Work under this Agreement. Contractor agrees to complete and file a conflict of interest statement.

24. Post-Agreement Confidences

Contractor agrees not to use any confidential, protected, or privileged information which is gained from the District in the course of providing the Work under this Agreement, for any personal benefit, gain, or enhancement.

25. Severability

If any portion of this Agreement or application thereof to any person or circumstance shall be declared invalid by a court of competent jurisdiction, or if it is found in contravention of any federal, state,

or local statute, ordinance, or regulation, the remaining provisions of this Agreement, or the application thereof, shall not be invalidated thereby, and shall remain in full force and effect to the extent that the provisions of this Agreement are severable.

26. Funding Limitations

The ability of the District to enter into this Agreement is based upon available funding from various sources. In the event that such funding fails, is reduced, or is modified, from one or more sources, the District has the option to terminate, reduce, or modify this Agreement, or any of its terms, within ten (10) days of its notifying Contractor of the termination, reduction, or modification of available funding, except, however, the District cannot reduce Contractor's right(s) to recover payments due for work performed prior to the notification. Any reduction or modification of this Agreement made pursuant to this provision must comply with the requirements (except the requirement of mutual consent) of paragraph 28 below.

27. Venue

This Agreement shall be governed under the laws of the State of California and venue for any litigation under this Agreement shall be the County of Humboldt, State of California.

28. Amendment

This Agreement may be extended, modified, amended, changed, added to, or subtracted from, by the mutual consent of the parties hereto, if such amendment or change is in written form, signed by authorized representatives of the parties, in full compliance with the California Public Contract Code, and attached to the original Agreement to maintain continuity.

29. Notice

Any notice, communication, amendments, additions, deletions to this Agreement, including change of address of either party during the term of this Agreement, shall be in writing and may be personally serviced, or sent by prepaid first class mail to the respective parties as follows:

McKinleyville Community Services District:

Attention: Gregory Orsini, General Manager 1656 Sutter Rd.
McKinleyville, CA 95519
Phone: (707) 839-3251
Fax: (707) 839-8456

Contractor:

Ameresco, Inc.
111 Speen Street, Suite 410
Framingham, MA 01701
Attention: Michael Bakas, Executive Vice President

With a copy to:

Ameresco, Inc,
111 Speen Street, Suite 410
Framingham, MA 01701
Attention: General Counsel

30. Entire Agreement

This Agreement, along with associated Contract Documents referenced in Section 1, contain the entire agreement of the parties, and no representations, inducements, promises, or agreements otherwise between the parties not embodied herein or incorporated herein by reference, shall be of any force or effect. Further, no term of provision hereof may be changed, waived, discharged, or terminated, unless the same be in writing executed by the parties hereto.

Signatures

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

By: _____

Name: Gregory Orsini

Title: General Manager

Date: _____

AMERESCO, INC., a California Corporation

By: _____

Name: _____

Title: _____

Date: _____

List of Exhibits and Attachments:

Exhibit A: Bid Schedule—Contract Price

Addendum No. 1: Skilled and Trained Workforce Obligations

Addendum No. 2: Resolution of Claims

ADDENDUM NUMBER ONE

TO THE AGREEMENT BETWEEN THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AND AMERESCO, INC., PROVIDING FOR DESIGN AND CONSTRUCTION SERVICES ASSOCIATED WITH THE MICROGRID PROJECT.

-

SKILLED AND TRAINED WORKFORCE OBLIGATIONS

Section 1. Definitions. For purposes of this Addendum, the following capitalized terms shall have the same meaning as set forth in California Public Contract Code section 2601:

“Apprenticeable Occupation”

“Chief”

“Graduate”

“Skilled and Trained Workforce”

“Skilled Journeyperson”

Except as expressly defined in this Addendum, all other capitalized terms shall have the same meaning as set forth in the Agreement to which this Addendum is attached.

Section 2. Contractor’s Commitment to use a Skilled and Trained Workforce. Contractor acknowledges and agrees that pursuant to California Public Contract Code section 10191(c) Contractor is required to comply Chapter 2.9, of Part 1, of Division 2 of the Public Contract Code, which Chapter sets forth the Contractor’s obligation to use a Skilled and Trained Workforce on the Project. Accordingly, Contractor agrees as follows:

- 2.1. Contractor and its subcontractors at every tier will comply with Chapter 2.9, of Part 1, of Division 2 of the Public Contract Code.
- 2.2. Contractor will provide to the District, on a monthly basis while the project or contract is being performed, a report demonstrating compliance with Chapter 2.9, of Part 1, of Division 2 of the Public Contract Code.

ADDENDUM NUMBER TWO

TO THE AGREEMENT BETWEEN THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AND AMERESCO, INC., PROVIDING FOR DESIGN AND CONSTRUCTION SERVICES ASSOCIATED WITH THE MICROGRID PROJECT.

-

RESOLUTION OF CLAIMS

Pursuant to Public Contract Code section 9204, and notwithstanding any provision in the Agreement to the contrary, any "claim" (as that term is defined in Public Contract Code section(c)(a)), shall be resolved in accordance Public Contract Code section 9204(d), which provides as follows:

(d)(1)(A) Upon receipt of a claim pursuant to this section, the public entity to which the claim applies shall conduct a reasonable review of the claim and, within a period not to exceed 45 days, shall provide the claimant a written statement identifying what portion of the claim is disputed and what portion is undisputed. Upon receipt of a claim, a public entity and a contractor may, by mutual agreement, extend the time period provided in this subdivision.

(B) The claimant shall furnish reasonable documentation to support the claim.

(C) If the public entity needs approval from its governing body to provide the claimant a written statement identifying the disputed portion and the undisputed portion of the claim, and the governing body does not meet within the 45 days or within the mutually agreed to extension of time following receipt of a claim sent by registered mail or certified mail, return receipt requested, the public entity shall have up to three days following the next duly publicly noticed meeting of the governing body after the 45-day period, or extension, expires to provide the claimant a written statement identifying the disputed portion and the undisputed portion.

(D) Any payment due on an undisputed portion of the claim shall be processed and made within 60 days after the public entity issues its written statement. If the public entity fails to issue a written statement, paragraph (3) shall apply.

(2)(A) If the claimant disputes the public entity's written response, or if the public entity fails to respond to a claim issued pursuant to this section within the time prescribed, the claimant may demand in writing an informal conference to meet and confer for settlement of the issues in dispute. Upon receipt of a demand in writing sent by registered mail or certified mail, return receipt requested, the public entity shall schedule a meet and confer conference within 30 days for settlement of the dispute.

(B) Within 10 business days following the conclusion of the meet and confer conference, if the claim or any portion of the claim remains in dispute, the public entity shall provide

the claimant a written statement identifying the portion of the claim that remains in dispute and the portion that is undisputed. Any payment due on an undisputed portion of the claim shall be processed and made within 60 days after the public entity issues its written statement. Any disputed portion of the claim, as identified by the contractor in writing, shall be submitted to nonbinding mediation, with the public entity and the claimant sharing the associated costs equally. The public entity and claimant shall mutually agree to a mediator within 10 business days after the disputed portion of the claim has been identified in writing. If the parties cannot agree upon a mediator, each party shall select a mediator and those mediators shall select a qualified neutral third party to mediate with regard to the disputed portion of the claim. Each party shall bear the fees and costs charged by its respective mediator in connection with the selection of the neutral mediator. If mediation is unsuccessful, the parts of the claim remaining in dispute shall be subject to applicable procedures outside this section.

(C) For purposes of this section, mediation includes any nonbinding process, including, but not limited to, neutral evaluation or a dispute review board, in which an independent third party or board assists the parties in dispute resolution through negotiation or by issuance of an evaluation. Any mediation utilized shall conform to the timeframes in this section.

(D) Unless otherwise agreed to by the public entity and the contractor in writing, the mediation conducted pursuant to this section shall excuse any further obligation under Section 20104.4 to mediate after litigation has been commenced.

(E) This section does not preclude a public entity from requiring arbitration of disputes under private arbitration or the Public Works Contract Arbitration Program, if mediation under this section does not resolve the parties' dispute.

(3) Failure by the public entity to respond to a claim from a contractor within the time periods described in this subdivision or to otherwise meet the time requirements of this section shall result in the claim being deemed rejected in its entirety. A claim that is denied by reason of the public entity's failure to have responded to a claim, or its failure to otherwise meet the time requirements of this section, shall not constitute an adverse finding with regard to the merits of the claim or the responsibility or qualifications of the claimant.

(4) Amounts not paid in a timely manner as required by this section shall bear interest at 7 percent per annum.

(5) If a subcontractor or a lower tier subcontractor lacks legal standing to assert a claim against a public entity because privity of contract does not exist, the contractor may present to the public entity a claim on behalf of a subcontractor or lower tier subcontractor. A subcontractor may request in writing, either on his or her own behalf or on behalf of a lower tier subcontractor, that the contractor present a claim for work

which was performed by the subcontractor or by a lower tier subcontractor on behalf of the subcontractor. The subcontractor requesting that the claim be presented to the public entity shall furnish reasonable documentation to support the claim. Within 45 days of receipt of this written request, the contractor shall notify the subcontractor in writing as to whether the contractor presented the claim to the public entity and, if the original contractor did not present the claim, provide the subcontractor with a statement of the reasons for not having done so.

GENERAL CONDITIONS

**GENERAL CONDITIONS
TABLE OF CONTENTS**

SECTION A – DEFINITIONS AND TERMS

Page 3-

A-1	General.....	1
A-2	Abbreviations	1
A-3	Definitions.....	2

SECTION B – GENERAL CONDITIONS

ARTICLE I. SCOPE OF WORK		6
B-1	Intent of Contract Documents	6
B-2	Contractor's Understanding	7
B-3	Changes in the Work.....	7
B-4	Procedures and Allowable Costs on Changes.....	8
B-5	Unilateral Change in or Addition to the Work.....	11
B-6	Differing Site Conditions.....	11
B-7	Claims for Extra Costs	11
B-8	Disputes	12
B-9	Guarantee	13
ARTICLE II. CONTROL OF WORK		14
B-10	Authority of the Engineer.....	14
B-11	Drawings	14
B-12	Construction Staking and Surveys.....	16
B-13	Permits and Regulations	16
B-14	Conformity with Contract Documents and Allowable Deviations	16
B-15	Coordination and Interpretation of Contract Documents	17
B-16	Subcontracts	17
B-17	Cooperation of Contractors	18
B-18	Superintendence	18
B-19	Inspection of Work	18
B-20	Tests.....	20
B-21	Removal of Rejected and Unauthorized Work and Materials	20
B-22	Deductions for Uncorrected Work.....	21
B-23	Equipment and Plants	21
B-24	Character of Worker	21
B-25	Separate Contracts	22
B-26	Materials, Services and Facilities.....	22
B-27	Storage of Materials	23
B-28	Trade Names and Alternatives.....	24
B-29	Certificate of Compliance	24
B-30	Assignment.....	24
B-31	Use of Completed Portions, Right to Operate Unsatisfactory Equipment or Facilities	24
B-32	Lands for Work, Right-of-Way Construction Roads	25
B-33	District's Right to Audit and Preservation of Records	25
ARTICLE III. PROGRESS AND COMPLETION OF WORK.....		28
B-34	Progress Schedule.....	28
B-35	Commencement and Progress of the Work and Time of Completion	28
B-36	Suspension of Work	28
B-37	Termination For Default - Damages For Delay - Timely Extension	29
B-38	Rights of DISTRICT Upon Termination.....	31
B-39	Failure to Complete the Work in the Time Agreed Upon - Liquidated Damages.....	31

B-40	Clean-up.....	32
ARTICLE IV. LEGAL RELATIONS AND RESPONSIBILITY		33
B-41	Compliance with Laws - Permits, Regulations, Taxes	33
B-42	Prevailing Wage	33
B-43	Labor Compliance and Discrimination	34
B-44	Eight-Hour Day Limitation	35
B-45	Compliance with State Requirements for Employment of Apprentices	36
B-46	Underground Utilities.....	36
B-47	Water Pollution	36
B-48	Payment of Taxes	36
B-49	Permits and Licenses.....	36
B-50	Patents	36
B-51	Public Convenience	37
B-52	Safety	38
B-53	Protection of Person and Property	39
B-54	Responsibility for Repair of Facilities	40
B-55	Resolution of Construction Claims	40
B-56	DISTRICT's Repair.....	41
B-57	Antitrust Claim Assignment.....	41
B-58	Waiver of Right to Rescind For Material Breach.....	41
B-59	Contractor's License Notice	41
ARTICLE V. INSURANCE AND LIABILITY		42
B-60	Insurance.....	42
B-61	Indemnity and Litigation Cost.....	46
B-62	Protection of Work.....	47
B-63	No Personal Liability	48
ARTICLE VI. MEASUREMENT AND PAYMENT		49
B-64	Measurement of Quantities	49
B-65	Scope of Payment.....	49
B-66	Progress Estimate	49
B-67	Progress Payments.....	50
B-68	Liens and Stop Notices	50
B-69	Final Acceptance and Date of Completion.....	51
B-70	Final Payment	51
B-71	Final Release	51
B-72	Right to Withhold Payments.....	52
B-73	Waiver of Interest	53
B-74	Satisfaction of Claims and Liens	53

SECTION A DEFINITIONS AND TERMS

A-1 General

Wherever the following abbreviations and terms, or pronouns in place of them, are used in these Conditions and other Contract Documents of which these Conditions are a part, the intent and meaning shall be interpreted as provided below.

A-2 Abbreviations

The following abbreviations may be used in the Contract Documents:

AA	Aluminum Association
AASHO	American Association of State Highway Officials
ABMA	American Boiler Manufacturer's Association
ACI	The American Concrete Institute
AGA	American Gas Association
AGC	Associated General Contractors
AGMA	American Gear Manufacturer's Association
AHJ	Authority Having Jurisdiction
AI	The Asphalt Institute
AIA	American Institute of Engineers
AISC	American Institute of Steel Construction
AISI	American Iron and Steel Institute
ALSC	American Lumber Standards Committee
ANSI	American National Standards Institute, Inc.
API	American Petroleum Institute
APWA	American Public Works Association
AREA	American Railway Engineering Association
ASCE	American Society of Civil Engineers
ASME	American Society of Mechanical Engineers
ASTM	American Society for Testing and Materials
AWPA	American Wood Preservers' Association
AWS	American Welding Society
AWWA	American Water Works Association
BESS	Battery Energy Storage System
BHMA	Builders Hardware Manufacturers Association
CCMTC	California Concrete Masonry Technical Committee
CEQA	California Environmental Quality Act
CFR	Code of Federal Regulations
CRSI	Concrete Reinforcement Steel Institute
DFPA	Douglas Fir Plywood Association
DIR	Department of Industrial Relations
ESCO	Energy Services Company
ESPC	Energy Savings Performance Contract
ETL	Electrical Testing Laboratory
FEMA	Federal Emergency Management Agency
FS	Federal Specification
HBMWD	Humboldt Bay Municipal Water District
HMGP	Hazard Mitigation Grant Program
ICBO	International Conference of Building Officials
IEEE	The Institute of Electrical and Electronics Engineers
IES	Illuminating Engineering Society

IPCEA	Insulated Power Cable Engineers Association
MBMA	Metal Building Manufacturer's Association
MGMS	Microgrid Management System
MSS	Manufacturers Standardization Society of the Valve and Fitting Industry Standards
NBFU	National Board of Fire Underwriters
NBS	National Buildings Standards
NEC	National Electrical Code
NEMA	National Electrical Manufacturers Association
NFPA	National Fire Protection Association
NPDES	National Pollution Discharge Elimination System
OSHA	Occupational Safety and Health Act of 1970
PCA	Portland Cement Association
PG&E	Pacific Gas & Electric
PV	Photovoltaic
SMACNA	Sheet Metal and Air Conditioning Contractor's National Association
SSPC	Steel Structures Painting Council
SSPWC	Standard Specifications for Public Works Construction
UBC	Uniform Building Code
USPHS	United States Public Health Service
UL	Underwriter's Laboratory
UMC	Uniform Mechanical Code
UPC	Uniform Plumbing Code
USAS	The United States of America Standard Institute
USBR	United States Bureau of Reclamation
WCLIB	West Coast Lumber Inspection Bureau
WIC	Woodwork Institute of California

"DISTRICT" – McKinleyville Community Services District
"State" - State of California

A-3 Definitions

- a) Acceptance - The formal written acceptance by the DISTRICT of the entire Contract which has been completed in all respects in accordance with the Specifications and any approved modifications.
- b) Addenda - Written or graphic instruments issued prior to the execution of the Agreement which modify or interpret the Contract Documents, Drawings and Specifications by additions, deletions, clarifications or corrections.
- c) As Approved - The words "as approved" unless otherwise qualified, shall be understood to be followed by the words "by the Engineer."
- d) Bid - The offer of the Bidder for the Work when made out and submitted on the prescribed bid form, properly signed and guaranteed. A Bid is also known as a Proposal.
- e) Bid Bond - The cash, cashier's check, certified check, or bidder's bond accompanying the Bid submitted by the bidder, as a guarantee that the Bidder will enter into a Contract with the DISTRICT for the performance of work herein described.
- f) Bidder - Any individual, firm, partnership or corporation submitting a bid for the work contemplated, and acting directly or through a duly authorized representative.
- g) Change Orders - A written order to the Contractor authorizing an addition, deletion, or revision in

the work within the general scope of the Contract Documents or authorizing adjustment in the Contract price or Contract time.

- h) Claim - A separate demand by the Contractor for (i) a time extension, (ii) payment of money or damages arising from work done by or on behalf of the Contractor pursuant to the Contract for a public work and payment of which is not otherwise expressly provided for or the claimant is not otherwise entitled to, or (iii) an amount the payment of which is disputed by the DISTRICT.
- i) Contract - The written agreement covering the performance of the work and the furnishing of labor, materials, tools and equipment in the construction of the Work. The Contract shall include all Contract Documents and supplemental agreements amending or extending the work contemplated which may be required to complete the Work in a substantial and acceptable manner. Supplemental agreements are written agreements covering alterations, amendments or extensions to the Contract and include Addenda and Contract Change Orders.
- j) Contract Documents - The Contract Documents are any or all of the documents listed in Section 1 of the AGREEMENT BETWEEN THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AND AMERESCO, INC. FOR DESIGN AND CONSTRUCTION SERVICES ASSOCIATED WITH THE MICROGRID PROJECT. The Contract Documents consist of the Bid Requirements (Part 1), Contract Forms (Part 2), General Conditions (Part 3), Specifications (Part 4), and Appendices (Part 5) including the Basis of Design Memorandum and Attachments, and modifications thereof incorporated into the documents before their execution, and including all other requirements incorporated by specific reference thereto.
- k) Contract Price - Total monies payable to the Contractor under the terms and conditions of the Contract Documents.
- l) Contract Time - The numbers of days stated in the Contract Documents for the completion of the Work.
- m) Contractor - The person or persons, firm, partnership or corporation or other entity that has entered into the Contract with the DISTRICT to perform the Work.
- n) Contract Drawings - "Contract Drawings" or "drawings" means and includes:
 - (i) all drawings which have been prepared on behalf of the DISTRICT and which are included in the Contract Documents and all modifying drawings issued by addenda thereto;
 - (ii) all drawings submitted pursuant to the terms of the Contract Documents by the Contractor with his proposal and by the Contractor to the DISTRICT during the progress of the Work when accepted by the Engineer. Except where a specific type of drawing is indicated, the terms "Drawings" and "Plans" are used interchangeably throughout the Contract Documents and the Plans are Drawings as defined above.
- o) County - County of Humboldt, California.
- p) Date of Execution of the Contract - The date on which the Contract is signed by the DISTRICT's authorized representative.
- q) Datum - The figures given in the Specifications or upon the Drawings after the word "Elevation" or an abbreviation of it shall mean NAVD 88 datum unless noted otherwise.
- r) Days - Unless otherwise designated, days as used in the Contract Documents shall mean calendar days.
- s) District - The MCKINLEYVILLE COMMUNITY SERVICES DISTRICT, may also be referred to as the DISTRICT or OWNER.

- t) Engineer - Wherever in these documents the word "Engineer" appears, it shall be understood to mean GHD Inc. The Engineer will have final authority as regards to contract administration, field inspection, and related items.
- u) Excusable Delay – A delay caused by an agreed Change Order, any unusual or unexpected delay by any governmental agency or authority or any public utility in issuing any permit or approval with respect to the installation or operation of the Project, any delay by the DISTRICT or Engineer in issuing any required consent or approval, or a Force Majeure event. All Excusable Delays, regardless of nature of cause, must be timely memorialized in a mutually agreeable Change Order.
- v) Field Order - A written order effecting a change in the Work not involving an adjustment in the Contract Price or an extension of Contract Time, issued by the Engineer to the Contractor during construction.
- w) Final Completion – refer to Section B-72.
- x) Force Majeure - A cause beyond the control of a party, including but not limited to an act of God, strikes, lockouts or other industrial disturbances, acts of public enemies, acts of terrorism, orders or restraints of any kind of the government of the United States or any state or any of their departments agencies or officials or any other civil governmental, military or judicial authority, war, blockage, insurrection, riot, sudden action of the elements, fire, explosion, flood, earthquake, storms, drought, landslide, or explosion or nuclear emergency. Any claimed Force Majeure event must be timely memorialized in a mutually agreeable approved Change Order.
- y) Hazardous Material- refer to Section B-6.
- z) His - "His" shall include "her" and "its".
- aa) Install - "Install" wherever and in whatever manner used shall mean the installation, complete in place of an item.
- bb) Mechanical Completion – refer to Section B-69
- cc) Notice of Award - The written notice of the acceptance of the Bid from the DISTRICT to the successful Bidder.
- dd) Notice to Proceed - Written communication issued by the DISTRICT to the Contractor authorizing him to proceed with the Work and establishing the date of commencement of the Work.
- ee) Or Equal - The terms "or equal" or "approved equal" shall be understood to indicate that the "equal" product be the same or better than the product named in function, performance, reliability, quality and general configuration. Determination of equality in reference to the project design requirement will be made by the Engineer.
- aa) DISTRICT Project Representative – The authorized representative of the DISTRICT who is assigned to the project site or any part of thereof.
- bb) Plans or Specification Drawings - The term "Plans or Specification Drawings" refers to the official Plans, profiles, cross sections, elevations, details, and other working drawings and supplementary drawings, or reproductions thereof, approved by the DISTRICT, which show the location, character, dimensions, and details of the work to be performed. Plans may either be bound in the same book as the balance of the Contract Documents or bound in separate sets, and are a part of the Contract Documents, regardless of the method of binding.
- cc) Project - The undertaking performed as provided by the Contract Documents.
- dd) Provide - "Provide" wherever and in whatever manner used shall be understood to mean furnish

and install.

- ee) Project Geotechnical Engineer – Engineer licensed and qualified to provide geotechnical investigations and reports required for project implementation.
- ff) Resident Project Representative - Authorized representative of the Engineer who is assigned to the Project or any part thereof.
- gg) Service of Notice - Any notice from one party to the other under the Contract shall be in writing and shall be dated and signed by the party giving such notice or by a duly authorized representative thereof. Any such notice shall not be effective for any purpose whatsoever unless service in the following manner:
 - (i) If the notice is given to the DISTRICT by personal delivery thereof, the DISTRICT'S Project Representative or by depositing the notice with a reputable overnight delivery service or in the U.S. mail, enclosed in a sealed envelope addressed to MCKINLEYVILLE COMMUNITY SERVICES DISTRICT, P.O. Box 2037, 1656 Sutter Road, McKinleyville, CA 95519, postage prepaid, by certified mail return receipt requested.
 - (ii) If the notice is given to the Contractor, addressed in each case to Contractor at the address set forth in the Contract Form, and delivered by personal delivery to the Contractor or by depositing the notice with a reputable overnight delivery service or in the U.S. mail, enclosed in a sealed envelope addressed to the Contractor postage prepaid, by certified mail, return receipt request.
 - (iii) If the notice is given to the Surety or any other person, by personal delivery to such Surety or other person by personal delivery to such Surety or other person by depositing in the U.S. mail, enclosed in a sealed envelope, addressed to the surety or other person at the address of such Surety or other person last communicated to the party giving the notice, postage prepaid, by certified mail return receipt requested.
- hh) Shall or Will - "Shall," or "Will," whenever used to stipulate anything, means shall or will be done or be performed by either the Contractor or the DISTRICT and means that the Contractor or the DISTRICT has thereby entered into a covenant with the other party to do or perform the same.
- ii) Shop Drawing - All drawings, diagrams, illustrations, brochures, schedules and other data which are prepared by the Contractor, a Subcontractor, manufacturer, supplier or distributor, which illustrate how specific portions of the Work shall be fabricated or installed.
- jj) Shown - "Shown," "indicated," "detailed," and words of like import, wherever and in whatever manner used, with or without reference to the drawings, means shown, indicated or detailed on the Drawings or Plans.
- kk) Specifications - A part of the Contract Documents consisting of written descriptions of a technical nature of materials, equipment, construction systems, standards and workmanship, including the General Conditions and Supplemental General Conditions.
- ll) Specified - "Specified," "described," or "noted," wherever and in whatever manner used, means as specified, described or noted in the Contract Documents.
- mm) Subcontractors - The term "Subcontractor", as employed herein, includes only those having a direct contract with the Contractor and it includes one who furnishes material worked to a special design according to the Plans or Specifications of this Work, but does not include one who merely furnishes material not so worked and would be considered a supplier only.
- nn) Substantial Completion - That date as certified by the Engineer when the construction of the Project or a specified part thereof is sufficiently completed, in accordance with the Contract Documents, so that the Project or specified part can be utilized for the purposes for which it is intended. Refer to Section B-70.

The Engineer may, at its sole discretion, issue a written notice of substantial completion for the purpose of establishing the starting date for specific equipment guarantees, and to establish the date that the DISTRICT will assume the responsibility for the cost of operating such equipment. Said notice shall not be considered as final acceptance of any portion of the Work or relieve the Contractor from completing the remaining work within the specified time and in full compliance with the Contract Documents.

- oo) Sufficient - "Sufficient," "necessary," or "proper," "acceptable," "satisfactory," "desirable," and words of like import, wherever and in whatever manner used, with or without reference to the Engineer, means sufficient, necessary, proper, acceptable, satisfactory and desirable in the judgment of the Engineer.
- pp) Supplementary Conditions (not included for this project) - Modifications to General Conditions required by a Federal Agency for participation in the PROJECT and approved by the Agency in writing prior to inclusion in the Contract Documents, or such requirements that may be imposed by applicable State laws. References to "Supplemental General Conditions" in the General Conditions and elsewhere in the Contract Documents shall be construed to read "Supplementary Conditions."
- qq) Supplier - Any person or organization who supplies materials or equipment for the Work, including that fabricated to a special design, but who does not perform labor at the site.
- rr) Time Limits - All time limits stated in the Contract Documents are of the essence of the Contract.
- ss) Work - All the work specified, indicated, shown or contemplated in the Contract Documents to construct the improvements, including all alterations, amendments or extensions thereto made by Contract Change Order or other written orders of the Engineer.
- tt) Written Notice - "Written Notice" shall be deemed to have been duly served on a party when delivered in the manner and to the address set forth in subsection gg above for such party (or such replacement address as may be provided in writing by such party to the other party).
- uu) Whenever in the Specifications or upon the Drawings the words DIRECTED, REQUIRED, PERMITTED, ORDERED, DESIGNATED, PRESCRIBED, or words of like import are used, it shall be understood that the direction, requirement, permission, order, designation or prescription of the Engineer is intended, and similarly the words APPROVED, ACCEPTABLE, SATISFACTORY, or words of like import, shall mean approved or acceptable to, or satisfactory to the Engineer, unless otherwise expressly stated.

SECTION B GENERAL CONDITIONS

ARTICLE I. SCOPE OF WORK

B-1 Intent of Contract Documents

The intent of the Contract Documents is to prescribe the basis for the design, construction and completion of the Work which the Contractor undertakes to perform in accordance with the terms of the Contract Documents. Where the Specifications describe portions of the Work in general terms, but not in complete detail, it is understood that Contractor shall perform the Work using those practices, methods, standards, and acts of similarly situated energy services companies on projects similar in size, nature, complexity in the State of California that at a particular time in the exercise of good judgment, and in light of the facts known at the time the decision was made, would have been expected to accomplish the desired result in compliance with all Laws and in a manner consistent with safety, environmental protection, economy, and expedition. The foregoing is not limited to the optimal standard practice method or act to the exclusion of others, but rather refer to a range of action reasonable under the circumstances. Unless otherwise specified, the Contractor shall furnish all labor, materials, tools, equipment and incidentals and do all the work involved in performing the Contract in a satisfactory and

workmanlike manner, ready for use occupancy or operation by the DISTRICT.

The technical provisions are presented in sections for convenience. However, this presentation does not necessarily delineate trades or limits of responsibility. All sections of the Specifications are interdependent and applicable to the Project as a whole.

The Contract Documents are complementary, and what is called for in any one shall be as binding as if called for in all.

Anything shown on the Drawings and not mentioned in the Specifications or mentioned in the Specifications and not shown on the Drawings shall have the same effect as if shown or mentioned respectively in both. Any work shown on one drawing shall be construed to be shown in all drawings and the Contractor will coordinate the Work and the Drawings. If any portion of the Contract Documents shall be in conflict with any other portion, the various documents comprising the Contract Documents shall govern in the following order of precedence: The AGREEMENT BETWEEN THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT AND AMERESCO INC., PROVIDING FOR DESIGN AND CONSTRUCTION SERVICES ASSOCIATED WITH THE *Microgrid Project* (and approved Change Orders); the General Conditions; the Bid Requirements; the Specifications (and approved Change Orders); Contract Appendices, including Basis of Design and Attachments; Contractor provided Drawings; Fieldwork Directives, additional Contract documents and attachments. The Contract Documents shall be interpreted so as to provide for the enforceability of all provisions to the maximum extent allowed by law. . Technical Specifications take priority over general Specifications and detail Drawings take precedence over general Drawings. As between schedules and information given on Drawings, the Schedules shall govern. As between figures given on Drawings and the scales measurements, the figures shall govern. As between large-scale Drawings and small-scale Drawings, the larger scale shall govern. Any conflict or inconsistency between or in the Drawings shall be submitted to the Engineer through the DISTRICT'S Project Representative or Resident Project Representative in writing. Work done by the Contractor after his discovery of such discrepancies, inconsistencies or ambiguities shall be done at the Contractor's own risk.

B-2 Contractor's Understanding

It is understood and agreed that, as provided in the Specifications, the Contractor shall, by careful examination, satisfy itself as to the nature and location of the Work, the conformation of the ground, the character, quality and quantity of the materials to be encountered, the character of equipment and facilities needed preliminary to and during the prosecution of the Work, the general and local conditions, and all other matters which can in any way affect the Work under this Contract. No verbal agreement or conversation with any officer, agent or employee of the DISTRICT, either before or after the execution of this Contract, shall affect or modify any of the terms or obligations herein contained.

Contractor shall comply with all Federal, State, and Local laws and regulations applicable to this scope of work and said project, as well as all permits and environmental conditions established for this project (see section B-13). Contractor is responsible for obtaining all necessary permits for construction except for those permits already obtained by the DISTRICT prior to construction. If a Contractor materially fails to comply with any term of this award, whether stated in a Federal statute or regulation, an assurance, in a State plan or application, a notice of award, or elsewhere, the DISTRICT may take one or more of the actions outlined in 2 CFR Section 200.338, including termination of the project. Project awards may be terminated for convenience through the procedures outlined in 2 CFR Section 200.339.

B-3 Changes in the Work

The DISTRICT may, at any time, by written order make changes in the Work including but not limited to: (a) changes in the Specifications or Drawings; (b) changes in the sequence, method or manner of performance of the Work; (c) changes in the owner-furnished facilities, equipment, materials, services or site; or (d) changes directing acceleration of the Work. If such changes cause an increase or decrease in the Contractor's cost of, or time required for, performance of the Contract an equitable adjustment will be made and the Contract modified in writing accordingly.

Such modification will be in the form of a Contract Change Order which will set forth the work to be done

or the method by which the change and cost adjustment, if any, will be determined, and the time of completion of the Work.

To comply with the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA), material additions or amendments to this scope of work (SOW) may have to be reviewed by all State and Federal agencies participating in the NEPA/CEQA process. NEPA/CEQA compliance for all SOW additions or amendments is essential before the revised SOW can be approved or implemented by the DISTRICT. Any construction activities associated with a SOW change, prior to approval, may be ineligible for reimbursement or match. The Contractor shall obtain approval in writing from the DISTRICT prior to proceeding with any changes of work.

The compensation to be paid for any extra work or change shall be determined in one or more of the following ways or at DISTRICT's sole election:

- a) By unit prices previously approved (unit prices previously approved shall be used in all cases for similar units unless mutually agreed that for some reason they are not applicable);
- b) By estimate and acceptance of an agreed upon lump sum; or
- c) On a time and materials basis involving the "Actual Necessary Cost" and other services necessary to complete the Work. In addition, there shall be added an amount to be agreed upon but not to exceed ten percent (10%) of the "Actual Necessary Cost" to cover the cost of general overhead, general superintendence, other expenses and profit. In the events that items (a) and (b) above are not applicable, then this latter method (c) shall be used. Markup by Subcontractors on their work shall not exceed ten percent (10%). Contractor's markup on Subcontractor's work shall not exceed five (5) percent.

The Contractor shall keep full and complete records of the actual cost of such work in the form and manner prescribed by the Engineer and shall permit the Engineer to have access to such records as may be necessary to assist in the determination of the compensation payable for such work.

The Engineer also may at any time by issuing a Field Order make changes in the details of the Work. The Contractor shall proceed with the performance of any change in the Work so ordered by the Engineer unless the Contractor believes that such Field Order entitles it to a change in the Contract Price or Time, or both in which event the Contractor shall give the Engineer written notice thereof within seven (7) calendar days after the receipt of the ordered change. The Contractor shall not execute any changes pending the receipt of an executed change order or further instruction from the DISTRICT.

If the Contractor is delayed in completing by reason of any change made pursuant to this section, the time for completion of the Work shall be extended by change order for a period agreed to, commensurate with such delay. The Contractor shall not be subjected to any claim for liquidated damages for this period of time, but the Contractor shall have no claim for any other compensation for any such delay.

B-4 Procedures and Allowable Costs on Changes

- a) All changes which affect the cost or time of the construction of the project must be authorized by means of a Change Order. The Change Order will include extra work, work for which quantities have been altered from those shown in the bidding schedule, as well as decreases or increases in the quantities of installed units which are different than those shown in the bidding schedule because of final measurements. All changes should be recorded on a Change Order as they occur. Each Change Order must contain complete and detailed justification for all items addressed by the Change Order.
- b) If the change in or addition to the Work will result in an increase in the contract sum, the DISTRICT shall have the right to require the performance thereof in any of the following ways, at DISTRICT's sole election:
 - (i) By unit prices previously approved (unit prices previously approved shall be used in all cases for similar units unless mutually agreed that for some reason they are not

applicable);

- (ii) By estimate and acceptance of an agreed upon lump sum; or
- (iii) On a time and materials basis involving the "Actual Necessary Costs" and other services necessary to complete the work. In addition, there shall be added an amount to be agreed upon but not to exceed ten percent (10%) of the "Actual Necessary Cost" to cover the cost of general overhead, general superintendence, other expenses and profit. In the events that items (a) and (b) above are not applicable, then this latter method (c) shall be used. Markup by Subcontractors on their work shall not exceed ten percent (10%). Contractor's markup on Subcontractor's work shall not exceed five percent (5%).

- c) If the DISTRICT elects to have the Change in the Work performed on a lump sum basis, such election shall be based on a lump sum proposal which shall be submitted by the Contractor within ten (10) calendar days of the DISTRICT's request therefor. Request for a lump sum proposal shall not be deemed an election to have the Work performed on a lump sum basis. The Contractor's proposal shall be itemized and segregated by labor and materials for the various components of the change (no aggregate labor total will be acceptable) and shall be accompanied by signed proposals of any Subcontractors which will perform any portion of the change, and of any persons who will furnish materials or equipment for incorporation therein. The proposal shall also include the Contractor's estimate of the time required to perform said changes or additional work.

The portion of the proposal relating to labor, whether by the Contractor's forces or the forces of any of its Subcontractors, may include reasonably anticipated gross wages of Job Site labor, including foremen, who will be directly involved in the Change in the Work (for such time as they will be so involved), plus payroll costs (including premium costs of overtime labor, if overtime is anticipated, social security, Federal or State unemployment insurance taxes and fringe benefits required by collective bargaining agreements entered into by the Contractor or any such Subcontractor in connection with such labor) and up to fifteen percent (15%) of such anticipated gross wages, but not payroll costs, as overhead and profit for the Contractor or any such Subcontractor, as applicable (such overhead and profit to include all supervision except foremen.)

The portion of the proposal relating to materials may include the reasonably anticipated direct costs to the Contractor or to any of its Subcontractors of materials to be purchased for incorporation in the Change in the Work, plus transportation and applicable sales or use taxes and up to fifteen percent (15%) of said direct material costs as overhead and profit for the Contractor or any such Subcontractor (such overhead and profit to include all small tools), and may further include the Contractor's and any of its Subcontractors' reasonably anticipated rental costs in connection with the Change in the Work (either actual rates or discounted local published rates), plus up to five percent (5%) thereof as overhead and profit for the Contractor or any such Subcontractors, as applicable. If any of the items included in the lump sum proposal are covered by unit prices contained in the Contract Document, the DISTRICT may, if it requires the Change in the Work to be performed on a lump sum basis, elect to use these unit prices in lieu of the similar items included in the lump sum proposal in which event and appropriate deduction will be made in lump sum amount prior to the application of any allowed overhead and profit percentages. No overhead and profit shall be applied to any unit prices.

The lump sum proposal may include up to five percent (5%) of the amount which the Contractor will pay to any of its Subcontractors for the Change in the Work as a commission to the Contractor.

- d) In the event that the Contractor fails to submit its proposal within the designated period, the Engineer may direct the Contractor to proceed with the Change or Addition to the Work and the Contractor shall so proceed. The Engineer shall determine the reasonable costs and time to perform the Work in question, which determination when approved by DISTRICT shall be final and binding upon the Contractor.

- e) In the event that the parties are unable to agree as to the reasonable costs and time to perform the change in or addition to the Work based upon the Contractor's proposal and the Engineer and DISTRICT do not elect to have the change in the Work performed on a time and material basis, the Engineer and DISTRICT shall make a determination of the reasonable cost and time to perform the Change in the Work, based upon their own estimates, the Contractor's submission or combination thereof. A Change Order shall be issued for the amount of costs and time determined by the Engineer and the DISTRICT and shall become binding upon the Contractor unless the Contractor submits its protest in writing to the DISTRICT within thirty (30) calendar days of the issuance of the Change Order. The DISTRICT has the right to direct the Contractor in writing to perform the Change in the Work which is the subject of the Change Order. Failure of the parties to reach agreement regarding the costs and time of the performing the Change in the Work and/or any pending protest shall not relieve the Contractor from performing the Change in the Work promptly and expeditiously.
- f) If the DISTRICT elects to have the Change in the Work performed on a time and material basis, the same shall be performed, whether by the Contractor's forces or the forces of any of its Subcontractors or Sub-subcontractors, at actual costs to the entity or entities performing the Change in the Work (without any charge for administration, clerical expense, supervision or superintendence of any nature whatsoever, including foremen, or the costs, use or rental of tools or plant), plus ten percent (10%) thereof as the total overhead and profit to the entity or entities actually performing the change (except that this ten percent (10%) shall not be applied against any payroll costs, defined herein with respect to lump sum proposals). If the entity or entities actually performing the work are Subcontractors or Sub-subcontractors, the Contractor shall be allowed ten percent (10%) of the total charge of the performing entity or entities (including mark-up) as Contractor's mark-up. No other mark-ups shall be allowed hereunder. The Contractor shall submit to the DISTRICT daily work and material tickets, to include the identification number assigned to the Change in the Work, the location and description of the Change in the Work, the classification of labor employed (and names and social security numbers), the material used, the equipment rented (not tools) and such other evidence of cost as the DISTRICT may require. The DISTRICT may require authentication of all time and material tickets and invoices by persons designated by the DISTRICT for such purpose. The failure of the Contractor to secure any required authentication shall, if the DISTRICT elects to treat it as such, constitute a waiver by the Contractor of any claim for the cost of that portion of the Change in the Work covered by a non-authenticated ticket or invoice; provided, however, that the authentication of any such ticket or invoice by the DISTRICT shall not constitute an acknowledgment by the DISTRICT that the items thereon were reasonably required for the Change in the Work.
- g) No overhead and profit will be paid by the DISTRICT on account of a Change in the Work except as specifically provided in this Section B-4. Overhead and Profit, as allowed under this paragraph, shall be deemed to include all costs and expenses which the Contractor or any of its Subcontractors may incur in the performance of the Change in the Work and which are not otherwise specifically recoverable by them pursuant to this paragraph.
- h) The Contractor shall not be entitled to any amount for indirect costs, damages or expenses of any nature, including, but not limited to, so-called "impact" costs, labor inefficiency, wage, material or other escalations beyond the prices upon which the proposal is based and to which the parties have agreed pursuant to the provisions of this section, and which the Contractor, its Subcontractors and Sub-subcontractors or any other person may incur as a result of delays, interferences, suspensions, changes in sequence or the like, for whatever cause, whether reasonable or unreasonable, foreseeable or unforeseeable, or avoidable or unavoidable, arising from the performance of any and all Changes in the Work performed pursuant to this section. It is understood and agreed that the Contractor's sole and exclusive remedy in such event shall be recovery of its direct costs as compensable hereunder and an extension of the time of the Contract, but only in accordance with the provisions of the Contract Documents.

The Contractor agrees that it shall not be entitled to claim damages for anticipated profits on any portion of work that may be deleted. The amount of any adjustment for work deleted shall be

estimated at the time deletion of work is ordered and the estimated adjustment will be deducted for the subsequent monthly pay estimates.

The DISTRICT reserves the right to contract with any person or firm other than the Contractor for any or all extra work. The District shall notify Contractor in advance of the exercise of such right so that Contractor can notify the District of any potential impacts to the warranties and schedule with respect to the Work. Any other persons or firms contracted by the District shall follow all job site work and safety rules established by the Contractor and shall coordinate work with the Contractor such that any impacts to warranties or timelines related to the Contractor's work are minimized. Any delays of the Work caused by such other persons or firms may give rise to a claim for an Excusable Delay hereunder and a requested Change Order, if approved.

- i) Under no circumstances will the Contractor be compensated beyond the total project cost (not-to-exceed amount) set forth in Section 4A of the Agreement, as the same may be modified in accordance with the Specifications, or in a manner that would conflict with the underlying requirements of this Energy Services Contract and Government Code 4217.

B-5 Unilateral Change in or Addition to the Work

Notwithstanding the above, the DISTRICT, directly or through the Engineer, may direct the Contractor in writing to perform changes in or additions to the scope of the Contract. The Contractor shall perform such work and the parties shall negotiate the terms of the Change Order and proceed pursuant to the provisions of Section B-4.

B-6 Differing Site Conditions

The Contractor shall promptly, and before the following conditions are disturbed, notify the DISTRICT in writing of any:

- a) Material that the Contractor believes may be hazardous, as defined in Section 25117 of the Health and Safety Code; or
- b) Subsurface or latent physical conditions at the site differing from those indicated in the Contract Documents; or
- c) Unknown conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the Contract Documents.

The Engineer shall thereupon promptly investigate the conditions. If the Engineer finds that they do involve hazardous material or waste or do materially differ and cause any decrease or increase in the Contractor's cost or time of performance, it will issue a Change Order as appropriate. Any increase or decrease in the cost of the Work or the time for performance shall be adjusted in the manner provided herein for adjustments as to extra and/or additional work and changes. The procedures applicable to claims per extra costs shall then apply.

In accordance with 36 CFR Part 800, in the event a potential historic property or cultural resource is discovered during construction activities, the Contractor must cease work in the vicinity of the discovery and take all reasonable measures to avoid or minimize harm to the discovered property/resource. Construction activities in the area of the discovery shall not resume until the DISTRICT concludes consultation with the State Historic Preservation Officer (SHPO) for treatment of the discovery.

B-7 Claims for Extra Costs

- a) The Plans for Work show the conditions as they are supposed or believed by the Engineer to exist, but it is neither intended nor to be inferred that the conditions as shown thereon constitute a representation by the DISTRICT or its officers that such conditions are universally existent nor shall the DISTRICT or any of its officers or representatives be liable for any loss sustained by the Contractor as a result of any variance between conditions as shown on the Plans and alternate

conditions revealed during the progress of the Work, or otherwise. The District acknowledges and agrees that Contractor's performance of the Work and installation of the included equipment is subject to a change order request if Contractor discovers unforeseen conditions at the property that render its preliminary analysis of the property inaccurate, or significantly affect Contractor's anticipated economic benefit or the Savings Guarantee. Should Contractor encounter subsurface or latent physical conditions at the site which differ materially from those indicated in the Scope of Work or from those ordinarily encountered and generally recognized as inherent in work of the character provided for in this Agreement, Contractor shall give written notice to the District before any such condition is disturbed or further disturbed. The District will promptly investigate and, if it is determined that the conditions materially differ from those which Contractor should reasonably have been expected to discover or anticipate, the Parties shall agree upon a change in the Scope of Work, the Parties shall negotiate an equitable adjustment to Contractor's cost and/or time for performance, as the case may be and a Change Order shall be issued and executed by the District to reflect such adjustment(s).

- b) The DISTRICT assumes no responsibility for any representations made by any of its officers or agents during or prior to the execution of the Contract Documents, unless (1) such representations are expressly stated in the Contract Documents, and (2) the Contract Documents expressly provide that the responsibility therefor is assumed by the DISTRICT.
- c) It is hereby mutually agreed that the Contractor shall not be entitled to the payment of any additional compensation for any cause, including any act, or failure to act, by the Engineer or the DISTRICT, or the happening of any event, thing or occurrence, unless the Contractor shall have given the Engineer due written notice of potential claims as hereinafter specified.
- d) The written notice of potential claims shall set forth the reasons for which the Contractor believes additional compensation will or may be due, the nature of the costs involved, and, insofar as possible, the amount of the potential claim. Except as provided in Section B-6, the notice as above required shall be given to the Engineer at least 48 hours prior to the time that the Contractor commences performance of the work giving rise to the potential claim for additional compensation. If such notice is not given, the Contractor shall be barred from making any such claim for extra compensation.
- e) The Contractor may submit a claim to the Engineer concerning any matter for which a protest under Section B-4 or a notice of potential claim is filed within sixty (60) calendar days following the submission of said protest or notice, unless, due to the nature of the claim or the uncompleted state of the work, it is impracticable to determine the amount or the extent of the claim within such period, in which case a claim may be submitted at the earliest time thereafter that such determination can be made, but in no event later than the final release by the Contractor provided for in Section B-71. The claims shall set forth clearly and in detail, for each item of additional compensation claimed, the reasons for the claim, reference to applicable provisions of the Specifications, the nature and the amount of the cost involved, the computations used in determining such costs, and all pertinent factual data. The Contractor shall maintain complete and accurate records of the cost or any portion of the Work for which additional compensation is claimed, and shall provide the Engineer with copies thereof, as required.
- f) The Engineer will, within a reasonable time but in all case in fewer than 60 days after submission of the Contractor's claim, make decisions in writing on all claims of the Contractor. All such decisions of the Engineer shall be final unless the Contractor shall within ten (10) calendar days after receipt of the Engineer's decision, file with the Engineer a written protest, stating clearly and in detail the basis thereof. Such protest will be forwarded promptly by the Engineer to the DISTRICT, which will issue a decision upon each such protest, and the parties shall proceed in accordance with the provisions for Resolution of Claims set forth in Addendum Number 1 to the Agreement if Contractor disputes the DISTRICT'S decision. Pending such decision, the Contractor shall proceed with its work in accordance with the determination or instructions of the Engineer. It is hereby agreed that the Contractor's failure to protest the Engineer's determination or instructions, within ten (10) calendar days from and after the Engineer's determinations or instructions, shall constitute a waiver by the Contractor of all its rights to further protest, judicial or

otherwise with respect to the claim in question.

- g) It is the intention of this Section that the differences between the parties, arising under and by virtue of the Contract, be brought to the attention of the Engineer at the earliest possible time in order that such matters may be settled, if possible or other appropriate action promptly taken. The Contractor hereby agrees that it shall have no right to additional compensation for any claim that may be based on any act, failure to act, event, thing or occurrence for which no written notice of potential claim as herein required was timely filed.
- h) In the event of an emergency endangering life or property, the Contractor shall act as stated in Section B-62 herein, and after execution of the emergency work shall present an accounting of labor, materials and equipment in connection therewith. The procedure for any payment that may be due for emergency work will be as specified in Section B-4 herein.

B-8 Disputes

Except as otherwise specifically provided in the Contract Documents, the Engineer will initially decide all claims of the Contractor and all disputes arising under and by virtue of the Contract. Such claim or dispute will be processed and decided by the Engineer as soon as practicable after its submission and the submission or availability of any additional information necessary to its decision. If the Contractor is dissatisfied with the Engineer's decision, the Contractor may, within 15 calendar days from the date of the Engineer's decision, follow the procedures set forth in Section B-55. If the Contractor fails to follow the procedures set forth in Section B-55 within the 15 calendar day period, then the Engineer's decision shall be final, conclusive, and binding on the Contractor.

B-9 Guarantee

- a) Contractor's warranty obligations are recited in Section 6B of the Agreement. In the event of failure to comply with the warranty provisions set forth in Section 6B of the Agreement within a reasonable time, the DISTRICT is authorized to have the defect repaired and made good at the expense of the Contractor who will pay the DISTRICT's reasonable, out of pocket costs and charges therefor within 30 days following receipt of an invoice therefor, including any reasonable engineering, legal and other consultant fees incurred to enforce this section.
- b) The signing of the Contract by the Contractor shall constitute execution of the above guarantees. Except as otherwise provided in the Contract Documents, the guarantees and warranties shall remain in effect through, without limitation, the one-year maintenance warranty period specified in the Performance Bond.

ARTICLE II. CONTROL OF WORK

B-10 Authority of the Engineer

- a) The Engineer is the representative of the DISTRICT and has full authority to interpret the Contract Documents, to conduct the construction review and inspection of the Contractor's performance, and to decide questions which arise during the course of the work and its decisions on these matters shall be final and conclusive. The Engineer has the authority to reject all work and materials which do not conform to the Contract Documents, and has the authority to stop the work whenever such stoppage may be necessary to ensure the proper execution of the Contract.
- b) The Engineer shall have the authority to make minor changes in the Work, not involving extra costs, and not inconsistent with the purposes of the Work.
- c) Any order given by the Engineer, not otherwise required by the Contract Documents to be in writing shall, on request of the Contractor, be given or confirmed by the Engineer in writing.
- d) Whenever work or any other matters are made subject to direction or approval, such direction or approval will be given by the Engineer.

- e) The Engineer shall not be responsible for the construction means, controls techniques, sequences procedures or construction safety.
- f) It is expressly agreed and understood that GHD Inc. will have no liability whatsoever resulting from the obligations entered into under the Contract except as provided in any scope of work agreement between GHD Inc. and the DISTRICT; that the DISTRICT must look solely to the Contractor for the furnishing of the Work; that the Contractor must look solely to the DISTRICT for payment; and that the DISTRICT and the Contractor must look solely to each other for the enforcement of any claims or liabilities arising under or by reason of the Contract.

B-11 Drawings

- a) Drawings furnished herewith are for bidding purposes. The Engineer will furnish the Contractor additional copies of the Contract Documents and full-size plans. Additional copies may be obtained by paying the actual cost of reproduction. The Contractor shall have no claim for excusable delay on account of the failure of the Engineer to deliver such drawings unless the Engineer shall have failed to deliver the same within fourteen (14) calendar days after receipt of written demand therefor from the Contractor. The Contractor shall keep one copy of said drawings, in good order, available to the Engineer and its representatives, and convenient to the working site. The Contractor shall maintain on the job site and make available to the Engineer on request, one current full-sized marked-up set of design drawings which accurately indicate all variations in the completed work that differ from the design information shown on the Plans. If the Contractor, in the course of the Work, finds any discrepancy between the Drawings and the physical condition of the locality, or any errors or omissions in the Drawings, or in the layout as given by points and instructions, it shall be the Contractor's duty to inform the Engineer in writing, and the Engineer will promptly verify the same. Any work done after such discovery, until authorized, will be done at the Contractor's risk. All Drawings, Specifications, and copies thereof furnished by the Engineer are the property of the Engineer and shall not be reused on other work and, with the exception of the signed Contract sets, are to be returned to the Engineer, on request, at the completion of the Work. All models are the property of the DISTRICT. The Contractor may be furnished additional instructions and detail drawings by the Engineer as necessary to carry out the work required by the Contract Documents.

The additional drawings and instructions thus supplied, will become part of the Contract Documents. The Contractor shall carry out the Work in accordance with the additional detail drawings and instructions.

- b) The Drawings shall be supplemented by such shop drawings prepared by the Contractor as are necessary to adequately control the Work. No changes shall be made by the Contractor in any shop drawings after they have been reviewed by the Engineer.
- c) Shop Drawings for any structure shall include, but not be limited to: stress sheets, anchor bolt layouts, shop details, and erection plans, which shall be reviewed and accepted by the Engineer before any such work is performed.
- d) Contractor agrees that shop drawings processed by the Engineer are not Contract Change Orders; that the purpose of shop drawings submitted by the Contractor is to demonstrate to the Engineer that the Contractor understands the design concept, that it demonstrates its understanding by indicating which equipment and material it intends to furnish and by detailing the fabrication methods it intends to use.
- e) It is expressly understood, however, that favorable review of the Contractor's shop drawings shall not relieve the Contractor of any responsibility for accuracy of dimensions and details, or for mutual agreements of dimensions and details. It is mutually agreed that the Contractor shall be responsible for agreement and conformity of its shop drawings with the Specifications. Contractor further agrees that if deviations, discrepancies or conflicts between shop drawings and Specifications are discovered either prior to or after shop drawings are processed by the Engineer, the Specifications shall control and shall be followed.

- f) Unless otherwise stated, the Engineer shall have ten (10) business days from the date of receipt of shop drawings for review. If the Engineer fails to respond to any such submission within such 10-business day period, Contractor shall be entitled to a Change Order (if timely requested by Contractor, in writing, within five (5) business days of the delay attributable to Engineer) and the Progress Schedule shall be extended on a day-for-day basis until such submission is approved.
- g) Full compensation for furnishing all shop drawings shall be considered as included in the prices paid for the Contract items of Work to which such drawings relate and no additional compensation will be allowed therefor. Any cost related to the Engineer's review of any particular set of shop drawings more than twice, due to incompleteness or unacceptability, shall be borne by the Contractor, and the DISTRICT reserves the right to withhold such costs from payments due the Contractor.
- h) When submitted for the Engineer's review, Shop Drawings shall bear the Contractor's certification that he has reviewed, checked and approved the Shop Drawings and that they are in conformance with the requirements of the Contract Documents.
- i) That portion of the Work requiring a shop drawing or sample submission shall not begin until the shop drawing or submission has been approved by the Engineer. A copy of each approved shop drawing and each approved sample shall be kept in good order by the Contractor at the site and shall be available to the Engineer.
- j) Acceptance by the Engineer of any drawing, method of work, or any information regarding materials and equipment the Contractor proposes to furnish shall not relieve the Contractor of his responsibility for any errors therein and shall not be regarded as an assumption of risks or liability by the Engineer or DISTRICT, or any officer or employee thereof, and the Contractor shall have no claim under the Contract on account of the failure or partial failure or inefficiency or insufficiency of any plan or method or work or material and equipment so accepted. Such acceptance shall be considered to mean merely that the Engineer has no objection to the Contractor using, upon his own full responsibility, the plan or method of work proposed, or furnishing the materials and equipment proposed.

B-12 Construction Staking and Surveys

The Contractor shall furnish land surveys deemed necessary for locating the principal component parts of the Work.

B-13 Permits and Regulations

Permits, licenses, and easements of a temporary or permanent nature, necessary for the prosecution of the Work shall be secured and paid for by the Contractor, except as noted in Section B-32, and herein.

The Contractor shall give all notices and comply with all laws, ordinances, rules and regulations bearing on the conduct of the Work. The Contractor shall promptly notify the Engineer in writing of any specification at variance therewith and any necessary changes shall be adjusted as provided in the Contract for Changes in the Work. If the Contractor performs any work knowing it to be contrary to such laws, ordinances, rules, and regulations and without such notice to the Engineer, it shall bear all costs arising therefrom.

B-14 Conformity with Contract Documents and Allowable Deviations

Work and materials shall conform to the lines, grades, cross sections, dimensions and material requirements, including tolerances, shown on Contract Documents. Although measurement, sampling, and testing may be considered evidence as to such conformity, the Engineer shall be the sole judge as to whether the work or materials deviate from the Specifications and Plans, and its decision as to any allowable deviations therefrom shall be final and conclusive.

Whenever a material, article or piece of equipment is identified on the Drawings or Specifications by reference to brand name or catalogue number, it shall be understood that this is referenced for the purpose of defining the performance or other salient requirements and that other products of equal capacities, quality and function shall be considered as described in Section B-28. The Contractor may recommend the substitution of a material, article, or piece of equipment of equal substance and function for those referred to in the Contract Documents by reference to brand name or catalogue number, and if, in the opinion of the Engineer, such material, article, or piece of equipment is of equal substance and function to that specified, the Engineer may approve its substitution and use by the Contractor. Any cost differential shall be deductible from the Contract Price and the Contract Documents shall be appropriately modified by Change Order. The Contractor warrants that if substitutions are approved, no major changes in the function or general design of the Project will result. Incidental changes or extra component parts required to accommodate the substitution will be made by the Contractor without a change in the Contract Price or Contract Time.

B-15 Coordination and Interpretation of Contract Documents

- a) The Contract Documents are complementary and, subject to the order of precedence set forth above, a requirement occurring in one is as binding as though occurring in all.
- b) In the event of conflict between the Plans and the Technical Specifications, the Technical Specifications shall govern, except that, where items are shown on the Plans and are not specifically included in the Technical Specifications, the Plans shall govern.
- c) Should it appear that the work to be done or any of the matters relative thereto are not sufficiently detailed or explained in the Specifications or Plans, the Contractor shall apply to the Engineer for such further explanations as may be necessary and shall conform to them as part of the Contract. In the event of any doubt or question arising respecting the true meaning of the Specifications and Plans, reference shall be made to the Engineer, whose decision thereon shall be final and conclusive.
- d) In the event of any discrepancy between any plans and the figures written thereon, the figures shall be taken as correct. Detailed drawings shall prevail over general drawings.
- e) Any reference made in these Specifications or on the plans to any Specification, standard, method, or publication of any scientific or technical society or other organization shall, in the absence of a specific designation to the contrary, be understood to refer to the Specification, standard, method, or publication in effect as of the date that the Work is advertised for Bids.

B-16 Subcontracts

- a) In accordance with 2 CFR Section 200.213, the Contractors must not make any award or permit any award (subgrant or contract) at any tier to any party which is debarred or suspended or is otherwise excluded from or ineligible for participation in Federal assistance programs under Executive Order 12549, "Debarment and Suspension."
- b) The attention of the Contractor is directed to the provisions of Public Contract Code sections 4100-4113, regarding subcontracting and said provisions are by this reference incorporated herein and made a part hereof.
- c) Each Subcontract shall contain a suitable provision for the suspension or termination thereof should the Work be suspended or terminated or should the Subcontractor neglect or fail to conform to every provision of the Contract Documents insofar as such provisions are relevant. No Subcontractor or supplier will be recognized as such, and all persons engaged in work will be considered as employees of the Contractor, and the Contractor will be held responsible for their work, which shall be subject to the provisions of the Contract Documents. The Contractor shall be fully responsible to the DISTRICT for the acts or omissions of its Subcontractors and of the persons either directly or indirectly employed by him. Nothing contained in the Contract Documents shall create any contractual relationship between any Subcontractor and the DISTRICT. If a legal action, including arbitration and litigation, against the DISTRICT is initiated by

a Subcontractor or Supplier, the Contractor shall reimburse the DISTRICT for the amount of legal, engineering and all other expenses incurred by the DISTRICT in defending itself in said action.

- d) The DISTRICT and the Engineer reserve the right to approve all Subcontractors. Such approval shall be a consideration to the awarding of the Contract and unless notification to the contrary is given to the Contractor prior to the signing of the Contract, the list of Subcontractors which is submitted with its proposal will be deemed to be acceptable.

B-17 Cooperation of Contractors

- a) Should construction be under way by other forces or by other contractors within or adjacent to the limits of the work specified or should work of any other nature be under way by other forces within or adjacent to said limits, the Contractor shall cooperate with all such other contractors or other forces to the end that any delay or hindrance to their work will be avoided. The right is reserved to perform other or additional work at or near the site (including material sources) at any time, by the use of other forces.
- b) When two or more contractors are employed on related or adjacent work, each shall conduct its operation in such a manner as not to cause any unnecessary delay or hindrance to the other. Each contractor shall be responsible to the other for all damage to work, to persons or property caused to the other by its operations, and for loss caused the other due to its unnecessary delays or failure to finish the Work within the time specified for completion.

B-18 Superintendence

- a) The Contractor shall designate in writing before starting work one or more individuals as authorized representatives who shall have the authority to represent and act for the Contractor. An authorized representative shall be present at the site of the work at all times while work is actually in progress on the Contract. When work is not in progress and during periods when work is suspended, arrangements acceptable to the Engineer shall be made for any emergency work which may be required.
- b) The Contractor is solely responsible, at all times, for the superintendence of the Work and for its safety and progress.
- c) Whenever the Contractor or its authorized representative is not present on any particular part of the Work where it may be desired to give direction, orders will be given by the Engineer, which shall be received and obeyed by the superintendent or foreman who may have charge of the particular work in reference to which the orders are given, except that the foregoing shall not replace or modify any requirement contained herein regarding changes, amendments, modifications, or notices required by the terms of the Contract Documents to be provided by DISTRICT to the Contractor in writing and/or with mutual execution.
- d) Any order given by the Engineer, not otherwise required by the Specifications to be in writing, will on request of the Contractor, be given or confirmed by the Engineer in writing.

B-19 Inspection of Work

- a) Unless otherwise provided, all equipment, materials, and work shall be subject to inspection and testing by the Engineer. The Engineer will observe the progress and quality of the Work and determine, in general, if the Work is proceeding in accordance with the intent of the Contract Documents. The Engineer shall not be required to make comprehensive or continuous inspections to check the quality of the Work, and it shall not be responsible for construction means, methods, techniques, sequences, or procedures, or for safety precautions and programs in connection with the Work. Visits and observations made by the Engineer shall not relieve the Contractor of its obligation to conduct comprehensive inspections of the Work and to furnish proper materials, labor, equipment and tools, and perform acceptable work, and to provide adequate safety precautions, in conformance with the intent of the Contract.

- b) Whenever the Contractor varies the period during which work is carried on each day, it shall give due notice to the Engineer so that proper inspection may be provided. Any work done in the absence of the Engineer shall be subject to rejection. Proper facilities for safe access for inspection to all parts of the Work shall at all times be maintained for the necessary use of the Engineer and other agents of the DISTRICT, and agents of the Federal, State, or Local governments at all reasonable hours for inspection by such agencies to ascertain compliance with laws and regulations.
- c) One or more inspectors may be assigned to observe the Work and to act in matters of construction under this Contract. It is understood that inspectors shall have the power to issue instructions and make decisions within the limitations of the authority of the Engineer. Such inspection shall not relieve the Contractor of its obligation to conduct comprehensive inspections of the work, to furnish proper materials, labor, equipment and tools, and perform acceptable work, and to provide adequate safety precautions in conformance with the intent of the Contract.
- d) The Engineer and its representatives and the DISTRICT and its representatives shall at all times have access to the Work wherever it is in preparation or progress, and the Contractor shall provide safe and convenient facilities for such access and for inspection. If the Specifications, the Engineer's instructions, laws, ordinances, or any public authority require any material, equipment or work to be specifically tested or approved, the Contractor shall give the Engineer timely notice of its readiness for inspection, and if the inspection is by an authority other than the DISTRICT, of the time fixed for inspection. Inspections by the Engineer will be made promptly and, where practicable, at the source of supply.
- e) Work performed without inspection may be required to be removed and replaced under proper inspection and the entire cost of removal and replacing, including the cost of DISTRICT-furnished materials used in the Work, shall be borne by the Contractor, regardless of whether or not the Work exposed is found to be defective, unless Contractor gave reasonable prior notice of the readiness of such Work for inspection and the Engineer did not appear at the appointed time. Examination of questioned work, other than that installed without inspection, may be ordered by the Engineer and, if so ordered, the work must be uncovered by Contractor. If such work is found to be in accordance with the Contract Documents, the DISTRICT will pay the cost of re-examination and replacement. If such work is found to be not in accordance with the Contract Documents, the Contractor shall pay such cost unless it can show that the defect in the work was caused by another Contractor, and in that event the DISTRICT will pay such costs.
- f) The inspection of the Work shall not relieve the Contractor of its obligation to fulfill the Contract as herein prescribed, or in any way alter the standard of performance provided by the Contractor, and defective work shall be made good and unusable materials may be rejected, notwithstanding that such work and materials have been previously overlooked by the Engineer and accepted or estimated for payment. If the Work or any part thereof shall be found defective, Contractor shall, within ten (10) calendar days, make good such defect in a manner satisfactory to the Engineer. If the Contractor shall fail or neglect to make ordered repairs of defective work or to remove the condemned materials from the Work within ten (10) calendar days after direction by the Engineer in writing, the DISTRICT may make the ordered repairs, or remove the condemned materials, and deduct the cost thereof from any monies due the Contractor.
- g) The Contractor shall furnish promptly without additional charge all facilities, labor and materials reasonably needed by the Engineer for performing all inspection and tests. Contractor shall be charged with any additional cost of inspection when material and workmanship are not ready at the time specified by the Contractor for its inspection.
- h) Where any part of the Work is being done under an encroachment permit or building permit, or is subject to Federal, State, County or City codes, laws, ordinances, rules or regulations, representatives of the government agency shall have full access to the Work and shall be allowed to make any inspection or tests in accordance with such permits, codes, laws, ordinances, rules, or regulations. If advance notice of the readiness of the Work for inspection by the governing agency is required, the Contractor shall furnish such notice to the appropriate agency.

- i) The Engineer may inspect production of the material, or the manufacture of products at the source of supply. Plant inspection, however, will not be undertaken until the Engineer is assured of the cooperation and assistance of both the Contractor and the material producer. The Engineer or its authorized representative shall have free entry at all times to such parts of the plant as concerns the manufacture or production of the materials. Adequate facilities shall be furnished free of charge to make the necessary inspection. The DISTRICT assumes no obligation to inspect materials at the source of supply.
- j) Forty-eight (48) hours prior to work being accomplished, the Contractor will notify the Engineer of the proposed working hours to accomplish the work for that day. Overtime and shift work may be established as a regular procedure by the Contract and with the written permission of the Engineer. Such permission may be revoked at any time. No work other than overtime and shift work established as a regular procedure shall be done between the hours of 7 p.m. and 7 a.m., nor on Sundays or legal holidays, except as identified below for tunneling activities, or for such work as is necessary for the proper care and protection of the work already performed, or in case of an emergency.

All costs for the overtime inspection, including those occurring as a result of overtime and shift work established as a regular procedure, shall be paid for by the Contractor. Overtime inspection shall include inspection required during holidays, Saturdays, Sundays, and any weekday between the hours of 6 p.m. and 7 a.m. Such costs will include, but will not necessarily be limited to, engineering, inspection, general supervision and other expenses which are directly chargeable to the overtime work. All such charges shall be deducted by the DISTRICT from payment due the Contractor.

- k) A prefinal inspection of the Work will be made by the DISTRICT and the Engineer. This inspection shall be made as soon as practical after Contractor has notified the DISTRICT in writing that the Work is ready for this inspection. The prefinal inspection shall be made prior to acceptance of any portion of the Work as being substantially complete and prior to filing the Notice of Completion.

A final inspection of all the Work will be made by the DISTRICT, Engineer, and Contractor.

B-20 Tests

The DISTRICT shall perform or witness all tests specified or required by the Technical Specifications. The responsibility for payment for these tests is also outlined in the Technical Specifications. In general, and unless explicitly stated otherwise, the Contractor is responsible for the performance of all test required, and the payment for such tests is to be included in the Bid Item to which it relates. No additional payment will be made for the required testing. The Engineer will direct the Contractor to perform such tests as it deems necessary to determine the quality of work or compliance with Contract Documents. The Contractor shall furnish promptly without additional charge all facilities, labor, and material reasonably required for performing safe and convenient tests as may be required by the Engineer. The Contractor shall not be required to reimburse the DISTRICT for tests performed by the DISTRICT or Engineer above and beyond those outlined in the plans or specifications. If samples of materials are submitted which fail to pass the specified tests, the Contractor shall pay for all subsequent tests.

B-21 Removal of Rejected and Unauthorized Work and Materials

- a) All work or materials which have been rejected shall be remedied, or removed and replaced by the Contractor in an acceptable manner and no compensation will be allowed it for such removal, replacement, or remedial work.
- b) Any work done beyond the lines and grades shown on the plans or established by the Engineer or any extra work done without written authority will be considered as unauthorized work and will not be paid for. Upon order of the Engineer, unauthorized work shall be remedied, removed, or replaced at the Contractor's expense.

- c) Upon failure of the Contractor to comply with any order of the Engineer made under this Section, within a reasonable time after receipt of such order, given the circumstances, the DISTRICT may cause rejected or unauthorized work to be remedied, removed or replaced, and may deduct the costs therefor from any monies due or to become due the Contractor.

B-22 Intentionally Omitted

B-23 Equipment and Plants

- a) If equipment is acquired by the contractor under this project and paid for by the DISTRICT, the use and disposition of the equipment shall be in compliance with 2 CFR Section 200.313.
- b) Only equipment and plants suitable to produce the quality of work and materials required will be permitted to operate on the project.
- c) Plants will be designed and constructed in accordance with general practice for such equipment and shall be of sufficient capacity to insure the production of sufficient material to carry the Work to completion within the time limit.
- d) The Contractor shall provide adequate and suitable equipment and plants to meet the above requirements, and when ordered by the Engineer, shall remove unsuitable equipment from the Work and discontinue the operation of unsatisfactory plants.
- e) The Contractor shall identify each piece of its equipment, other than hand tools, by means of an identifying number plainly stenciled or stamped on the equipment at a conspicuous location, and shall furnish to the Engineer a list giving the description of each piece of equipment and its identifying number. In addition, the make, model number and empty gross weight of each unit of compacting equipment shall be plainly stamped or stenciled in a conspicuous place on the unit. The gross weight shall be either the manufacturer's rated weight or the scale weight.
- f) In the case of termination of this Contract before completion from any cause whatever, the Contractor, if notified to do so by the DISTRICT, shall promptly remove any part or all of its equipment and supplies from the property of the DISTRICT. If the Contractor fails to do so, the DISTRICT shall have the right to remove such equipment and supplies at the expense of the Contractor.

B-24 Character of Worker

The Contractor shall employ only competent Subcontractors or skillful workers to do the work. If any Subcontractor, or person employed by the Contractor or any Subcontractor shall fail or refuse to carry out the directions of the DISTRICT or its agents or shall appear to the DISTRICT or its agents to be incompetent or to act in a disorderly or improper manner, it shall be removed from the project Work immediately on the requisition of the DISTRICT or its agents, and such person shall not again be employed on the Work. Such discharge shall not be the basis for any claim for compensation or damages against the DISTRICT, or any of its officers or agents.

B-25 Separate Contracts

The DISTRICT reserves the right to let other contracts in connection with this work. The Contractor shall afford other contractors reasonable opportunity for the introduction and storage of their materials and the execution of their work, and shall properly connect and coordinate its work with the other contractor's work. Any increase in the cost of the Project or delays in Project completion caused by or arising from such other contracts with other contractors shall be the basis of a Change Order upon timely submission of a written Change Order request by Contractor.

If any part of the Contractor's work depends for proper execution or results upon the work of any other contractor, the Contractor shall inspect and promptly report to the Engineer any defects in such work that

render it unsuitable for such proper execution and results. The Contractor's failure to inspect and report shall constitute an acceptance of the other contractor's work as fit and proper for the reception of its work, except as to defects which may develop in the other contractor's work after the execution of its work.

To ensure the proper execution of its subsequent work, the Contractor shall measure work already in place and shall at once report to the Engineer any discrepancy between the executed work and the Drawings.

The DISTRICT may perform additional Work related to the Project itself, or it may let other contracts containing provisions similar to these. The Contractor will afford the other contractors who are parties to such contracts (or the DISTRICT, if the DISTRICT is performing the additional Work itself), reasonable opportunity for the introduction and storage of materials and equipment and the execution of Work and shall properly connect and coordinate his Work with theirs.

If the performance of additional Work by other contractors or the DISTRICT is not noted in the Contract Documents prior to the execution of the Contract, written notice thereof shall be given to the Contractor prior to starting any such additional Work. If the Contractor believes that the performance of such additional Work by the DISTRICT or others involves him in additional expense or entitles him to an extension of the Contract Time, he may make a claim therefore as provided in Section B-7 of this Contract.

B-26 Materials, Services and Facilities

- a) Unless otherwise specifically stated in the Contract Documents, the Contractor shall furnish all materials, labor, tools, equipment, water, light, power, transportation, supervision, temporary construction of any nature on all of the facilities necessary for the execution and completion of the Work. Unless otherwise specified, all materials shall be new and shall be manufactured, handled, and installed in a workmanlike manner to ensure completion of the Work in accordance with the Contract Documents. The Contractor shall, upon request of the Engineer, furnish satisfactory evidence as to the kind and quality of materials.
- b) Where materials are to be furnished by the DISTRICT, the type, size, quantity and location at which they are available will be stated in the Contract Documents.
- c) Manufacturers' warranties, guarantees, instruction sheets and parts listed, which are furnished with certain articles or materials incorporated in the Work, shall be delivered to the Engineer before acceptance of the Contract.
- d) Manufactured articles, materials and equipment shall be applied, installed, connected, erected, used, cleaned and conditioned as directed by the manufacturer.
- e) Materials, supplies and equipment shall be in accordance with samples submitted by the Contractor and approved by the Engineer.
- f) Materials, supplies or equipment to be incorporated into the Work shall not be purchased by the Contractor or the Subcontractor subject to a chattel mortgage or under a conditional sale contract or other agreement by which an interest is retained by the seller.
- g) The completed Work shall include all necessary permanent safety devices, such as machinery guards and similar ordinary safety items required by the State and Federal (OSHA) industrial safety authorities and applicable local and national codes. Further, any features of the Work subject to such safety regulations shall be fabricated, furnished, and installed in compliance with these requirements. It is a requirement of this Contract that such equipment be manufactured or fabricated in such a manner as to be in conformance with all Federal, State, and local safety requirements. The Contractor shall notify all manufacturers, equipment suppliers, and Subcontractors of the provisions of this article.
- h) In approving equipment for installation in the project, the DISTRICT and Engineer assume no responsibility for injury or claims resulting from failure of the equipment to comply with applicable

National, State, and local safety codes or requirements, or the safety requirements of a recognized agency, or failure due to faulty design concepts, or defective workmanship and materials.

- i) All materials incorporated into the job shall be new, especially purchased for the project unless otherwise specified or agreed in writing. Unless otherwise noted, any equipment offered shall be current modifications which have been in successful regular operation under comparable conditions for a period sufficient to determine the reliability of the product. This time requirement, however, does not apply to minor details nor to thoroughly demonstrated improvements in design or in materials of construction.
- j) Whenever the Contractor shall furnish materials or manufactured articles or shall do work for which no detailed specifications are set forth, the materials or manufactured articles shall be of the best grade in quality and workmanship obtainable in the market from firms of established good reputation, or, if not ordinarily carried in stock, shall conform to the usual standards of first-class materials or articles of the kind required with due consideration of the use to which they are to be put. In general, the work performed shall be in full conformity and harmony with the intent to secure the best standard of construction and equipment of the work as a whole or in part.
- k) If there is a residual inventory of unused supplies exceeding \$5,000 in total fair market value upon completion of the Project, and if the supplies are not needed for any other federally sponsored programs or projects, the Contractor shall notify the DISTRICT and provide unused supplies to the location and at the time arranged, for unloading and storage. The DISTRICT shall compensate the grant awarding agency for its share (2 CFR Section 200.314).

B-27 Storage of Materials

Materials shall be so stored as to ensure the preservation of their quality and fitness for the Work. When considered necessary, they shall be placed on wooden platforms or other hard, clean surfaces, and not on the ground, and they shall be placed under cover. Stored materials shall be located so as to facilitate prompt inspection. Private property shall not be used for storage purposes without the written permission of the owner or lessee.

Electrical equipment, devices, and motors shall be placed in dry and warm storage as approved by the Engineer.

All equipment and materials which are not to be painted (such as aluminum and stainless steel) and all factory finished or coated equipment and materials which are not to be painted, that are installed prior to completion of adjacent work, shall be completely covered and protected.

Articles or materials to be incorporated in the Work shall be stored in such a manner as to ensure the preservation of their quality and fitness for the Work, and to facilitate inspection.

B-28 Trade Names and Alternatives

For convenience in designation in the Specifications and Plans, certain articles or materials to be incorporated in the Work may be designated under a trade name or the name of a manufacturer and its catalog information. The use of an alternative article or material which is of equal quality and of the required characteristics for the purpose intended will be permitted, subject to the following requirements:

- a) The burden of proof as to the quality and suitability of alternatives shall be upon the Contractor and it shall furnish all information necessary as required by the Engineer. The Engineer shall be the sole judge as to the quality and suitability of alternative articles or materials and its decision shall be final.
- b) Whenever the Specifications and Plans permit the substitution of a similar or equivalent material or article, no tests or action relating to the approval of such substitute material or article will be made until the request for substitution is made in writing by the Contractor accompanied by complete data as to the equality of the material or article proposed. Such request by the Contractor must be made within thirty-five (35) calendar days after award of Contract.

B-29 Certificate of Compliance

- a) A Certificate of Compliance shall be furnished prior to the use of any materials for which the Technical Specifications require that such a certificate be furnished. In addition, when so authorized in the Specifications, the Engineer may permit the use of certain materials or assemblies prior to sampling and testing if accompanied by a Certificate of Compliance. The Certificate shall be signed by the manufacturer of the material or the manufacturer of assembled materials and shall state that the materials involved comply in all respects with the requirements of the Contract. A Certificate of Compliance shall be furnished with each lot of material delivered to the Work and the lot so certified shall be clearly identified in the Certificate.
- b) All materials used on the basis of a Certificate of Compliance may be sampled and tested at any time. The fact that material is used on the basis of a Certificate of Compliance shall not relieve the Contractor of responsibility for incorporating material in the Work which conforms to the requirements of the Contract Documents and any such material not conforming to such requirements will be subject to rejection whether in place or not.
- c) The DISTRICT reserves the right to refuse to permit the use of material on the basis of a Certificate of Compliance.
- d) The form of the Certificate of Compliance and its disposition shall be as directed by the Engineer.

B-30 Assignment

The Contractor shall not assign the Contract or sublet it as a whole or in part without the prior written consent of the DISTRICT, nor shall the Contractor assign any monies due, or to become due to it hereafter, without the prior written consent of the DISTRICT.

B-31 Use of Completed Portions, Right to Operate Unsatisfactory Equipment or Facilities

- a) The DISTRICT may, at any time, and from time to time, during the performance of the Work,

enter the work site for the purpose of installing any necessary work by the DISTRICT labor or other contracts, and for any other purpose in connection with the installation of facilities. In doing so, the DISTRICT or other contractor of the District shall comply with the Contractor's reasonable safety and security requirements and shall endeavor not to interfere with the Contractor and the Contractor shall not interfere with other work being done by or on behalf of the DISTRICT.

- b) If, prior to completion and final acceptance of all the Work, the DISTRICT takes possession of any structure or facility (whether completed or otherwise) comprising a portion of the Work with the intent to retain possession thereof (as distinguished from temporary possession contemplating the return to the Contractor), then, while the DISTRICT is in possession of the same, the Contractor shall be relieved of liability for loss or damage to such structure other than that resulting from the Contractor's fault or negligence. Such taking of possession by the DISTRICT shall not relieve the Contractor from any provisions of this Contract respecting such structure, other than to the extent specified in the preceding sentence, nor constitute a final acceptance of such structure or facility.

B-32 Lands for Work, Right-of-Way Construction Roads

- a) The DISTRICT will provide the lands, easements, and/or rights-of-way necessary or other rights to enter and work on lands necessary for the performance of the Work. The Contractor is solely responsible for obtaining an encroachment from Humboldt County as necessary. Other permits and licenses are addressed by sections B-13 and B-49. Should the Contractor find it advantageous to use any additional land for any purpose whatsoever, the Contractor shall provide for the use of such land at its expense. The Engineer shall be furnished with a copy of written agreements or otherwise be notified in writing of additional working space which is acquired. Nothing herein contained and nothing marked on the Plans shall be interpreted as giving the Contractor exclusive occupancy of the territory provided by the DISTRICT. When two or more contracts are being executed at one time on the same or adjacent land in such a manner that work on one contract may interfere with that on another, the Engineer shall decide which contractor shall cease work, and which shall continue, or whether the work on both contracts shall progress at the same time and in what manner, and the decision of the Engineer shall be final and binding. When the territory of one contract is the necessary or convenient means of access for the performance of another contract, such privilege of access or any other reasonable privilege may be granted by the Engineer to the contractor so desiring, to the extent, amount, in the manner, and at the time permitted. No such decision as to the method or time of conducting the work or the use of territory shall be the basis of any claim for delay or damage.
- b) Lands, easements or rights-of-way to be furnished by the DISTRICT for construction operations will be specifically shown on the Plans in the form of a clearly defined limits of work.
- c) The Contractor shall construct and maintain all new roads from the public right of way or existing internal roads and drives necessary to reach the various parts of the Work and for the transportation thereto of construction material and personnel. The cost of constructing and maintaining such roads shall be borne by the Contractor.

B-33 District's Right to Audit and Preservation of Records

- a) The DISTRICT is responsible for obtaining audits in accordance with the Single Audit Act of 1996, in compliance with 2 CFR Section 200 Subpart F. The Contractor shall facilitate the completion of such an audit as it relates to the Contractor's work on this project.
- b) The Contractor shall maintain books, records and accounts of all costs of the Project in accordance with generally accepted accounting principles and practices. The DISTRICT, the Comptroller General of the United States, State of California, and its authorized representatives shall have the right to audit the books, records and accounts of the Contractor with respect to the Project under any of the following conditions:

- (i) The Contract is terminated for any reason in accordance with the provisions of the Contract Documents in order to arrive at equitable termination costs;
 - (ii) In the event of a disagreement between the Contractor and the DISTRICT over the amount due the Contractor under the terms of the Contract;
 - (iii) To check or substantiate any amounts invoiced or paid which are required to reflect the costs of the Contractor, or the Contractor's efficiency or effectiveness under this Contract or in connection with extras, changes, claims, additions, backcharges, or others, as may be provided for in this Contract; and/or
 - (iv) If it becomes necessary to determine the DISTRICT's rights and the Contractor's obligations under the Contract or to ascertain facts relative to any claim against the Contractor which may result in a charge against the DISTRICT;
 - (v) To determine any difference in cost occasioned by a permissible substitution;
 - (vi) To make audits, examinations, excerpts, and transcriptions pertinent to the loan financing on this project.
 - (vii) For any other reason in the DISTRICT's sole judgment.
- c) If any of the conditions stated in paragraph B-33(a) are satisfied, Contractor shall, following reasonable prior notice from the District, provide the DISTRICT (or its representatives), unlimited, reasonable access during working hours at the Contractor's offices to the Contractor's books and records under the conditions stated above. The District's representative shall have the right to review such records but shall have no right to copy any records or remove the same from Contractor's offices except as required or authorized by law.
- d) The Contractor, from the effective date of final payment or termination hereunder, shall preserve and make available to the DISTRICT for a period of three (3) years thereafter, at all reasonable times at the office of the Contractor (but without any charge to the DISTRICT), all its books, records, documents, photographs, micro-photographs, and other evidence bearing on the costs and expenses of the Contractor under this Contract and relating to the Work hereunder.
- e) In accordance with 2 CFR Section 200.512, financial and programmatic records related to expenditure of funds on grant-supported projects shall be maintained at least 3 years following the date the grantee submits its final expenditure report on the project.
- f) The DISTRICT will make all payments required of it under this Contract subject to audit, under circumstances stated above, which audit may be performed at the DISTRICT's option, either during the Contract time period or during the record retention time period. Regardless of authorization, approval or acceptance, signatures or letters which are given by the DISTRICT and are part of the DISTRICT's control systems or are requested by the Contractor, the payments made under this Contract shall not constitute a waiver or agreement by the DISTRICT that it accepts as correct the billings, invoices or other charges on which the payments are based. If the DISTRICT's audit produces a claim against the Contractor, the DISTRICT may pursue all its legal remedies even though it has made all or part of the payments required by this Contract.
- g) If any audit by the DISTRICT or its representative discloses an underpayment by the DISTRICT pursuant to the terms of the Contract Documents, the DISTRICT shall have the duty to pay any amount found by the audit to be owed to the Contractor. If such audit discloses an overpayment, the Contractor shall have the obligation to reimburse the DISTRICT for the amount of the overpayment. The DISTRICT's right to claim reimbursement from the Contractor of any overpayment shall not be terminated or waived until three years after the completion of the DISTRICT's audit or upon the termination of audit rights under subparagraph B-33(d), whichever date is later. The obligation of the Contractor to make reimbursements hereunder shall not terminate except as provided by law.

The DISTRICT's right to audit and the preservation of records shall terminate at the end of three (3) years after the date final payment is made or termination of the Contract. The Contractor shall include this "Right to Audit and Preservation of Records" clause in all subcontracts issued by it and shall require the same to be inserted by all lower tier Subcontractors in their subcontracts, for any portion of the Work. Should Contractor fail to include this clause in any such contract or lower tier contract, or otherwise fail to ensure the DISTRICT's rights hereunder, Contractor shall be liable to the DISTRICT for all costs, expenses and attorney's fees which the DISTRICT may have to incur obtaining or attempting to obtain an audit or inspection of or the restoration of records which otherwise have been available to the DISTRICT from said persons under this clause. Such audit may be conducted by the DISTRICT or its authorized representative.

ARTICLE III. PROGRESS AND COMPLETION OF WORK

B-34 Progress Schedule

The Contractor shall submit to the DISTRICT such schedules of quantities and costs, progress schedules, payrolls, reports, estimates, records and other data, where applicable, as are required by the Contract Documents for the Work to be performed.

Prior to the first partial payment estimate, the Contractor shall submit progress schedules showing the order in which it proposes to carry on the Work, including dates at which it will start the various parts of the Work, estimated date of completion of each part and as applicable:

- a) The dates at which special detail drawings will be required; and
- b) Respective dates for submission of shop drawings, the beginning of manufacture, the testing and the installation of materials, supplies, and equipment.
- c) The Contractor shall also submit a schedule of payments that it anticipates it will earn during the course of the Work.

The progress schedules shall be submitted regularly and shall cover a time period satisfactory to the Engineer. The Contractor shall also forward to the Engineer, with the request for progress payment each month, a summary report of the progress of the various parts of the Work under the Contract in the shops and in the field, stating the existing status, rate of progress, estimated time of completion, and cause of delay, if any. If the Work is behind the submitted schedule, the Contractor shall submit in writing a plan acceptable to the DISTRICT and Engineer for bringing the Work up to schedule.

B-35 Commencement and Progress of the Work and Time of Completion

Prior to the start of construction, the DISTRICT will conduct a preconstruction conference. At the conference, the DISTRICT will review the planned development with the Engineer, Contractor, and other interested parties. Items to be reviewed include materials, equipment, rights-of-way, schedules and all arrangements for prosecuting the Work.

The Contractor shall begin work within twenty-one (21) calendar days after receiving a Notice to Proceed and shall diligently prosecute the work. Contractor shall complete the Project within Five Hundred Twenty Five (525) calendar days following Contractor's receipt of a Notice to Proceed.

Engineer shall have the right to specify the locations where Contractor shall start and proceed with the Work. The intent is to complete construction by _____.

B-36 Suspension of Work

- a) The Engineer may at any time, by notice in writing to the Contractor, suspend any part of the Work for such period of time as may be necessary to prevent improper execution of the Work on the project by the Contractor, its Subcontractors or agents, and the Contractor shall have no claim for damages or additional compensation on account of any such suspension.
- b) The DISTRICT may at any time suspend any part or all of the Work upon ten (10) calendar days written notice to the Contractor, who shall thereupon discontinue all Work suspended except for all

operations to prevent loss or damage to Work already executed as may be directed by the Engineer. In the event a part of the Work is suspended, the Contractor, if the suspension is not through its fault or the fault of its Subcontractors or agents, shall be paid on the same basis as Extra Work for costs of work performed in accordance with such orders of the Engineer during such suspension, provided that this shall not include any cost pertaining to Work not suspended by said notice. Work shall be resumed by the Contractor after such suspension on written notice from the DISTRICT. In the event of suspension of the entire Work by the DISTRICT, the Contractor, if the suspension is not through fault of the Contractor or the fault of its Subcontractors or agents, shall be paid the sum of \$500.00 for each calendar day during which the entire Work shall have been suspended and shall be entitled to a day-for-day extension of the Final Completion date to account for such delay. Said sum is hereby mutually agreed upon as fixed and liquidated damages in full settlement of all costs and expenses, losses and damages resulting to the Contractor from such suspension. Work shall be resumed by the Contractor after such suspension on written notice from the DISTRICT.

- c) In the event of any suspension of the Work in whole or in part under subsection (b) above, the Contractor shall be entitled to an extension of time wherein to complete the Work to the extent of the delay caused the Contractor thereby.
- d) In the event the entire Work shall be suspended by order of the DISTRICT, as hereinabove provided, and shall remain so suspended for a period of sixty (60) consecutive calendar days, through no fault of the Contractor, and notice to resume the Work shall not have been served on the Contractor as hereinabove provided, Contractor may, at its option, by written notice to the DISTRICT, terminate the Contract in the same manner as if the termination had been initiated by the DISTRICT and recover payment from the District for all Work executed, and the DISTRICT shall have no claim for damages because of such termination of the Contract.
- e) If, through no act or fault of the Contractor, the Work is suspended for a period of more than sixty (60) calendar days by the DISTRICT or under an order of Court or other public authority, or the Engineer fails to act on any request for payment within thirty (30) calendar days after it is submitted, or the DISTRICT fails to pay the Contractor substantially the sum approved by the Engineer or any final award by arbitration or litigation within thirty (30) calendar days of its approval and presentation, then the Contractor may, after ten (10) calendar days from delivery of a written notice to the DISTRICT and the Engineer, terminate the Contract and recover from the DISTRICT payment for all Work executed and all expenses sustained.

In addition and in lieu of terminating the Contract, if the Engineer has failed to act on a request for payment or if the DISTRICT has failed to make any payment as aforesaid, the Contractor may upon ten (10) calendar days written notice to the DISTRICT and the Engineer stop the Work until he has been paid all amounts then due, in which event and upon resumption of the Work, Change Orders shall be issued for adjusting the Contract Price or extending the Contract Time or both to compensate for the costs and delays attributable to the stoppage of the Work.

If the performance of all or any portion of the Work is suspended, delayed, or interrupted as a result of a failure of the DISTRICT or Engineer to act within the time specified in the Contract Documents, or if no time is specified, within a reasonable time, an adjustment in the Contract Price or an extension of the Contract Time, or both, shall be made by Change Order to compensate the Contractor for the costs and delays necessarily caused by the failure of the DISTRICT or Engineer.

If the Contractor intends to file a claim for additional compensation for a delay caused by the DISTRICT or Engineer at a particular time, the Contractor shall file a Notice of Claim with the DISTRICT within seven (7) calendar days of the beginning of the occurrence. The Notice of Claim shall be in duplicate, in writing, and shall state the circumstances and the reasons for the Claim, but need not state the amount. No Claim for additional compensation will be considered unless a Notice of Claim has been filed with the DISTRICT within the time and in the manner stated above. Contractor's failure to file a claim shall constitute a waiver.

B-37 Termination For Default - Damages For Delay - Timely Extension

- a) The Contractor shall at all times employ such force, plant, materials, and tools as will be sufficient, in the opinion of the Engineer, to prosecute the Work at not less than the rates fixed under the terms of the Contract and to complete the Work or any part thereof within the time limits fixed therein. If the Contractor refuses or fails to prosecute the Work, or any separable part thereof, with such diligence as will ensure the completion within the time specified in the Contract, or any extension thereof, or fails to complete said Work within such time, if such default is not cured by Contractor within thirty (30) days following Contractor's receipt of written notice thereof from the District (plus such additional reasonable time as may be necessary in the circumstances), the DISTRICT may, after giving ten (10) calendar days written notice to the Contractor, terminate its right to proceed with the Work or such part of the Work as to which there has been delay.
- b) The Contractor's right to proceed shall not be so terminated nor the Contractor charged with resulting damage if:
 - (i) The delay in the completion of the Work arises from unforeseeable causes beyond the control and without the fault or negligence of the Contractor, including but not restricted to Acts of God, acts of the public enemy, acts of the DISTRICT or the Engineer, acts of another contractor in the performance of a Contract with the DISTRICT, fires, floods, excluding site flooding due to groundwater, epidemics, quarantine restrictions, unusually severe weather, as determined by the Engineer; and
 - (ii) The Contractor shall, within two (2) business days from the start of the occurrence, give notice to the DISTRICT of the cause of the potential delay and an estimate of the possible time extension involved.
 - (iii) The Engineer shall ascertain the facts and the extent of the delay and extend the time for completing the Work when, in its judgment, the findings of fact justify such an extension, and its findings of fact shall be final and conclusive on the parties.
- c) A request for an extension of time, or the granting of an extension of time, shall not constitute a basis for any claim against the DISTRICT for additional compensation or damages unless caused by the DISTRICT, the Engineer or another contractor employed by the DISTRICT.
- d) If the Contractor should be adjudged bankrupt, or if it should make a general assignment for the benefit of its creditors, or if a receiver should be appointed for the Contractor on account of its insolvency and not be discharged within thirty (30) calendar days after its appointment, or if the Contractor should fail to make prompt payments to Subcontractors or suppliers, or should it persistently disregard applicable laws, ordinances, or the reasonable instructions of the Engineer, or otherwise commit a substantial violation of any provisions of the Contract, if such default is not cured by Contractor within thirty (30) days following Contractor's receipt of written notice thereof from the District (plus such additional reasonable time as may be necessary in the circumstances), the DISTRICT may, after giving ten (10) calendar days written notice to the Contractor, terminate the Contract and the Contractor's right to proceed with the Work.
- e) No extension of time will be considered for time lost due to weather conditions normal to the area. Unusual weather conditions, if determined by the Engineer to be of a severity that could not be predicted, may be considered as cause for an extension of Contract completion time.
- f) Delays in delivery of equipment or material purchased by the Contractor or his Subcontractors shall not be considered as a just cause for delay, unless resulting from an Excusable Delay affecting such delivery. The Contractor shall be fully responsible for the timely ordering, scheduling, expediting delivery, and installation of all equipment and materials.
- g) The rights and remedies of the DISTRICT provided in this section are in addition to any of the rights and remedies provided by law or under this Contract.

- h) In addition to the DISTRICT's rights under this section, if at any time before completion of the work under the Contract, it shall be determined by the DISTRICT that reasons beyond the control of the parties hereto render it impossible or against the interests of the DISTRICT to complete the Work, or if the Work shall be stopped by an injunction of a court of competent jurisdiction or by order of any competent authority, the DISTRICT may, upon ten (10) calendar days written notice to the Contractor, discontinue the Work and terminate the Contract. Upon service of such notice of termination, the Contractor shall discontinue the Work in such manner, sequence, and at such times as the Engineer may direct. The Contractor shall have no claim for damages for such discontinuance or termination, nor any claim for anticipated profits on the Work thus dispensed with, nor any other claim except for the Work actually performed up to the time of discontinuance, including any extra work ordered by the Engineer to be done, nor for any claim for liquidated damages in accordance with the provisions of Section B-39.

B-38 Rights of DISTRICT Upon Termination

- a) In the event the right of the Contractor to proceed with the Work, or any portion thereof, has been terminated because of the fault of the Contractor and the Contractor has been given the required notice to cure such fault and has not done so, the DISTRICT may take over the Work and prosecute the same to completion by contract or any other method the DISTRICT deems expedient, and may take possession of and utilize in completing the Work such materials, appliances, equipment and plant as may be on the site of the Work and necessary therefor. Whether or not the Contractor's right to proceed with the Work is terminated, it and its sureties shall be liable for all DISTRICT damages including, without limitation, costs of managerial and administrative services, engineering, legal and other consultant fees, sustained or incurred by the DISTRICT in enforcing the provisions of Section B-37 and in completing or causing to complete the Contract Work.
- b) Upon termination because of the fault of the Contractor and if the Contractor has been given the required notice to cure such fault and has not done so, the Contractor shall not be entitled to receive any further payment until the Work is finished. If upon completion of the Work the total cost to the DISTRICT, including, without limitation, engineering, legal and other consultant fees, costs of managerial and administrative services, construction costs, and liquidated damages shall be less than the amount which would have been paid if the Work had been completed by the Contractor in accordance with the terms of the Contract, then the difference shall be paid to the Contractor in the same manner as the final payment under the Contract. If the total cost incurred by the DISTRICT on account of termination of the Contract and subsequent completion of the Work by the DISTRICT by whatever method the DISTRICT may deem expedient shall exceed said amount which the Contractor would otherwise have been paid, the Contractor and its sureties shall be liable to the DISTRICT for the full amount of such excess expense.
- c) The rights and remedies of the DISTRICT provided in this section are in addition to any of the rights and remedies provided by the law or under this Contract.

B-39 Failure to Complete the Work in the Time Agreed Upon - Liquidated Damages

- a) Liquidated Damages - It is agreed by the parties to the Contract that time is of the essence; and that in case all the Work is not completed before or upon the expiration of the time limit as set in the Bid Schedule, Contract and Progress Schedule, or within any time extensions that may have been granted, damage will be sustained by the DISTRICT; and that it may be impracticable to determine the actual amount of damage by reason of such delay; and it is, therefore, agreed that the Contractor shall pay to the DISTRICT as damages the amount of \$2,000.00 per day for each and every day's delay in finishing the Work in excess of the number of days specified. The parties expressly agree that this liquidated damage clause is reasonable under the circumstances existing at the time the Contract was made. The DISTRICT shall have the right to deduct the amount of liquidated damages from any money due or to become due the Contractor.
- b) Exclusions - Notwithstanding the provisions of subsection (a), the Contractor shall not be liable for liquidated damages or delays caused by the removal or relocation of utilities

when such removal or relocation is the responsibility of the DISTRICT or the owner of the utility under Government Code Section 4215.

B-40 Clean-up

During the progress of the Work, the Contractor shall maintain the site and related structures and equipment in a clean, orderly condition and free from unsightly accumulation of rubbish. Upon completion of Work and before the final estimate is submitted, the Contractor shall at its own cost and expense remove from the vicinity of the Work all plants, buildings, rubbish, unused work materials, concrete forms, and temporary bridging and other like materials, belonging to it or used under its direction during the construction, and in the event of its failure to do so, the same may be removed by the DISTRICT after ten (10) calendar days' notice to the Contractor, such removal to be at the expense of the Contractor. Where the construction has crossed yards or driveways, they shall be restored by the Contractor to the complete satisfaction of the Engineer, at the Contractor's expense.

ARTICLE IV. LEGAL RELATIONS AND RESPONSIBILITY

B-41 Compliance with Laws - Permits, Regulations, Taxes

Contractor is an independent contractor and shall at its sole cost and expense comply with all applicable laws, rules, ordinances and regulations of all governing bodies having jurisdiction over the Work, obtain all necessary permits and licenses therefor, pay all manufacturers' taxes, sales taxes, use taxes, processing taxes, and all Federal and State taxes, insurance and contributions for social security and unemployment which are measured by wages, salaries or any remuneration paid to Contractor's employees, whether levied under existing or subsequently enacted laws, rules, or regulations. Contractor shall also pay all property tax assessments on materials or equipment used until acceptance by the DISTRICT. If any discrepancy or inconsistency is discovered in the Plans or Specifications, or in this Contract in relation to any such law, rule, ordinance, regulation, order or decree, the Contractor shall forthwith report the same to the Engineer in writing. It shall also protect and indemnify the DISTRICT, the Engineer, and all of the DISTRICT's officers, agents, and servants against any claim or liability arising from or based upon the violation of any such law, rule, ordinance, regulation, order or decree, whether by the Contractor itself or by its employees. Particular attention is called to the following:

- a) Without limitation, materials furnished and performance by Contractor hereunder shall comply with Safety Orders of the Division of Industrial Safety, State of California, Federal Safety regulations of the Bureau of Labor, Department of Labor; and any other applicable Federal regulations.

The Contractor, upon request, shall furnish evidence satisfactory to the DISTRICT and Engineer that any or all of the foregoing obligations have been or are being fulfilled. The Contractor warrants to the DISTRICT that it is licensed by all applicable governmental bodies to perform this Contract and will remain so licensed throughout the progress of the Work, and that it has, and will have, throughout the progress of the Work, the necessary experience, skill and financial resources to enable it to perform this Contract.

Government code section references shall be interpreted to be the most recent applicable version.

B-42 Prevailing Wage

- a) The Contractor shall forfeit as penalty to the DISTRICT the sum of Two Hundred Dollars (\$200) for each calendar day or portion thereof for each worker (whether employed by the Contractor or Subcontractor) paid less than the stipulated prevailing rates for any Work done under the Contract in violation of the provisions of the Labor Code and in particular, Section 1775.
- b) The DISTRICT will not recognize any claims for additional compensation because of the payment of the wages set forth in the Contract Documents. The possibility of wage increases is one of the elements to be considered by the Contractor in determining its proposal, and will not under any circumstances be considered as the basis of a claim against the DISTRICT or the Engineer.

- c) The Contractor shall at all times keep posted at the jobsite current wage rates in effect for this Work.
- d) This is a Public Works Project funded in part with Federal and State of California grant money. Therefore both CA State prevailing wage rates and Federal wage rates will be required on this project, whichever wages are higher. The DISTRICT requires that all contractors and subcontractors working on this project keep certified payroll records in accordance with California Labor Code 1776 and submit copies to the DISTRICT.
 - (i) In accordance with the provisions of section 1720 et seq. of the Labor Code, the Division of Labor Standards and Research has determined the general prevailing rates or wages and employer payments for health and welfare, pension, vacation, travel time, and subsistence pay as provided for in section 1773.8.
 - (ii) It shall be mandatory upon the Contractor herein and upon any Subcontractor to pay not less than the said specified rates to all laborers, workers and mechanics employed by them in the execution of the Agreement pursuant to CA Labor Code 1774.
 - (iii) Attention is directed to the provisions in section 1777.5 and sections 1777.6 of the Labor Code concerning the requirement to employ apprentices by the Contractor or any Subcontractor under it. The Contractor shall submit documentation to the DISTRICT confirming compliance with these requirements.
 - (iv) The Contractor shall comply with and shall cause his subcontractors to comply with all laws and regulations governing the contractor's and subcontractor's performance on this project including, but not limited to: anti-discrimination laws, workers' compensation laws, and prevailing wage laws as set forth in CA Labor Code, Sections 1720-1861 et seq. and licensing laws, as well as Federal Labor Standards set forth in the Davis-Bacon Act (40 USC 276(a-a5), the Copeland "Anti-Kickback" Act (40 USC 276(c); and the Contract Work Hours and Safety Standards Act (CWHSSA) (40 USC 327-333). The contractor is required to include the prevailing wage language in all subcontracts pursuant to CA Labor Code 1775(E)(b)(1). The Contractor shall post, at appropriate conspicuous points on the site of the Project, a schedule showing all the determined general prevailing wage rates.
 - (v) The Contractor agrees to comply with Labor Code Section 1775 (Payment of the Prevailing Wage Rates) and Labor Code 1776 (keeping accurate records) and Labor Code 1777.5, placing responsibility for compliance with the statutory requirements for all apprenticeable occupations on the prime contractor. The Contractor shall comply with the requirements imposed by the California Labor Code Sections 1720 through 1861 regarding public works projects and prevailing wage laws and sections 16000-16800 of the CA Code of Regulations.
 - (vi) Each worker needed to execute the work must be paid travel and subsistence payments as defined in the applicable collective bargaining agreements filed in accordance with Labor Code Section 1773.8.
 - (vii) Holiday and overtime work when permitted by law shall be paid for at a rate of at least one and one-half times the above specified rate of per diem wages, unless otherwise specified.
 - (viii) Contractors and any Subcontractors shall be assessed penalties for violating the following labor codes; CA Labor Code 1813 for overtime, 1775 for underpayment of the prevailing wage, and 1776 for inaccurate or incomplete payroll records.

B-43 Labor Compliance and Discrimination

Pursuant to Labor Code section 1771.4, the Contract for this Project is subject to compliance monitoring

and enforcement by the California Department of Industrial Relations.

- a) On each job site that is subject to compliance monitoring and enforcement by the Department of Industrial Relations under this subchapter, the prime contractor shall post a Notice containing the following language:

“This public works project is subject to monitoring and investigative activities by the Division of Labor Standards Enforcement (DLSE), Department of Industrial Relations, State of California. This Notice is intended to provide information to all workers employed in the execution of the contract for public work and to all contractors and other persons having access to the job site to enable the DLSE to ensure compliance with and enforcement of prevailing wage laws on public works projects.”

“The prevailing wage laws require that all workers be paid at least the minimum hourly wage as determined by the Director of Industrial Relations for the specific classification (or type of work) performed by workers on the project. These rates are listed on a separate job site posting of minimum prevailing rates required to be maintained by the public entity which awarded the public works contract. Complaints concerning nonpayment of the required minimum wage rates to workers on this project may be filed with the DLSE.”

Local Office Contact Information:

Telephone Number: 844-522-6734

Address: BOFE – Public Works
Attn: Complaints Unit
2031 2031 Howe Ave, Suite 100
Sacramento, CA 95825

“Complaints should be filed in writing immediately upon discovery of any violations of the prevailing wage laws due to the short period of time following the completion of the project that the DLSE may take legal action against those responsible.”

“Complaints should contain details about the violations alleged (for example, wrong rate paid, not all hours paid, overtime rate not paid for hours worked in excess of 8 per day or 40 per week, etc.) as well as the name of the employer, the public entity which awarded the public works contract, and the location and name of the project.”

“For general information concerning the prevailing wage laws and how to file a complaint concerning any violation of these prevailing wage laws, you may contact any DLSE office. Complaint forms are also available at the Department of Industrial Relations website found at www.dir.ca.gov/dlse/PublicWorks.html.”

Attention is directed to Section 1735 of the Labor Code, which reads as follows:

- a) No discrimination shall be made in the employment of persons upon public works because of the race, religious creed, color, national origin, ancestry, physical disability, mental disability, medical condition, genetic information, marital status, sex, gender, gender identity, gender expression, age, sexual orientation, or military and veteran status of such persons, except as provided in Section 12940 of the Government Code, and every Contractor for public works violating this section is subject to all the penalties imposed for a violation of this chapter.

Federal Equal Opportunity Clauses from 41 CFR 60 1.4(b) also apply. See Part 4 for detailed outline of Federal requirements. See Part 5 for required Non-discrimination Form.

B-44 Eight-Hour Day Limitation

- a) In accordance with the provisions of the Labor Code, and in particular, Sections 1810 to 1815 thereof, inclusive, eight hours labor shall constitute a day's work, and no worker, in the employ of

said Contractor, or any Subcontractor, doing or contracting to do any part of the Work contemplated by this Contract, shall be required or permitted to work more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of those provisions; provided that subject to Labor Code Section 1815, a worker may perform work in excess of either eight (8) hours per day or forty (40) hours during any one week upon compensation for all hours worked in excess of eight (8) hours per day or forty (40) hours during any one week at not less than one and one-half times the basic rate of pay.

- b) The Contractor and each Subcontractor shall also keep an accurate record showing the names, addresses, social security numbers, work classifications, straight time and overtime hours worked each day and week, and the actual per diem wages paid to each journeyman, apprentice, worker, or other employee employed by the Contractor and by the Subcontractor in connection with the work specified herein, which record shall be open at all reasonable hours to the inspection of the DISTRICT, State and Federal officers and agents; and it is hereby further agreed that, except as provided in (a) above, the Contractor shall forfeit as a penalty to the DISTRICT the sum of one hundred dollars (\$100) for each worker employed in the performance of this Contract by it or by any Subcontractor under it for each calendar day during which such worker is required or permitted to labor more than eight (8) hours in any one calendar day and forty (40) hours in any one calendar week in violation of Sections 1810 through 1815.

B-45 Compliance with State Requirements for Employment of Apprentices

The Contractor's attention is directed to Section 1777.2 through 1777.5 of the Labor Code; provisions of those Sections pertaining to employment of registered apprentices are hereby incorporated by reference into these Specifications. As applicable, the Contractor or any Subcontractor employed by it in the performance of the Contract work shall take such actions as necessary to comply with the provisions of Section 1777.5. Contractor shall provide the DISTRICT copies of applicable forms or equivalent: DAS 140 – Public Works Contract Award Information; CAC2 – Training Fund Contributions; and any other communications relating to apprentices on public works projects. Contractor shall be solely liable for any and all fines assessed by the DIR or other agency or entity for non-compliance with any prevailing wage requirements.

B-46 Underground Utilities

In accordance with Government Code Section 4215, the Contractor shall be compensated for the costs of locating, repairing damage not due to the failure of the Contractor to exercise reasonable care, and removing or relocating existing main or trunkline utility facilities not indicated in the Contract Plans and Specifications with reasonable accuracy, and for the equipment on the project necessarily idled during such work; provided that the Contractor shall first notify the Engineer before commencing work on locating, repairing damage to, removing or relocating such utilities.

B-47 Water Pollution

The Contractor shall exercise every reasonable precaution to protect streams, lakes, reservoirs, and other waters of the state and/or United States from pollution with fuels, oils, bitumens, calcium chloride, and other harmful materials and shall conduct and schedule its operations so as to avoid or minimize muddying and silting of said streams, lakes, reservoirs, and water bodies. Care shall be exercised to preserve vegetation beyond the limits of construction. The Contractor shall comply with Section 5650 of the California Fish and Wildlife Code, the National Pollution Discharge Elimination System (NPDES), State of California Construction General Permit, and all other applicable statutes and regulations relating to the prevention and abatement of water pollution.

B-48 Payment of Taxes

The Contract prices paid for the Work shall include full compensation for all taxes which the Contractor is required to pay, whether imposed by Federal, State, or local governments.

B-49 Permits and Licenses

Except as otherwise provided in this Contract, the Contractor shall procure all permits and licenses, pay all charges and fees, and give all notices necessary and incident to the lawful prosecution of the Work.

B-50 Patents

The Contractor shall pay all applicable royalties and license fees and assume all costs arising from the use of patented materials, equipment and devices. The Contractor shall defend all suits or claims for infringement of any patent rights and save the DISTRICT and Engineer and their duly authorized representatives harmless from loss on account thereof, except that the DISTRICT shall be responsible for any such loss when a particular process, design, or the product of a particular manufacturer or manufacturers is specified (or if any product or design is used by the DISTRICT other than as authorized by the Contractor or the owner of such item, as applicable); however if the Contractor has reason to believe that the design, process or product specified is an infringement of a patent, he shall be responsible for such loss unless he promptly gives such information to the Engineer.

This project is funded in part by Federal and State agencies. As such, in accordance with 2 CFR Section 200.315, FEMA reserves a royalty-free, nonexclusive, and irrevocable license to reproduce, publish or otherwise use, and to authorize others to use, for Federal Government purposes:

- a) The copyright in any work developed under a grant, subgrant, or contract under a grant or subgrant; and
- b) Any rights of copyright to which a grantee, subgrantee or a contractor purchases ownership with grant support.

B-51 Public Convenience

- a) This section defines the Contractor's responsibility with regard to convenience of the public and public traffic in connection with its operations, to the extent applicable to the Project and the Work.
- b) The Contractor shall so conduct its operations as to offer the least possible obstruction and inconvenience to the public and it shall have under construction no greater length or amount of work than it can prosecute properly with due regard to the rights of the public.
- c) Unless otherwise provided in the Contract Documents, all public traffic shall be permitted to pass through the Work with as little inconvenience and delay as possible.
- d) Spillage resulting from hauling operations along or across any publicly traveled way shall be removed immediately by the Contractor at the Contractor's expense.
- e) Construction operations shall be conducted in such a manner as to cause as little inconvenience as possible to abutting property owners.
- f) Convenient access to driveways, houses and buildings along the line of the Work shall be maintained and temporary approaches to crossings or intersecting highways shall be provided and kept in good condition. When the abutting property owner's access across the right-of-way line is to be eliminated, or to be replaced under the Contract by other access facilities, the existing access shall not be closed until the replacement access facilities are usable.
- g) Water shall be supplied if ordered by the Engineer for the alleviation or prevention of dust nuisance as provided in the Contract Documents.
- h) In order to expedite the passage of public traffic through or around the Work and where ordered by the Engineer, the Contractor shall install signs, lights, flares, barricades, and other facilities for the sole convenience and direction of public traffic. Also, where directed by the Engineer, the Contractor shall provide and station competent flagpersons whose sole duties shall consist of directing the movement of public traffic through or around the Work. The cost of furnishing and

installing such signs, lights, flares, barricades, and other facilities, and the cost of providing and stationing such flagpersons, all for the convenience and direction of public traffic, will be considered as included in the Contract price and no additional compensation will be allowed.

- i) Flagpersons and guards, while assigned to traffic control, shall perform their duties and shall be provided with the necessary equipment in accordance with the current "Instructions to Flagmen" of the California Department of Transportation. The equipment shall be furnished and kept clean and in good repair by the Contractor at its expense.

B-52 Safety

- a) General - The Contractor shall be solely and completely responsible for the conditions of the job site, including safety of all persons and property during performance of the Work. This requirement shall apply continuously and not be limited to normal working hours. Safety provisions shall conform to all applicable Federal, State, and local laws, ordinances, and codes, and to the rules and regulations established by the California Division of Industrial Safety, and to other rules of law applicable to the Work.
- b) The services of the Engineer in conducting construction review of the Contractor's performance is not intended to include review of the adequacy of the Contractor's work methods, equipment, bracing or scaffolding or safety measures, in, on, or near the construction site, and shall not be construed as supervision of the actual construction nor make the Engineer or the DISTRICT responsible for providing a safe place for the performance of work by the Contractor, Subcontractors, or suppliers; or for access, visits, use work, travel or occupancy by any person.
- c) The Contractor shall carefully instruct all personnel working in potentially hazardous work areas as to the potential dangers and shall provide such necessary safety equipment and instruction as is necessary to prevent injury and damage to property. The Contractor shall appoint for the duration of this Contract, a qualified supervisor employee to develop and/or supervise the Contractor's job safety program that will effectively implement the safety provisions of the above agencies.
- d) The Contractor, as a part of its safety program, shall maintain at its office or other well-known place at the job site, safety equipment applicable to the Work as prescribed by the aforementioned authorities, all articles necessary for giving first aid to the injured, and shall establish the procedure for the immediate removal to a hospital or a doctor's care of persons (including employees) who may be injured on the job site.
- e) If death or serious injuries or serious damages are caused, the accident shall be reported immediately by telephone or messenger to both the Engineer and the DISTRICT. In addition, the Contractor must promptly report in writing to the Engineer all accidents whatsoever arising out of, or in connection with, the performance of the Work whether on, or adjacent to, the site, giving full details and statements of witnesses.
- f) If any claim is made by anyone against the Contractor or any subcontractor on account of any accident, the Contractor shall promptly report the facts in writing to the Engineer, giving full details of the claim.
- g) All work and materials shall be in strict accordance with all applicable State, Federal, and local laws, rules, regulations, and codes.
- h) Nothing in this Contract is to be construed to permit work not conforming to governing law. When Contract Documents differ from governing law, the Contractor shall furnish and install the higher standards called for without extra charge. All equipment furnished shall be grounded and provided with guards and protection as required by safety codes. Where vapor-tight or explosion-proof electrical installation is required by law, this shall be provided.
- i) Shoring and Trench Safety Plan - Attention is directed to Section 832 of the Civil Code of the

State of California relating to lateral and subjacent support, and the Contractor shall comply with this law.

- j) Trenching and Worker Protection - In accordance with Section 6705 of the State Labor Code, the Contractor shall submit to the DISTRICT specific plans to show details of provisions for worker protection from caving ground. Not less than thirty (30) calendar days before beginning excavation for any trench or trenches five (5) feet or more in depth required under this Contract, the Contractor shall furnish to the Engineer working drawings of its trench safety plan. The trench safety plan working drawings shall be detailed plans showing the design of shoring, bracing, sloping or other provisions to be made for worker protection from the hazard of caving ground. If such plan varies from the shoring system standards established by the Construction Safety Orders of the California Department of Industrial Relations or the Federal Safety and Health Regulations for Construction of the Occupational Safety and Health Administration, Department of Labor, the plan shall be prepared by a registered civil or structural engineer. In no event shall the Contractor use a shoring, sloping, or protective system less effective than that required by said Construction Safety Orders, or less effective than that required by said Federal Safety and Health Regulations for Construction. Submission of this plan in no way relieves the Contractor from the requirement to maintain safety in all operations performed by it or its Subcontractors.
- k) Hazardous Wastes and Unforeseen Conditions - In accordance with Section 7104 of the State Public Contract Code, if the Work contemplated hereunder involves digging trenches or other earthwork activities, the Contractor shall promptly, and before the following conditions are disturbed, notify the DISTRICT, in writing, of any: (i) material that the Contractor believes may be material that is hazardous waste, as defined in Section 25117 of the Health and Safety Code; (ii) Subsurface or latent physical conditions at the site differing from those indicated; or (iii) unknown physical conditions at the site of any unusual nature, different materially from those ordinarily encountered and generally recognized as inherent in work of the character provided for in the Contract. The DISTRICT shall promptly investigate the conditions, and if it finds that the conditions do materially so differ, or do involve hazardous waste, and cause a decrease or increase in the Contractor's cost of, or the time required for, performance of any part of the Work shall issue a change order under the procedures described herein. In the event that a dispute arises between the DISTRICT and the Contractor whether the conditions materially differ, or involve hazardous waste, or cause a decrease or increase in the Contractor's cost of, or time required for, performance of any part of the Work, the Contractor shall not be excused from any scheduled completion date provided for herein, but shall proceed with all Work to be performed hereunder, subject to the protections recited in the next sentence of this Section B-52(k). The Contractor shall retain any and all rights provided either by contract or by law which pertain to the submission of change order requests and/or the resolution of disputes and protests between the DISTRICT and Contractor.
- l) The Contractor shall perform all Work in a fire-safe manner. The Contractor shall supply and maintain onsite adequate firefighting equipment capable of extinguishing incipient fires. The Contractor shall comply with applicable Federal, State, and local fire prevention regulations and where the regulations do not cover, with applicable parts of the National Fire Prevention Standard for "Safeguarding Building Construction Operations," (NFPA No. 241).

B-53 Protection of Person and Property

- a) The Contractor shall take whatever precautions are necessary to prevent damage to all existing improvements, including above ground and underground utilities, trees, shrubbery that is not specifically shown to be removed, fences, signs, mailboxes, survey markers and monuments, buildings, structures, the DISTRICT's property, adjacent property, and any other improvements or facilities within or adjacent to the Work. If such improvements or property are injured or damaged by reason of the Contractor's operations, they shall be replaced or restored, at the Contractor's expense, to a condition at least as good as the condition they were in prior to the start of the Contractor's operations.

- b) The Contractor shall adopt all practical means to minimize interference to traffic and public inconvenience, discomfort or damage. The Contractor shall protect against injury any pipes, conduits or other structures, crossing the trenching or encountered in the Work and shall be responsible for any injury done to such pipes or structures, or damage to property resulting therefrom. The Contractor shall support or replace any such structures without delay and without any additional compensation to the entire satisfaction of the Engineer. All obstructions to traffic shall be guarded by barriers illuminated at night. The Contractor shall be responsible for all damage to persons and property directly or indirectly caused by its operations and, under all circumstances, the Contractor must comply with the laws and regulations of the County and the State of California relative to safety of persons and property and the interruption of traffic and the convenience of the public within the respective jurisdictions.
- c) The Contractor is cautioned that it must replace all improvements in rights-of-way and within the public streets to a condition equal to what existed prior to the Contractor's entry onto the job.
- d) Type and time of construction required at any road subject to interference by Contract work will be determined by those authorities responsible for maintenance of said road. It shall be the responsibility of the Contractor to determine the nature and extent of all such requirements, including provision of temporary detours as required; however, the construction right-of-way obtained by the DISTRICT at affected roadways will be adequate for provision of all required detours. As required at any road crossing, the Contractor shall provide all necessary flagpersons, guardrails, barricades, signals, warning signs and lighting to provide for the safety of existing roads and detours. Immediately after the need for temporary detours ceases, or when directed, the Contractor shall remove such detours and perform all necessary cleanup work, including replacement of fences, and removal of pavement. Included shall be all necessary replacement of existing roadway appurtenances, grading work, soil stabilization and dust control measures, as required and directed. The cost of all work specified under this Section shall be borne by the Contractor.
- e) The Contractor shall examine all bridges, culverts, and other structures over which it will move its materials and equipment, and before using them, it shall properly strengthen such structures where necessary. The Contractor shall be responsible for any and all injury or damage to such structures caused by reason of its operations.

B-54 Responsibility for Repair of Facilities

All public or private facilities, including but not limited structures, telephone cables, roadways, parking lots, private drives, levees and embankments disturbed during construction of the Work shall be repaired and/or replaced by the Contractor to match facilities existing prior to construction. In addition, the Contractor shall be responsible for any settlement damage to such facilities or adjoining areas for a period of one year after acceptance of such required facilities.

B-55 Resolution of Construction Claims

- a) For any claim arising under this Contract, the following procedures will apply:
 - (i) The claim must be in writing and include the documents necessary to substantiate the claim. Claims must be filed on or before the day of final payment. Nothing in this subsection is intended to extend the time limit or supersede notice requirements for the filing of claims as set forth elsewhere in this Contract.
- b) The Contractor shall proceed with the Work in accordance with the Plans and Specifications and determinations and instructions of the Engineer during the resolution of any claims disputes.

B-56 DISTRICT's Repair

In the event the Contractor refuses or neglects to make good any loss or damage for which the Contractor is responsible under this Contract, and provided the Contractor has been given notice, reasonable under the circumstances, to cure such fault and has not done so, the DISTRICT may itself,

or by the employment of others, make good any such loss or damage, and the cost and expense of doing so, including any reasonable engineering, legal and other consultant fees, and any costs of administrative and managerial services, shall be charged to the Contractor. Such costs and expenses may be deducted by the DISTRICT from claims for payment made by the Contractor for Work completed or remaining to be completed.

B-57 Antitrust Claim Assignment

In entering into a public works contract or a subcontract to supply goods, services, or materials pursuant to this Contract, the Contractor and all subcontractors shall offer and agree to assign to the DISTRICT all rights, title, and interest in and to all causes of action it may have under Section 4 of the Clayton Act (15 U.S.C. Sec. 15) or under the Cartwright Act (Chapter 2 (commencing with Section 16700) of Part 2 of Division 7 of the Business and Professions Code), arising from purchases of goods, services or materials pursuant to the public works contract or subcontract. This assignment shall be made and become effective at the time the DISTRICT tenders final payment to the Contractor, without further acknowledgement by the parties.

B-58 Waiver of Right to Rescind For Material Breach

The Contractor agrees that it can be adequately compensated by money damages for any breach of this Contract which may be committed by the DISTRICT and hereby agrees that no default, act, or omission of the DISTRICT or the Engineer, except for failure to make progress payments as required by Section B-67, shall constitute a material breach of the Contract entitling the Contractor to cancel or rescind the provisions of this Contract or (unless the DISTRICT shall so consent or direct in writing) to suspend or abandon performance of all or any part of the Work. Other than in the event of the DISTRICT's failure to make progress payments as aforesaid, for which the Contractor reserves the right to cancel or rescind the provisions of this Contract or to suspend or abandon performance of all or any part of the Work, the Contractor hereby waives any and all rights and remedies to which it might otherwise be or become entitled, save only its right to money damages.

B-59 Contractor's License Notice

Contractors are required by law to be licensed and regulated by the Contractors' State License Board which has jurisdiction to investigate complaints against contractors of a complaint if filed within three (3) years of the date of the alleged violation. Any questions concerning a contractor may be referred to the Registrar, Contractors' State License Board, 9835 Goethe Road, Sacramento, California. Mailing address: P.O. Box 26000, Sacramento, California 95826.

ARTICLE V. INSURANCE AND LIABILITY

B-60 Insurance

- a) Neither the Contractor nor any Subcontractors shall commence any work until all required insurance has been obtained at their own expense. Such insurance must have the approval of the DISTRICT as to limit, form, and amount, and shall be placed with insurers with a current A.M. Best's rating of no less than A-:VII, such approval not to be unreasonably withheld, conditioned or delayed.
- b) Any insurance bearing on adequacy of performance shall be maintained after completion of the project for the full guarantee period.
- c) Prior to execution of the Contract, the Contractor shall furnish the DISTRICT with certified copies of endorsements effecting coverage for all policies required by the Contract. The Contractor shall not permit any Subcontractor identified in the Designation of Subcontractors form to commence work on this project until such Subcontractor has furnished the DISTRICT with certified copies of endorsements effecting coverage for all insurance policies required by the Contract. The endorsements shall be signed by a person authorized by the insurer to bind coverage on its behalf. The Contractor's insurer shall provide complete, certified copies of all required insurance policies, including endorsements affecting the coverage required by this paragraph. The Contractor agrees to furnish one such certified copy of each policy to the DISTRICT, and additional copies as requested in writing, certified by an authorized representative of the insurer.
- d) All of the Contractor's policies shall contain an endorsement providing that written notice shall be given to the DISTRICT at least thirty (30) calendar days (10 days for non-payment of premium) prior to cancellation of coverage in the policy.
- e) Any policy or policies of insurance that the Contractor elects to carry as insurance against loss or damage to its construction equipment and tools shall include a provision therein providing a waiver of the insurer's right to subrogation against the DISTRICT and the Engineer.
- f) The requirements as to the types, limits, and the DISTRICT's approval of insurance coverage to be maintained by the Contractor are not intended to and shall not in any manner limit or qualify the liabilities and obligations assumed by the Contractor under the Contract.
- g) In addition to any other remedy the DISTRICT may have, if the Contractor or any of the Subcontractors fails to maintain the insurance coverage as required in this Section and is declared to be in default and has not otherwise cured such default, the DISTRICT may obtain such insurance coverage as is not being maintained, in form and amount substantially the same as required herein, and the DISTRICT may deduct the cost of such insurance from any amounts due or which may become due the Contractor under this Contract.
- h) The Contractor and all Subcontractors shall, at their expense, maintain in effect at all times during the performance of work under the Contract not less than the following coverage and limits of insurance, which shall be maintained with insurers and under forms of policy reasonably satisfactory to the DISTRICT. The maintenance by the Contractor and all Subcontractors of the following coverage and limits of insurance is a material element of this Contract. The failure of the Contractor or any Subcontractor to maintain or renew coverage or to provide evidence of renewal may be treated by the DISTRICT as a material breach of this Contract.
 - (i) Worker's Compensation and Employer's Liability Insurance.
 - a. Worker's Compensation – The Contractor shall Provide, during the life of this Contract, workers' compensation insurance for all of the employees engaged in Work under this Contract, on or at the Project site, and, in case any of sublet Work, the Contractor shall require each subcontractor similarly to provide workers' compensation insurance for all the latter's employees as prescribed by State law. Any class of employee or employees not

covered by a subcontractor's insurance shall be covered by the Contractor's insurance. In case any class of employees engaged in work under this Contract, on or at the Project site, is not protected under the Workers' Compensation Statutes, the Contractor shall provide or shall cause a subcontractor to provide, adequate insurance coverage for the protection of such employees not otherwise protected. The Contractor is required to secure payment of compensation to his employees in accordance with the provisions of Section 3700 of the Labor Code. The Contractor shall file with the DISTRICT certificates of its insurance protecting workers and shall provide certificates at any time upon request. Company or companies providing insurance coverage shall be acceptable to the DISTRICT, if in the form and coverage as set forth in the Contract Documents.

- b. Contractor shall assume the immediate defense of and indemnify and save harmless the DISTRICT and its officers and employees, agents, and consultants from all claims, loss, damage, injury, and liability of every kind, nature, and description brought by any person employed or used by Contractor, or any subcontractor, to perform the Work under this contract regardless of responsibility or negligence. Contractor hereby agrees to waive rights of subrogation which any insurer of Contractor may acquire from Contractor by virtue of the payment of any loss. Contractor agrees to obtain any endorsement that may be necessary to effect this waiver of subrogation. The Workers' Compensation Policy shall be endorsed with a waiver of subrogation in the favor of the DISTRICT for all work performed by the Contractor, its employees, agents and subcontractors.
 - c. The Contractor and all Subcontractors shall maintain insurance to protect the Contractor or Subcontractor from all claims under Worker's Compensation and Employer's Liability Acts, including Longshoremen's and Harbor Worker's Act. Such coverage shall be maintained, in type and amount, in strict compliance with all applicable State and Federal statutes and regulations. The Contractor shall execute a certificate in compliance with Labor Code Section 1861.
- (ii) Claims Against DISTRICT - If an injury occurs to any employee of the Contractor or any of the Subcontractors for which the employee or its dependents, in the event of its death, may be entitled to compensation from the DISTRICT under the provisions of the said Acts, or for which compensation is claimed from the DISTRICT, there will be retained out of the sums due the Contractor under this Contract, an amount sufficient to cover such compensation as fixed by said Acts, until such compensation is paid or it is determined that no compensation is due. If the DISTRICT is required to pay such compensation, the amount so paid will be deducted and retained from such sums due, or to become due the Contractor.
 - (iii) Professional Liability Insurance – Contractor will file with the DISTRICT, before beginning the Work, a certificate of insurance satisfactory to the DISTRICT evidencing professional liability coverage of not less than \$1,000,000 per claim and annual aggregate, requiring 30 days notice of cancellation (10 days for non-payment of premium) to the DISTRICT. Coverage is to be placed with a carrier with an A.M. Best rating of no less than A-:VII, or equivalent, or as otherwise approved by the DISTRICT. The retroactive date (if any) is to be no later than the effective date of this Agreement. Contractor shall maintain such coverage continuously for a period of at least three years after the recordation of the Notice of Completion. Contractor shall purchase a one- year extended reporting period i) if the retroactive date is advanced past the effective date of this Agreement ii) if the policy is canceled or not renewed; or iii) if the policy is replaced by another claims-made policy with a retroactive date subsequent to the effective date of this Agreement.
 - (iv) Commercial General Liability and Automobile Liability Insurance - the Contractor shall provide and maintain the following commercial general liability and automobile liability insurance:

- a. Coverage – coverage for commercial general liability and automobile liability insurance shall be at least as broad as the following:
 - i. Insurance Services Office (ISO) Commercial General Liability Coverage (Occurrence Form CG 0001)
 - ii. Insurance Services Office (ISO) Business Auto Coverage (Form CA 0001), covering Symbol 1 (any auto)

- b. Limits – the Contractor shall maintain limits no less than the following:
 - i. General Liability - Two million dollars (\$2,000,000) per occurrence or the full per occurrence limits of the policies available, whichever is greater for bodily injury, personal injury and property damage. If Commercial General Liability Insurance or other form with a general aggregate limit or products-completed operations aggregate limit is used, either the general aggregate limit shall apply separately to the project/location (with the ISO CG 2503, or ISO CG 2504, or insurer's equivalent endorsement provided to DISTRICT) or the general aggregate limit and products-completed operations aggregate limit shall be twice the required occurrence limit.
 - ii. Automobile Liability - One million dollars (\$1,000,000) for bodily injury and property damage each accident limit.

- c. Required Provisions - the general liability, auto liability and excess liability policies are to contain, or be endorsed to contain, the following provisions:
 - i. The DISTRICT, its directors, officers, employees, and authorized volunteers are to be given insured status at least as broad as ISO endorsement CG 2010 11 85; or both CG 20 10 10 01 and CG 20 37 04 13 (or the CG 20 10 04 13 (or earlier edition date) specifically naming all of the DISTRICT parties required in this agreement, or using language that states “as required by contract”). All Subcontractors hired by Contractor must also have the same forms or coverage at least as broad; as respects (via CG 20 38 04 13): liability arising out of activities performed by or on behalf of the Contractor; products and completed operations of the Contractor; premises owned, occupied or used by the Contractor; and automobiles owned, leased, hired or borrowed by the Contractor. The coverage shall contain no special limitations on the scope of protection afforded to the DISTRICT, its directors, officers, employees, or authorized volunteers.
 - ii. It is understood and agreed to by the parties hereto and the insurance company(s), that the Certificate(s) of Insurance and policies shall so covenant and shall be construed as primary, and the DISTRICT insurance and/or deductibles and/or self-insured retentions or self-insured programs shall not be construed as contributory using the ISO endorsement CG 20 01 04 13 or coverage at least as broad.
 - iii. Any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the DISTRICT, its directors, officers, employees, or authorized volunteers.
 - iv. The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
 - v. Each insurance policy required above shall provide that coverage shall not be canceled, except with notice to the DISTRICT as described herein.

- d. Such liability insurance shall indemnify the Contractor and his/her sub-contractors against loss from liability imposed by law upon, or assumed under contract by, the Contractor or his/her sub-contractors for damages on account of such bodily injury (including death), property damage, personal injury, completed operations, and products liability.

- e. The general liability policy shall cover bodily injury and property damage liability, owned

and non-owned equipment, blanket contractual liability, completed operations liability, explosion, collapse, underground excavation, and removal of lateral support.

- f. The automobile liability policy shall cover all owned, non-owned, and hired automobiles.
- g. All of the insurance shall be provided on policy forms and through companies reasonably satisfactory to the DISTRICT.
- h. The comprehensive general and automobile liability insurance coverage shall also include the following:
 - i. Provision or endorsement naming the DISTRICT, the Engineer and its consultants, and each of their officers, employees, and agents, each as additional insureds in regards to liability arising out of the performance of any work under the Contract and providing that such insurance is primary insurance as respects the interest of the DISTRICT and Engineer and that any other insurance maintained by the DISTRICT and Engineer is excess and not contributing insurance with the insurance required hereunder.
 - ii. "Cross Liability" or "Severability of Interest" clause.
 - iii. Provision or endorsement stating that such insurance, subject to all of its other terms and conditions, applies to the liability assumed by the Contractor under the Contract, including, without limitation, that set forth in Section B-61, Indemnity and Litigation Costs, but excluding any professional liability.
 - iv. Provision or endorsement stating that any failure to comply with reporting or other provisions of the policies including breaches of warranties shall not affect coverage provided to the DISTRICT, its officers, officials, employees, or volunteers.
- i) Deductibles and Self-Insured Retentions - Insurance deductibles or self-insured retentions must be declared by the Contractor, and such deductibles and retentions shall have the prior written consent from the DISTRICT, such consent not to be unreasonably withheld, conditioned or delayed. Policies containing any self-insured retention (SIR) provision shall provide or be endorsed to provide that the SIR may be satisfied by either the named or additional insureds, co-insurers, and/or insureds other than the First Named Insured.
- j) Acceptability of Insurers - Any insurance carrier providing insurance coverage required by the Contract Documents shall be admitted to and authorized to do business in the State of California unless waived, in writing, by the DISTRICT Risk Manager. Carrier(s) shall have an A.M. Best rating of not less than an A-: VII or better.
- k) Responsibility for Work - Until the completion and final acceptance by the DISTRICT of all the work under and implied by this agreement, the work shall be under the Contractor's responsible care and charge. The Contractor shall rebuild, repair, restore and make good all injuries, damages, re- erections, and repairs occasioned or rendered necessary by causes of any nature whatsoever.
 - a. The Contractor shall provide and maintain builder's risk insurance (or installation floater) covering all risks of direct physical loss, damage or destruction to the work in the amount specified in the General Conditions, to insure against such losses until final acceptance of the work by the DISTRICT. Such insurance shall insure at least against the perils of fire and extended coverage, theft, vandalism and malicious mischief, and collapse. The DISTRICT, its directors, officers, employees, and authorized volunteers shall be named insureds on any such policy. The making of progress payments to the Contractor shall not be construed as creating an insurable interest by or for the DISTRICT or be construed as relieving the Contractor or his/her subcontractors of responsibility for loss from any direct physical loss, damage or destruction occurring prior to final acceptance of the work by the DISTRICT.
 - b. The Contractor shall waive all rights of subrogation against the DISTRICT, its directors, officers, employees, or authorized volunteers.

- l) Evidences of Insurance - Prior to execution of the agreement, the Contractor shall file with the DISTRICT a certificate of insurance (Acord Form 25 or equivalent) signed by the insurer's representative evidencing the coverage required by this agreement. Such evidence shall include an additional insured endorsement signed by the insurer's representative and evidence of waiver of rights of subrogation against the DISTRICT (if builder's risk insurance is applicable). Such evidence shall also include (1) attached additional insured endorsements with primary & non-contributory wording, (2) Workers' Compensation waiver of subrogation, and (3) a copy of the CGL declarations or endorsement page listing all policy endorsements, and confirmation that coverage includes or has been modified to include Required Provisions 1-5 above. The DISTRICT reserves the right to obtain complete, certified copies of all required insurance policies, at any time. Failure to continually satisfy the Insurance requirements is a material breach of contract.
- m) Continuation of Coverage - The Contractor shall, upon demand of the DISTRICT deliver evidence of coverage showing continuation of coverage for at least (10) years after completion of the project. Contractor further waives all rights of subrogation under this agreement. When any of the required coverages expire during the term of this agreement, the Contractor shall deliver the renewal certificate(s) including the general liability additional insured endorsement and evidence of waiver of rights of subrogation against the DISTRICT (if builder's risk insurance is applicable) to the DISTRICT at least ten (10) days prior to the expiration date.
- n) Subcontractors - In the event that the Contractor employs other contractors (Subcontractors) as part of the work covered by this agreement, it shall be the Contractor's responsibility to require and confirm that each sub-contractor meets the minimum insurance requirements specified above. The Contractor shall, upon demand of the DISTRICT, deliver to the DISTRICT copies such policy or policies of insurance and the receipts for payment of premiums thereon.
- o) The Contractor's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.
- p) The DISTRICT reserves the right to modify these insurance requirements, including limits, based on the nature of the risk, prior experience, insurer, coverage or other circumstances.

B-61 Indemnity and Litigation Cost

- a) Promptly upon execution of the Contract, the Contractor specifically obligates itself and hereby agrees to protect, hold free and harmless, defend and indemnify the DISTRICT, the Engineer and its consultants, and each of their officers, officials, employees and agents, from and against any and all liability, penalties, costs, losses, damages, expenses, causes of action, claims or judgments, including without limitation attorneys' fees and other costs of litigation, which arise out of or are in any way connected with the Contractor's, or its Subcontractors' or suppliers', performance of Work under this Contract or failure to comply with any of the obligations contained in the Contract. This indemnity shall not extend, however, to attorney fees and costs incurred by the DISTRICT in prosecuting or defending against the Contractor in any proceeding under Section B-8, and shall imply no reciprocal right of the Contractor in any action on the contract pursuant to California Civil Code section 1717 or section 1717.5. To the extent legally permissible, this indemnity and hold harmless agreement by the Contractor shall apply to any acts or omissions, whether active or passive, on the part of the Contractor or its agents, employees, representatives, or Subcontractor's agents, employees and representatives, resulting in liability, irrespective of whether or not any acts or omissions of the parties to be indemnified hereunder may also have been a contributing factor to the liability, except such loss or damage which was caused by the active negligence, sole negligence or willful misconduct of the DISTRICT.
- b) In any and all claims against the DISTRICT or the Engineer and its consultants, and each of their officers, employees and agents by any employee of the Contractor, any Subcontractor, anyone directly or indirectly employed by any of them, or anyone for whose acts any of them may be liable, the indemnification obligation under this Section shall not be limited in any way by any limitation on the amount or type of damages, compensation or benefits payable by or for the Contractor or any Subcontractor under Worker's Compensation statutes, disability benefit statutes

or other employee benefit statutes.

- c) Each party to this Contract has been represented by separate legal counsel in the negotiation and execution of this Contract and the Contract Documents.

B-62 Protection of Work

- a) The Contractor shall be responsible for the care of all work until completion and final acceptance; and the Contractor shall, at its own expense replace damaged or lost material and repair damaged parts of the Work or the same may be done at the Contractor's expense by the DISTRICT and the Contractor and its sureties shall be liable therefore. The Contractor shall make its own provisions for properly storing and protecting all material and equipment against theft, injury, or damage from any and all causes. Damaged material and equipment shall not be used in the Work. The Contractor shall take all risks from floods and casualties except as provided by law, and shall make no charge for the restoration of such portions of the Work as may be destroyed or damaged by flood or other casualties or because of danger from flood or other casualties or for delays from such causes. The Contractor may, however, be allowed a reasonable extension of time on account of such delays, subject to the conditions hereinbefore specified. The Contractor shall not be responsible for the cost, in excess of five percent (5%) of the contracted amount, of repairing or restoring damage to the Work, if the damage was proximately caused by an earthquake in excess of a magnitude of 3.5 on the Richter Scale or by tidal waves; provided that the Work damaged was built in accordance with accepted and applicable building standards, and the Plans and Specifications of the DISTRICT.
- b) The Contractor shall effectively secure and protect adjacent property and structures, livestock, crops, and other vegetation. If applicable, the Contractor shall open fences on or crossing the right-of-way and install temporary gates of sound construction thereon so as to prevent the escape of livestock. Adjacent fence posts shall be adequately braced to prevent the sagging or slackening of the wire. Before such fences are opened, the Contractor shall notify the owner or tenant of the property and, where practicable, the opening of the fence shall be in accordance with the wishes of said owner or tenant. The Contractor shall be responsible that no loss or inconvenience shall accrue to the owner or tenant by virtue of its fences having been opened or the gate not having been either shut or attended at all times. Where special types of fences are encountered, the Contractor shall install temporary gates made of similar materials and of suitable quality to serve the purposes of the original fences. In all cases where the Contractor removes fences to obtain work room, it shall provide and install temporary fencing as required, and on completion of construction shall restore the original fence to the satisfaction of the Engineer. All costs of providing, maintaining and restoring gates and fencing shall be borne by the Contractor. The Contractor shall provide and maintain all passageways, guard fences, lights and other facilities for protection required by public authority or local conditions.
- c) The Contractor shall use extreme care during construction to prevent damage from dust to crops and adjacent property. The Contractor, at its own expense, shall provide adequate dust control for the right-of-way and take other preventive measures as directed by the Engineer.
- d) The Contractor shall be responsible for all damage to any property resulting from trespass by the Contractor or its employees in the course of their employment, whether such trespass was committed with or without the consent or knowledge of the Contractor.
- e) The Contractor shall see that the work site is kept drained and free of all ground water and any other water which may impede the progress or execution of the Contract work.
- f) The Contractor shall be responsible for any damage caused by drainage or water runoff from construction areas and from construction plant areas. In an emergency affecting the safety of life, or of the Work, or of adjoining property, the Contractor, without special instruction or authorization from the Engineer, is hereby permitted to act at the Contractor's discretion to prevent such threatened loss or injury, and it shall so act without appeal if so instructed or authorized. Any

compensation claimed by the Contractor on account of emergency work shall be determined as specified under Section B-3. Should the Engineer deem an emergency condition to exist, the Contractor shall immediately do those things and take those steps ordered by the Engineer. The decision of the Engineer in this respect shall be final and conclusive. Any claims for compensation made by the Contractor on account of emergency work shall be determined as specified under Section B-3.

- g) Except as provided by Government Code Section 4215, the Contractor shall be responsible for the removal, relocation and protection of all public and private utilities, including irrigation facilities in the nature of utilities, located on the site of the construction project if and to the extent that the same are identified in the Contract Documents, and the Contractor shall not be entitled to any extension of time or claim for damages for extra compensation in connection therewith. If and to the extent that such utilities or facilities are not identified in the Contract Documents, as between the Contractor and the DISTRICT, the DISTRICT will be responsible for the cost of their removal, relocation or protection, as the case may be, but the Contractor shall perform any such work in conformance with applicable provisions of Sections B-3 and B-4, if so directed by the Engineer and in such situation the Contractor shall not be responsible for delay in completion of the project caused by the failure of the DISTRICT or the owner of the utility to provide for such removal or relocation. If the Contractor, while performing the Contract, discovers utility or irrigation facilities not identified by the DISTRICT in the Contract Documents, it shall immediately notify the Engineer in writing.
- h) Subject to the provisions of this Section, where the Work to be performed under the Contract crosses or otherwise interferes with existing streams, watercourses, canals, farm ditches, pipelines, drainage channels, or water supplies, the Contractor shall provide for such watercourse or pipelines and shall perform such construction during the progress of the Work so that no damage will result to either public or private interests, and the Contractor shall be liable for all damage that may result from failure to so provide during the progress of the Work.

ARTICLE VI. MEASUREMENT AND PAYMENT

B-63 Measurement of Quantities

- a) Where the Contract provides for payment on a lump sum price basis, the Contractor shall submit a price breakdown to the Engineer immediately after award of the Contract. The price breakdown as agreed upon between the Contractor and the Engineer shall be used for preparing future estimates for partial payments to the Contractor and shall list the major items of Work and a price for each item. Overhead and other general costs and profit shall be prorated to each item so that the total of all items equals the lump sum price. The price breakdown shall be subject to the approval of the Engineer and Contractor may be required to verify the prices for any or all items.

Where the Contract provides for payment on a unit price basis, the quantities of work performed will be computed by the Engineer on the basis of measurements taken by the Engineer.

- b) Whenever the estimated quantities of Work to be done and materials to be furnished under this Contract are shown in any of the documents including the Proposal, they are given for use in comparing bids and the right is especially reserved, except as herein or otherwise specifically limited, to increase or diminish them as may be deemed reasonably necessary or desirable by the DISTRICT to complete the Work contemplated by this Contract and such increase or diminution shall in no way violate this Contract, nor shall any such increase or diminution give cause for claims, liability for damage or adjustment to the Contract time bid price.

B-64 Scope of Payment

- a) The Contractor shall accept the compensation provided in the Contract as full payment for furnishing all labor, materials, tools, equipment, and incidentals necessary to the completed Work and for performing all Work contemplated and embraced under the Contract; also for loss or

damage arising from the nature of the Work, or from the action of the elements, or from any unforeseen difficulties which may be encountered during the prosecution of the Work until the acceptance by the DISTRICT and for all risks of every description connected with the prosecution of the Work, also for all expenses incurred in consequence of the suspension or discontinuance of the Work as provided in the Contract; and for completing the Work according to the Specifications and Plans. Neither the payment of any estimate nor of any retained percentage shall relieve the Contractor of any obligation to make good any defective work or material.

- b) No compensation will be made in any case for loss of anticipated profits. Increased or decreased work involving supplemental agreements will be paid for as provided in such agreements.

B-65 Progress Estimate

At the end of each month where work was performed, the Contractor will submit to the Engineer a partial payment estimate filled out and signed by the Contractor covering the Work performed during the period covered by the partial pay estimate and supported by such data as the Engineer may reasonably require. If payment is requested on the basis of materials and equipment not incorporated in the Work but delivered and suitably stored at or near the site, the partial payment estimate shall also be accompanied by such supporting data, satisfactory to the DISTRICT, as will establish the DISTRICT'S title to the material, and equipment and protect its interest therein, including, applicable insurance. The Engineer will within seven (7) calendar days after receipt of each partial payment estimate either recommend payment to the DISTRICT or return the estimate to the Contractor indicating in writing its reasons for refusing to approve payment. In the latter case, the Contractor may make the necessary corrections and resubmit the partial pay estimate.

Payroll certification forms provided by the Contractor and fully executed shall be filed with the Engineer at the time of submission of each partial payment estimate and also when the claim for final payment is submitted. Wage Report forms shall be completed and submitted as set forth in Parts 4 and 5.

B-66 Progress Payments

- a) The Contractor is made aware that the DISTRICT will approve all partial payments.
- b) Upon receipt of an undisputed, properly submitted progress estimate from the Contractor, recommended by the Engineer, the DISTRICT shall act in accordance with the following:
 - (i) Each payment request shall be reviewed by the DISTRICT as soon as practicable after receipt for the purpose of determining that the progress estimate is a proper payment request.
 - (ii) Any payment request determined not to be a proper payment request suitable for payment shall be returned to the Contractor as soon as practicable but not later than seven (7) calendar days after receipt. A request returned pursuant to this paragraph shall be accompanied by a document setting forth in writing the reasons why the payment request is not proper.
- c) The number of days available to the DISTRICT to make a payment without incurring interest pursuant to this section shall be reduced by the number of days by which the DISTRICT exceeds the ten-day return requirement set forth herein.
- d) The DISTRICT will pay the Contractor ninety-five percent (95%) of the amount of each progress estimate within sixty (60) calendar days after receipt of an undisputed, properly submitted progress estimate from the Contractor, recommended by the Engineer. If the DISTRICT fails to pay an undisputed progress estimate within the allotted sixty (60) calendar days, the DISTRICT shall pay interest to the Contractor equivalent to the legal rate set forth in subdivision (s) of Section 685.010 of the Code of Civil Procedures. Five percent (5%) of amount of each estimate shall be retained by the DISTRICT until final completion and acceptance of all Work under Contract.
- e) When, in the judgment of the Engineer, the work is not proceeding in accordance with the

provisions of the Contract, or when in the Engineer's judgment the total amount of the work done since the last estimate amounts to less than \$1,000, no pay estimate will be prepared and no progress payment will be made.

- f) No progress estimate or payment shall be considered to be an approval or acceptance of any work, materials, or equipment. Estimated amounts and values of work done and materials and equipment furnished will be confirmed with actual amounts and values as they become available in subsequent progress estimates, progress payments and the final estimate and payment. All estimates and payments will be subject to correction in subsequent progress estimates and payments and the final estimate and payment.
- g) The DISTRICT requires that any payments due to Subcontractors for a portion of the Work satisfactory completed shall be made by Contractor to Subcontractors within thirty (30) calendar days of DISTRICT's payment to Contractor. Failure to make such payments in a timely fashion may result in the DISTRICT issuing future progress payments by joint check to the Contractor and Subcontractors.
- h) It is mutually agreed between the parties to the Contract that no payments made under the Contract, including progress payments and the final payment, shall be evidence of the performance of the Contract, either wholly or in part, and no payment shall be construed to be an acceptance of any defective or incomplete work or improper materials.

B-67 Liens and Stop Notices

The Contractor agrees to keep the Work, the site of the Work and all monies held by the DISTRICT free and clear of all liens and stop notices related to labor and materials furnished in connection with the Work, if permitted by law. Furthermore, the Contractor waives any right it may have to file any type of lien or stop notice in connection with the Work. Notwithstanding anything to the contrary contained in the Contract documents, if any such lien or stop notice is filed or there is evidence to believe that lien or stop notice may be filed at any time during the progress of the Work or within the duration of this Contract, the DISTRICT may refuse to make any payment otherwise due the Contractor or may withhold any payment due the Contractor a sum sufficient in the opinion of the DISTRICT to pay all obligations and expenses necessary to satisfy such lien or stop notice. The DISTRICT may withhold such payment unless or until the Contractor, within ten (10) calendar days after demand therefor by the DISTRICT, shall furnish satisfactory evidence that the indebtedness and any lien or stop notice in respect thereof has been satisfied, discharged and released of record, or that the Contractor has legally caused such lien or stop notice to be released of record pending the resolution of any dispute between the Contractor and any person or persons filing such lien or stop notice. If the Contractor shall fail to furnish such satisfactory evidence within thirty days of the demand therefor, the DISTRICT may discharge such indebtedness and deduct the amount thereof, together with any and all losses, costs, damages and attorney's fees suffered or incurred by the DISTRICT from any sum payable to the Contractor under the Contract documents, including but not limited to final payment and retained percentage. This Section shall be specifically included in all Subcontracts and purchase orders entered into by the Contractor.

B-68 Final Acceptance and Date of Completion

Whenever the Contractor shall deem all Work under this Contract to have been completed in accordance therewith, it shall so notify the Engineer in writing, and the Engineer shall promptly and reasonably ascertain whether the Work has been satisfactorily completed and, if not, shall advise the Contractor in detail and in writing of any additional work required. When all the provisions of the Contract have been fully complied with to the satisfaction of the Engineer, the Engineer shall proceed with all reasonable diligence to determine accurately the total value of all Work performed by the Contractor at the prices set forth in the Contract or fixed by Change Orders, and the total value of all extra work, all in accordance with the Contract. The Engineer will then certify to said final estimate and to the completion of the Work, and will file copies thereof with the DISTRICT and the Contractor. The date of completion shall be the date upon which the DISTRICT makes its formal written acceptance of the Work.

B-69 Final Payment

Within ten (10) calendar days after the date of completion, the DISTRICT will file in the Office of the County Recorder, a Notice of Completion of the Work herein agreed to be done by the Contractor. On the expiration of thirty-five (35) calendar days after the recordation of such Notice of Completion the difference between said final estimate and all payments theretofore made to the Contractor shall be due and payable to the Contractor, subject to any requirements concerning the furnishings of a maintenance bond, and excepting only such sum or sums as may be withheld or deducted in accordance with the provisions of this Contract. All prior certifications upon which partial payments may have been made, being merely estimates, shall be subject to correction in the final certificate.

B-70 Final Release

Final payment to the Contractor in accordance with the final estimate is contingent upon the Contractor furnishing the DISTRICT with a signed written release of all claims against the DISTRICT arising by virtue of the Contract. Disputed Contract claims in stated amounts may be specifically excluded by the Contractor from the operation of the release. The release shall be in substantially the following form:

WAIVER AND RELEASE UPON FINAL PAYMENT

The undersigned has been paid in full by the McKinleyville Community Services DISTRICT (DISTRICT) for all labor, services, equipment and material furnished to the DISTRICT for the Microgrid Project located in Humboldt County, California, and does hereby waive and release the DISTRICT, its officers, agents, and employees, from all claims and liability to the Contractor arising out of, or in any way connected with, the Contract, except for the disputed contract claims specified below:

Notice of Disputed Claim

Amount of Claim

\$ _____

Dated: _____

(Name of Contractor)

By: _____
(Title)

Any payment, however, final or otherwise shall not release the Contractor or its sureties from obligations under the Contract Documents or Performance and Payment Bonds.

B-71 Right to Withhold Payments

- a) In addition to all other rights and remedies of the DISTRICT hereunder and by virtue of the law, and provided the Contractor has received written notice from the DISTRICT and a reasonable time to cure any of the following, as provided in Section B-37 hereof, the DISTRICT may withhold or nullify the whole or any part of any partial or final payment to such extent as may reasonably be necessary to protect the DISTRICT from loss on account of:
 - (i) Defective work not remedied, irrespective of when any such work be found to be defective;
 - (ii) Claims or liens filed or reasonable evidence indicating probable filing of claims or liens including, but not limited to claims under Sections 1775, 1776, or 1777.7 of the Labor Code;
 - (iii) Failure of the Contractor to make payments properly for labor, materials, equipment, or other facilities, or to Subcontractors and/or suppliers not remedied within ten (10)

business days following the Contractor's receipt of written notice thereof;

- (iv) A reasonable doubt that the Work can be completed for the balance then unearned;
- (v) A reasonable doubt that the Contractor will complete the Work within the agreed time limits;
- (vi) Costs to the DISTRICT resulting from failure of the Contractor to complete the Work within the proper time; or
- (vii) Damage to Work or property.
- (viii) Damage to another Contractor.
- (ix) Performance of Work in violation of the Terms of the Contract Documents.
- (x) Where work on unit items is substantially complete, but lacks cleanup and/or other corrections ordered by the Engineer, amounts shall be deducted from the unit prices in partial payment estimates to amply cover such cleanup and correction.
- (xi) Failure to file required Equal Opportunity and Affirmative Action forms.

- b) Whenever the DISTRICT shall, in accordance herewith, withhold any monies otherwise due the Contractor, written notice of the amount withheld and the reasons therefore will be given the Contractor. After the Contractor has corrected the enumerated deficiencies, the DISTRICT will promptly pay to the Contractor the amount so withheld. When monies are withheld to protect the DISTRICT against claims or liens of mechanics, material men, Subcontractors, etc., the DISTRICT may at its discretion permit the Contractor to deliver a surety bond in terms and amount satisfactory to the DISTRICT, indemnifying the DISTRICT against any loss or expense, and upon acceptance thereof by the DISTRICT, the DISTRICT shall release to the Contractor monies so withheld.

B-72 Waiver of Interest

The DISTRICT shall have no obligation to pay and the Contractor hereby waives the right to recover interest with regard to monies which the DISTRICT is required to withhold by reason of judgment, order, statute or judicial process.

B-73 Satisfaction of Claims and Liens

Neither the final payment nor any part of the retained percentage shall become due until the Contractor, if required, shall deliver to the DISTRICT, a complete release of all liens and claims arising out of this Contract, or receipts in full in lieu thereof and, if required in either case, an affidavit that so far as it has knowledge or information the releases and receipts include all the labor and material for which a lien or claim could be filed; but the Contractor may, if any Subcontractor refuses to furnish a release or receipt in full, furnish a bond satisfactory to the Engineer, to indemnify the DISTRICT against any lien or claim. If any lien or claim remains unsatisfied after all payments are made, the Contractor shall refund to the DISTRICT all monies that the latter may be compelled to pay in discharging such a lien, or claim, including all costs and reasonable attorney's fees.

AMERESCO, INC

McKinleyville Community Services District
Microgrid Project

BID SCHEDULE					
Item No.	Description	Unit	Qt.	Unit Cost	Total Cost
1.	Microgrid Systems Planning, Design, Engineering, Permitting, and General Submittal Requirements from Specifications	L.S.	1	\$ _____	\$ <u>84,500</u>
2.	Mobilization/Demobilization	L.S.	1	\$ _____	\$ <u>21,520</u>
3.	Solar PV System Equipment Procurement and Construction (580 kW Minimum).	L.S.	1	\$ _____	\$ <u>937,000</u>
4.	Battery Energy Storage System Equipment Procurement and Construction (500 kW, 750 kWh Minimum)	L.S.	1	\$ _____	\$ <u>656,000</u>
5.	Microgrid Management System Equipment/Software Procurement, Construction, and Installation	L.S.	1	\$ _____	\$ <u>90,000</u>
6.	Microgrid Systems Integration, Programming, and Configuring	L.S.	1	\$ _____	\$ <u>120,000</u>
7.	Start-Up Microgrid System, Interconnection, Testing, and Commissioning	L.S.	1	\$ _____	\$ <u>14,300</u>
8.	Provide Test Prerequisites Manuals and Record Drawings	L.S.	1	\$ _____	\$ <u>Included</u>
9.	Microgrid Functional Mode Demonstrations and District Staff Training	L.S.	1	\$ _____	\$ <u>10,100</u>
10.	One Year Operation & Maintenance	L.S.	1	\$ _____	\$ <u>24,100</u>
11.	Ten Year Measurement and Verification	L.S.	1	\$ _____	\$ <u>Included with Item No. 10</u>
TOTAL BASE BID (In Numbers)					\$ <u>1,957,520</u>
TOTAL BASE BID (In Words)					
<u>One Million - Nine Hundred fifty-seven and Five - Hundred and twenty dollars.</u>					

McKinleyville Community Services District
Microgrid Project

ADDITIVE BID ITEMS					
Item No.	Description	Unit	Qt.	Unit Cost	Total Cost
1.	Additional Incremental Cost (Above Base Bid Item 4) for more Battery Energy Storage System Capacity (kWh usable)	EA.	1250	\$ _____	\$ <u>494,000</u>
2.	Additional Incremental Cost (Above Base Bid Item 10) for Extension of Operation & Maintenance Services (per year), Up To 10 years	EA.	9	\$ _____ \$12,000*	\$ <u>12,000</u> \$108,000*
TOTAL ADDITIVE BID (In Numbers)					\$ <u>506,000</u>
TOTAL ADDITIVE BID (In Words)					
<u>Five Hundred and Six thousand dollars.</u>					

*Revised costs per Amereso email received by District from Jacqueline Derosa on 1/30/2020.

Bid for McKinleyville Community Services District, Microgrid Project, including all necessary labor, materials, equipment, supervision, sales tax, and all other applicable taxes and fees.

TOTAL OF BASE BID (\$ 1,957,520)

TOTAL OF BASE BID IN WORDS: one million - nine hundred fifty-seven, Five Hundred and twenty dollars.

Receipt of the following Addenda is acknowledged:

Bid Addendum No. 1 7-25-19
Bid Addendum No. 2 8-13-19
Bid Addendum No. 3 8-22-19

From: [DeRosa, Jacqueline](#)
To: [Gregory Orsini](#)
Cc: [Pat Kaspari](#); [Jordan.King@ghd.com](#); [Russ Gans \(rgans@mitchelllawfirm.com\)](#); [Wroth O"Leary, Caroline](#); [Fontes, Ruben](#)
Subject: RE: Revised "Clean" Ameresco Documents
Date: Thursday, January 30, 2020 5:04:54 PM

Greg,

Hello. Thank you for the call and email. We are in agreement with the \$12,000 per year for 9 years.

Per our conversation, you will be updating the amount in Section 4A of the Agreement to include this.

Thank you again,
Jacquie

Jacqueline DeRosa
Vice President - Battery Energy Storage Systems
P:+1 510 982 3535
C:+1 916 990 8634

jderosa@ameresco.com

,
<http://www.ameresco.com>

Please print only if necessary.

From: Gregory Orsini <mcsdgm@mckinleyvillecsd.com>
Sent: Thursday, January 30, 2020 4:03 PM
To: DeRosa, Jacqueline <jderosa@ameresco.com>
Cc: Pat Kaspari <Pat.Kaspari@ghd.com>; Jordan.King@ghd.com; Russ Gans (rgans@mitchelllawfirm.com) <rgans@mitchelllawfirm.com>
Subject: FW: Revised "Clean" Ameresco Documents

Caution - External Email

Hi Jacquie,

Please disregard "The O & M long term contract will be reviewed and bid separately following project design completion." Portion of Russ' email below.

Per our conversation this morning related to Ameresco's proposal to conduct long term O&M for years 2 through 10 for \$12,000 per year, MCSD would like to include that in the current agreement.

Please respond that you concur with the pricing and term stated above.

Thanks

Greg

Gregory P. Orsini

General Manager

mcsdgm@mckinleyvillecsd.com

p 707.839.3251 (Option 1) c 707.616.3176



www.mckinleyvillecsd.com

From: Russ Gans <RGans@mitchelllawfirm.com>

Sent: Thursday, January 30, 2020 2:16 PM

To: jderosa@ameresco.com

Cc: Julie Gilbride <JGilbride@mitchelllawfirm.com>; Pat Kaspari <Pat.Kaspari@ghd.com>; Jordan.King@ghd.com; Gregory Orsini <mcsdgm@mckinleyvillecsd.com>

Subject: FW: Revised "Clean" Ameresco Documents

Dear Jacquie,

Attached are the proposed "Clean" (Final) drafts of the Microgrid contract documents including the requested changes from Ameresco, below. Also attached are comparison drafts reflecting changes to the prior "clean" drafts sent to Ameresco last week so all can easily follow additional revisions. I also included a redline of the sales tax language so you can track MCSD's limited changes.

Of note, the remaining "open" items are as follows:

1. Based on your conversation with Greg Orsini and GHD, we will attach the Bid Schedule as the contract price (see Agreement revisions and attached Schedule to append as Exhibit A). The O & M long term contract will be reviewed and bid separately following project design completion.
2. MCSD is seeking confirmation of 525 day extension from contract signing by Grant Funding source.

Assuming the attached documents look okay, we will present them for Board review as the proposed final.

Thank you.

Russell S. Gans

THE MITCHELL LAW FIRM, LLP
Attorneys at Law
P.O. Drawer 1008
426 First Street
Eureka, CA 95501
Phone: (707) 443-5643
Fax: (707) 444-9586
e-mail: rgans@mitchelllawfirm.com

CONFIDENTIALITY STATEMENT: This communication and any accompanying or attached document(s) are confidential and privileged. They are intended for the sole use of the addressee(s). If you receive this communication in error, you are advised that any use, disclosure, copying, distribution or taking any action in reliance upon this communication is strictly prohibited. Moreover, any inadvertent disclosure shall not compromise or waive the attorney-client privilege as to this communication or otherwise. If you received this message in error, please immediately telephone The Mitchell Law Firm, LLP ((707) 443-5643), and delete this message without copying it. Thank you.

***** AMERESCO NOTICE ***** Suspicious emails such as spam, phishing or anything you are uncertain of, please use the "Report Message Button" in Outlook and classify email as spam or phishing.
*****NOTE: This e-mail may contain PRIVILEGED and CONFIDENTIAL information and is intended only for the use of the specific individual(s) to which it is addressed. If you are not an intended recipient of this e-mail, you are hereby notified that any unauthorized use, dissemination or copying of this e-mail or the information contained in it or attached to it is strictly prohibited. If you have received this e-mail in error, please delete it and immediately notify the person named above by reply e-mail. Thank you.*****

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.A **Support Services – Nov/Dec 2019 Report**

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

TYPE OF ACTION: **None**

FINANCIAL, AUDIT, & BUDGET INFORMATION

The District has \$1,087,803.52 to date in the Trust Account for the next Biosolids Disposal project.

Customer adjustments at December month-end total \$9,706.52, which represents 44.1% of the annual \$22,000 budget for this sub-item. (GL# 501-62120)

Total Board Travel as of December 31, 2019 is \$6,065.75 which is 34.3% of the approved \$17,700 budget for this item. (GL# 001/005/501/551 62090/62155-888)

Audit/Budget Update:

The Audit process for FY2018-19 is complete. The Audit Committee has reviewed the final report and the management letter. When the audit is approved, the “Draft” watermark will be removed and it will be posted to the District website.

The Budget process for FY2019-20 has started. The first draft of the Parks CIP is presented for the Board’s review at this meeting. The draft Operations CIP will be presented next month, with drafts of the expense budgets offered in April and May, with the final budget presented for approval in June, before the start of the next fiscal year in July.

Treasurer’s Report Highlights:

Water Fund capacity fees collected through December total \$134,972. Wastewater Fund capacity fees of \$136,377 were collected through the end of December. Capital Contributions for the Avelar and Griffith Subdivisions will be posted per the Board’s approval and acceptance. Capital Contributions and Capacity fees are included in the income vs. expenses graphs of the Treasurer’s Report, but they are called out separately on the Budget to Actuals report.

Investment and Cash Flow:

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 PG&E loan for the Streetlights LED Replacement Project has been paid in full. The final payment was made in December 2019.

The Board will have the opportunity next month to review the Reserves Policy for collection and use of the Repair & Replacement Reserve.

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.B **Operations Department – December 2019 Report**

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

TYPE OF ACTION: **None**

Water Department:

Water Statistics:

The district pumped 36.5 million gallons of water in December. Seven water quality complaints were investigated and rectified. Daily, weekly and monthly inspections of all water facilities were conducted.

Double Check Valve Testing:

Retests were conducted in December and then the DCV testing kit was sent in for the annual inspection and calibration.

Average and Maximum Water Usage:

The maximum water usage day was 1.5 million gallons and the average usage per day was 1.2 million gallons.

Water Distribution Maintenance:

Weekly Bacteria Samples were collected on Schedules 1, 2, 3, 4 and 6 which represent different locations in the water distribution system. The schedules are made up of a sample taken in each pressure zone. The annual Fire Hydrant inspections are 95% completed and will continue into next month. Each hydrant is exercised, inspected and documented. Any discrepancies are flagged to generate a work order for repairs. The semi-annual expansion joint inspections were conducted at all water stations. During the inspection, all joints are checked for cracks or leaks. An isolation valve was replaced at the Blake Station due to leaking. A few customers were notified prior to the work and were without water for approximately 2 hours until the repair was completed. A new water service was installed on Boiler. A water leak was repaired on Azalea due to a crack in the service line. A water leak was repaired behind Subway due to a break in the water main. A new section of main was installed. Several customers were out of water for approximately 4 hours and were notified prior to the outage. A blow-off on Alder was replaced due to the valve not operating during the annual valve exercise. A service line was replaced on Parkside due to a crack in the service pipe.

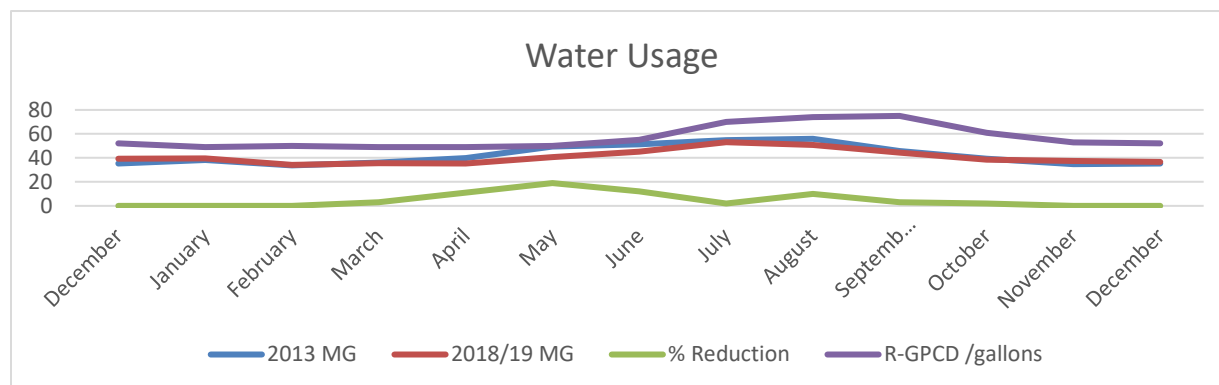
Water Station Maintenance:

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. String trimming and mowing was completed at the Norton Tank site, Hiller and Eucalyptus PRV stations.

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	2018/19	% Reduction	R-GPCD
December	35.203	39.299	0	52
January	38.241	39.540	0	49
February	33.751	34.170	0	50
March	36.244	35.468	3	49
April	39.755	35.410	11	49
May	49.407	40.656	19	50
June	51.337	45.198	12	55
July	54.757	53.086	2	70
August	55.908	50.871	10	74
September	45.702	44.361	3	75
October	39.439	38.625	2	61
November	34.879	37.462	0	53
December	35.203	36.588	0	52



R-GPCD = Residential Gallons Per Capita Day

New Construction Inspections:

The Club on Central; Hot Tap for fire service, new water service and testing was completed. Waiting on as-builds. Bo Day Subdivision; Manhole has been installed. Water main and services are installed. Tie-in is completed. Testing was completed and corrections were made. St. light installation pending. Frito Lay; mains have been installed along with a manhole installation and services. Testing completed and video recorded. Paving is pending. Imeson Court, Avalar plans have been reviewed and commented. Engineer sent corrected plans back to staff for review and approval. Valedao Lime has begun. Water and sewer services and sewer main have been installed and tested. Waiting on punch list items to be corrected.

Sewer Department:**WasteWater Statistics:**

28.8 million gallons of wastewater were collected and pumped to the WWMF. 31.1 million gallons of wastewater were treated and discharged to land disposal or reclamation in December.

Sewer Station Maintenance:

Monthly inspections and daily routines were conducted on all sewer stations. The Fischer wet well rehab project is completed. The wet well was cleaned and sandblasted as preparation for the concrete coating that was applied, which will protect the concrete from hydrogen sulfide damage and aid in longevity. Two new grit pumps and piping was installed as part of the upgrade. Letz and Kelly Wet wells were cleaned using fire hoses. This is done quarterly to remove debris and grit that could possibly plug up the pumps and also helps remove hydrogen sulfide buildup that could destroy the concrete casings. The semi-annual expansion joint inspections were conducted at all sewer stations. During the inspection, all joints are checked for cracks or leaks.

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. The quarterly and semi-annual hydro-cleaning was completed, approximately 30,000 feet, using the Vac-con and 3000 psi of water through a spinning nozzle. This is done to prevent grease build up which will cause blockages in the sewer mains resulting in sewer spills. A pump at the Letz station and Hiller station had to be opened up and deragged. This was noticed during the daily observation of pump hours and seeing that the pumps had been pumping more hours than normal.

Wastewater Management Facility:

Staff continues to email the daily WWMF data for monitoring and input on the process. Daily and weekly maintenance continues at the treatment plant to perform required service on the equipment. A pilot study was performed to introduce ammonia into the contact chamber to help eliminate disinfection bi-products due to the plant process over performing and removing all the ammonia from the effluent. The pilot study was a success and the state accepted the process changes to allow water from the Biosolids Basin to be pumped to the Secondary Effluent pump vault. Annual calibration and

maintenance were performed on the vacuum regulators along with the chemical detectors.

Daily Irrigation and Observation of Reclamation Sites:

Monitoring was conducted at the Fischer Ranch tree farm as part of the tree farm pilot study. Discharge has been going to the River since December 16th.

Street Light Department:

Two streetlights were reported not working properly. Staff found that the power from PG&E was not constant. PG&E was called to make repairs to their wires.

Promote Staff Training and Advancement:

Weekly tailgate meetings and training associated with job requirements. Staff received training on Hazwopper refresher, First Aid, Driving in heavy rain, Electrical hazards, and dealing with stress, alcohol abuse and bullying.

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.

Monthly Pesticide applicator report was submitted to Department of Agriculture.

Staff met with Engineers to discuss the Hiller Station Upgrade Project.

Attended phone conference with Ameresco regarding Microgrid Project

Staff met with engineers to dig and collect soil samples for the Mainline Rehab Phase 3

Ran camera in storm drain for County to look for failed culvert

Acute testing for NPDES permit requirements

Attended CWEA meetings to discuss training schedules for cities and muni groups.

Replaced suction tube on the Vac-Con due to leaking

Outfitted new F-150 with radio and warning lights.

Annual emergency food inspection as part of the EOP.

Hiller Station Upgrade Project:

The District is in the process of upgrading the Hiller Sewer Lift Station which will consist of installing two submersible pumps into the existing wet well, installation of a control panel, tie into existing discharge piping, valve installation and controls. The existing package station would need to be decommissioned. Funding for this project will be provided from the Federal Emergency Management Agency (FEMA) and the California Emergency Management Agency (CalEMA) via the Robert T. Stafford Emergency Assistance and Disaster Relief Act for a FEMA Hazard Mitigation Program project. The District requested qualifications for engineering services to provide services necessary to proceed with the upgrade of the Hiller Sewer Lift Station. GHD was the engineers selected for these services. GHD submitted a Scope of Work for this project for comments and review. Staff reviewed Scope and sent it back with comments and modifications. GHD accepted comments. Staff conducted pump testing scenarios and recorded data which will help engineers design appropriately sized pumps and VFD's. GHD delivered 100% design for the District to review. District staff reviewed design and submitted comments back to GHD. The project will go out to bid on January 27th.

Parks:

Several open space zones received mowing, hedging and maintenance as part of the Open Space Maintenance Zone agreements. The Facilities were mowed and cleaned as part of the weekly schedule along with rental events. Monthly inspections were conducted on all facilities and Open Spaces. During Monthly inspections staff notice the Teen Center stove had a faulty burner pilot light. Staff has ordered parts and has scheduled to make repairs. Staff cleaned up broken limbs from several Open Space Zones due to high winds. The wooden kiosk at the HSS was removed due to rotting posts. Every year the Azalea Hall is closed for 2 weeks to perform annual maintenance. Staff stripped and waxed the floor, touched up paint and conducted repairs that were needed.

GIS:

Plans and Programs

- Conducted/Completed In-House CalARP Hazard Assessment:
 - Off-Site consequence Analysis includes: Modeled Worst-Case scenario and alternative case scenario impacts to the population and other receptors.
 - In-House analysis was approved by county representative.
 - Document reviewed by Operations Director
- Revised CalARP Risk Management Plan to include results from Hazard Assessment. Executive Summary will need to be submitted to the EPA for our 5-year audit.
 - Reviewed by Operations Director and General Manager
- Updated CalARP components to include new Hazard Assessment results and information.
- Revised and updated the MCSD injury and Illness Prevention Program IIPP
 - Incorporated CAL/OSHA inspection recommendations

Maps Completed/General GIS

- Created decorative map for the MCSD office lobby.
- Received, reviewed, and added new imagery to the GIS.
- Edited water and sewer lines with new aerial imagery
- Maintaining the Operations I Pad to be used for facility inspections and USA's
- Maintained and update ArcGIS online maps for I Pad use.
- GPS'd and updated new water services.
- Installed new WaterCad version, transferred data from old version to new one.
- Updated Hydrant inspections excel sheet

Misc. Work Completed

Document filing for Operations inspections.

Subdivision SOP revision

Flow Tote Data processing and data entry

Reviewed sewer line camera inspection videos from Pro-Pipe

Received and reviewed Aerial imagery from Access Geographic

Entered tree farm irrigation data

Conducted USA mark and locate

Organized Plans and As-builts in the office safe

McKinleyville Community Services District

BOARD OF DIRECTORS

February 5, 2020

TYPE OF ITEM: **INFORMATION**

ITEM: F.2.C **Parks & Recreation Director's Report for December 2019 & January 2020**

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

TYPE OF ACTION: **None**

TEEN & COMMUNITY CENTER-BOYS & GIRLS CLUB PARTNERSHIP:

Staff continue to meet regularly with Boys & Girls Club staff. Currently BGCR and MCSD staff are working to develop youth leadership workshops to be offered to youth throughout the next calendar year, as well as coordinating staff training opportunities through Boys & Girls Club national that park and recreation staff will also be eligible to attend at no additional cost.

The Vines by the Sea event committee has set the date for the 2020 Vines by the Sea to be Saturday, May 2nd. Planning for the 2020 event is underway with meetings every two weeks. Save the Date postcards are going out to previous vendors next month. The committee has added a Barbecue contest to the event this year. Ticket prices will include not only beer and wine tasting but also barbecue tasting.

RECREATION ADVISORY COMMITTEE:

The Recreation Advisory Committee met on December 19, 2019 and January 16, 2020. The notes from the meetings can be reviewed in **Attachment 1 and Attachment 2**.

RECREATION PROGRAM UPDATES:

- Playgroup- Continues to have 30-35 families per day.
- Tot-letics-Soccer session began January 11th and has 28 children ages 3-5 enrolled.
- Drop in Pickleball- continues to draw 12-14 per day
- Drop in Basketball- continues to draw 20-25 per Sunday.
- Paint Night-December did not host a Paint Night, however in January we had 10 participants, 6 of which were first time attendees.
- Family Game & Skate Night- 15-20 participants in both December and January
- Jr. High Dance- 302 kids on January 17, 2020.

OTHER UPDATES:

- Staff is working with community residents interested in building a BMX track in McKinleyville on MCSD's property at School Rd. & Washington Ave. Over 30 community residents attended and participated in a public input meeting on December 11, 2019. Both Staff and the Recreation Advisory Committee have provided guidance and support to the residents working to bring BMX to McKinleyville. It is hoped that a presentation for the MCSD Board will be ready by March or April.
- Staff facilitated a second meeting of community stakeholders to discuss existing activities in McKinleyville addressing negative impacts of homelessness and begin developing strategies for collaborations that can assist in mitigating negative impacts and improve the health and safety of the community. The meeting was initiated by District staff as a starting point to create sustainable solutions to the increasing costs of cleaning up

homeless camps on District managed Open Spaces. Staff is submitting a grant proposal to the Humboldt Area Foundation for funds to support this ongoing collaborative effort to improve the safety and environment of open spaces in our community.

- Staff continues to work with MUSD in ensuring adequate staffing for the MUSD Expanded Learning After School Program.
- Staff is participating in the planning of MCSD's 50-year anniversary events to take place in 2020.
- Staff is coordinating and running the 2020 Youth Basketball league.
- Staff continues to seek ways to expand programming.
- Staff is working with Emergency Operations Team to address Strategic Plan Goal 2 as well as plan staff Emergency Operations trainings. Staff completed a DRAFT public education pamphlet outlining the Districts responsibilities and priorities in the event of a community wide emergency or natural disaster which can be viewed in **Attachment 3**. Staff are also planning an all staff mock emergency response drill to take place in June 2020.

Attachments:

Attachment 1—RAC meeting notes 12-19-2019

Attachment 2— RAC meeting notes 1-16-2020

Attachment 3 – District Emergency Response Pamphlet

Thursday, December 19, 2019

6:30pm

Recreation Advisory Committee Meeting

NOTES

Members Present:, Johnny Calkins, John Kulstad, Ben Winker, Laura Bridy, Jeff Dunk, Charlie Caldwell, Scott Binder, Chad Sefcik, Director David Couch

Members Absent: David Coelho, Beth Frink

Meeting Notes:

Communications:

- Staff reported that two community members have submitted letters of interest for the vacant seats on the RAC

Public Comment:

- No public comment

BMX Community Interest in Building McKinleyville Track

- Staff shared and committee reviewed the information gleaned from the public input meeting held on December 11th.

Community Garden:

- Ben Winker reported that he intends to schedule a meeting with existing plot owners in early 2020.

Parking at Hiller Park:

- Johnny Calkins reported on his communications with the county regarding the portion of the Hammond trail at Hiller park. As county is not responsible for that section of trail, they are unable to dedicated resources to mitigating the parking issues.
- Johnny Calkins agreed to measure the length of trail and provide an estimate of necessary materials for installing posts along the trail.

Recreation Program Updates:

- Playgroup- Continues to have 30-35 families per day three days per week. Closed during holidays.
- Tot-letics-next session is soccer and begins Jan. 11th
- Drop in Pickleball- 10-15 participants two days per week.
- Drop in Basketball- 20-25 participants every Sunday
- Youth Basketball League- enrollment is slowly coming in.
- Family Game & Skate Night- none scheduled for December

AdHoc Committee Reports:

- Hewitt Ranch—No report
- Skate Park—working on permitting; awaiting grant responses.
- School and Washington Property—No report
- River Property—No report
- Fischer Ranch Estuary project—No report
- BMX— See notes on above

Agenda Items for next meeting:

- Election of officers
- BMX Interest
- Hammond Trail
- Community Garden
- Botanical Garden

Adjournment:

- Adjourned: 7:24pm

Thursday, January 16, 2020

6:30pm

Recreation Advisory Committee Meeting

NOTES

Members Present:, Johnny Calkins, John Kulstad, Ben Winker, Jeff Dunk, Charlie Caldwell, Scott Binder, Director David Couch, David Coelho, Beth Frink

Members Absent: Laura Bridy, Chad Sefcik

Guests: Jason Orlandi, Jack Durham (McK. Press)

Meeting Notes:

Communications:

- Staff reported that Committee Member John Kulstad's term is up at the end of January.
- Committee members voted to recommend his re-appointment and continued service.

Public Comment:

- No public comment

Election of Officers:

- Member Jeff Dunk nominated Johnny Calkins to serve as Chair; John Kulstad seconded the nomination. J. Calkins was elected with a unanimous vote of committee.
- Member Johnny Calkins nominated member Scott Binder for Vice Chair. David Coelho seconded. S. Binder was elected by a unanimous vote of the committee.

Candidates for open RAC seats:

- Staff shared the letters of application from Josh Zender and Cassidy Bertoldi for open RAC seats, with the committee.
- The committee discussed the candidates and voted to recommend appointment of both candidates for seats as selected by the MCSD Board.

BMX Community Interest in Building McKinleyville Track

- Staff shared and committee reviewed the information gleaned from the public input meeting held on December 11th.
- Jason Orlandi, also shared his input gleaned from the Dec. 11th public input meeting.
- Staff and committee members advised Mr. Orlandi on appropriate next actions to best prepare a presentation for the MCSD Board within the next 2-3 months.

Community Garden:

- Ben Winker reported that he has not reached out to plot owners yet as the weather has been wet and unpleasant, however he intends to do so soon.

Botanical Garden:

- Member Beth Frink shared an outline to the committee for a possible plan to convert the botanical garden into a pollinator garden.
- The idea was discussed and well received by the committee.
- Staff committed to meeting with Beth before the February RAC meeting to provide direction on creating an action plan for transforming the garden.

Parking at Hiller Park:

- Johnny Calkins reported on his communications with the county regarding the portion of the Hammond trail at Hiller park. As county is not responsible for that section of trail, they are unable to dedicated resources to mitigating the parking issues.
- Staff reported an estimated cost of over \$3500 to install short posts along the trail to prevent cars from parking on the trail.
- The committee discussed possible alternatives to posts such as jersey barriers and parking bumpers.

Recreation Program Updates:

- Playgroup- Continues to have 30-35 families per day three days per week.
- Tot-letics- Soccer session began Jan. 11th
- Drop in Pickleball- 10-15 participants two days per week.
- Drop in Basketball- 20-25 participants every Sunday
- Youth Basketball League- Began January 6th. Serving over 180 youth in 3rd-10th grades.
- Paint Night- January paint night hosted 10 painters, 6 of which wer first time participants.
- Family Skate Night- hosted 15 participants

AdHoc Committee Reports:

- Hewitt Ranch—No report
- Skate Park—working on permitting; awaiting grant responses.
- School and Washington Property—No report
- River Property—No report
- Fischer Ranch Estuary project—No report
- BMX— See notes on above

Agenda Items for next meeting:

- Form 700
- BMX Interest
- Hammond Trail
- Community Garden
- Botanical Garden

Adjournment:

- Adjourned: 7:32pm

What Can YOU Do to Help MCSD during a Disaster or Emergency Event?

In the event of a community wide emergency in which MCSD has activated its Emergency Response System, community residents can help support MCSD's response in the following ways:

➔ **CONSERVE WATER**--Do not use water from your taps unless absolutely necessary

➔ **REPORT Infrastructure Damage** by calling:
707-839-3251 OR
707-601-9241
Or visit the District office at:
1656 Sutter Rd.

Report any of the following:

- Water or Sewage leaking from the ground
- Dry taps in your house or sewage backing up into your house
- Damaged, leaning or fallen streetlights

Do you have a Personal Preparedness Plan in case of an Emergency?
...

Talk with your family and make an emergency plan today. Check out www.ready.gov for information and templates.
...

Sign up to receive local alerts from the Humboldt County Office of Emergency Services at www.humboldt.gov.org and search for "Office of Emergency Services"
...

Additional Information and Contact Numbers:

Humboldt County Red Cross
707-832-5480

Humboldt County Office of
Emergency Services
707-268-2500

PG&E
to report down power lines or gas leaks
1-800-PGE-5000
www.pge.com

Please Call
9-1-1
for Life Threatening Emergencies



In the event of a
**Community
Emergency**
are you prepared?

296

Here are a few ways you can be prepared and support the McKinleyville Community Services District during a Natural Disaster or Community Wide Emergency

EMERGENCIES DO HAPPEN.



Know your neighbors. Plan together. Be ready.

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

PRIORITIES & RESPONSIBILITIES
IN RESPONDING TO NATURAL DISASTERS &
COMMUNITY WIDE EMERGENCIES

PRIORITIES

- 1. WATER
- 2. WASTEWATER SYSTEMS
- 3. EMERGENCY SHELTER FACILITIES

RESPONSIBILITIES

- WATER & WASTEWATER SYSTEMS
- EMERGENCY SHELTER FACILITIES
- STREETLIGHTING

<p><u>WATER</u></p> <p>MCSD's #1 priority is ensuring the safety and security of water for the community; specifically water access and availability to emergency responders. This means residential water may be shut off temporarily during an emergency.</p>	<p><u>SEWER</u></p> <p>MCSD's #2 priority is ensuring sewer system is fully functional so the community is not exposed to raw sewage, as such exposure could result in a public health crisis.</p>	<p><u>FACILITIES</u></p> <p>MCSD's #3 priority is assessing the safety and functionality of public facilities designated as Emergency Shelters for the Red Cross and Humboldt County.</p>
--	---	--

<p><u>Water & Wastewater Systems</u></p> <p>MCSD's first response will be to assess and repair any damage to the water & wastewater systems infrastructure, ensuring the healthy and safety of the water supply.</p>	<p><u>Emergency Shelter Facilities</u></p> <p>MCSD is responsible for public facilities that have been designated as Emergency Shelters for the Red Cross and County of Humboldt. MCSD must ensure the safety and functionality of these facilities in an emergency.</p>	<p><u>Streetlighting</u></p> <p>MCSD is responsible for streetlighting throughout most of the District boundaries. MCSD is responsible for assessing and repairing damaged streetlights within that system.</p>
---	---	--

4.5 Gallon Water Tank Project – Staff received a letter from Federal Emergency Management Administration notifying MCSD has qualified and will receive grant funding for Phase 1 of the project. Phase 1 will include procurement of the property, permitting and design to 65%. Upon completion of Phase 1 we will be eligible for Phase 2 which will include completion of design and construction. This is a Hazard Mitigation Grant through Cal OES and FEMA and will be a 75% grant 25% cost to MCSD. Estimated total project cost will exceed \$6,000,000.

Water and Sewer Mainline Master Plan Phase 3a – During the previous two months, staff and our consultant developed a sampling plan. This plan was created to guide the process of sampling representative soils in the vicinity and depth of water and sewer mainlines. The soils were analyzed for specific characteristics that will affect the exterior surface of the pipes. This analysis will then allow for the characterization of the entire district without having to sample near every mainline. The next step will be to physically test the specific mainline material for degradation. Upon completion of that process the information of soil type and exterior pipe condition will be used determine actual life span and allow the prioritization for replacement.

SRF Emergency Efficiency WWMF Micro-grid Project – This Item is being brought back to the Board for approval, the contractor requested modifications to their proposal that were negotiated and agreeable to the GM and District General Counsel.

Administrative and Field Office Remodel and Addition – A basis of design was submitted to MCSD by our consultant. The basis of design included the space necessary to conduct efficient business now and for the next 30 years. The basis of design also included cost estimates for three different modes of construction. The primary being conventional framing, modular, and container constructions. Conventional construction is what you would typically see when a building is built; framing, siding and a roof, all done on sight.

Hiller Lift Station Pump Upgrade – A component for the Clean Water State Revolving Fund Grant/Loan for energy efficiency is an upgrade to the Hiller Sewer Lift Station. During the previous two months design was completed; staff reviewed general conditions, design drawings, standards and specifications; the bid packet was assembled; reviewed by district general counsel and the bid documents were advertised. The bid process started with advertisement of the project on January 27. A nonmandatory pre-bid meeting will be held on February 12 and a deadline for submitting bids of March 4. At that time the lowest responsive bidder will be determined and this matter should be before the board for authorization at the April meeting.

Local Limits – The draft work plan was completed by our consultant, reviewed by staff and submitted to the Regional Board for approval prior to implementation. In December we received word from Region One that we could move forward with the workplan. Since the workplan stipulates sampling during dry weather months, implementation will begin in the spring.

Sewer Undercrossing Project – Staff received notification that we were awarded funding for phase one for that design and implementation to upgrade all three of our sewer undercrossings. Highway 101 separates MCSD's sewer collection system east and west side. The systems are joined by three sewer mains that cross under the freeway. One in the northern one in the central and one in the southern portion of the town. Due to age and flow limitations these mains would have required replacement in time. As part of the grant 75% of the cost for three parallel lines will be funded as part of a hazard mitigation grant.

Off Channel Habitat and Public Access Project – Staff reviewed the Mitigated Negative Declaration for this project prior to its submission.

Meetings –The General Manager attended various meetings in December and January including a CSDA Board of Directors and Executive Committee Meeting. A Humboldt Area Chapter of CSDA meeting and several MMAC special meetings related to the Town Center Ordinance.

Attachments:

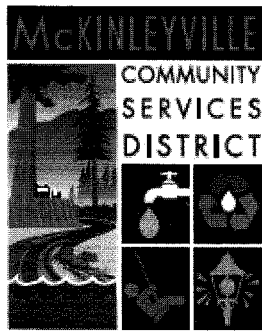
- Attachment 1 – WWMF Monthly Self-Monitoring Report

PHYSICAL ADDRESS:

1656 SUTTER ROAD
McKINLEYVILLE, CA 95519

MAILING ADDRESS:

P.O. BOX 2037
McKINLEYVILLE, CA 95519



mckinleyvillecsd.com

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

January 10, 2020

RE: MONTHLY MONITORING REPORT

Dear Justin:

Enclosed is the Monthly Monitoring Report for December 2019 for McKinleyville Community Services District Wastewater Management Facilities WDID NO. 1B82084OHUM, operating under Order Number R1-2018-0032.

The normal discharge of effluent was 16 days to Discharge Point 002, 003, 004, 006 and 16 days going to 001. The required monitoring and water quality constituents that were tested and reported were in compliance in December.

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 December are as follows. Median was <1.8 and a Maximum of <1.8. Five samples were collected in the month of December and was in compliance.

Acute Toxicity Percent Survival. Minimum for any bioassay is 70% survival. Median for three or more consecutive bioassays at least 90% survival. Acute results were 100% and TST Pass for Rainbow trout.

Monthly River Monitoring was conducted in December.

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

DECEMBER 2019

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	0.908	0.685	953	0.685						0.000	0.000
2	0.818	0.932	969	0.257		0.329	0.220	0.126		0.675	0.000
3	0.820	0.953	1587			0.633	0.196	0.124		0.953	0.000
4	0.824	0.890	1102			0.596	0.179	0.115		0.890	0.000
5	0.803	0.950	1269			0.576	0.251	0.123		0.950	0.000
6	0.819	0.726	981	0.327		0.351	0.029	0.019		0.399	0.000
7	0.912	0.604	786	0.604						0.000	0.000
8	0.994	0.602	748	0.602						0.000	0.000
9	0.871	1.034	1255	0.225		0.553	0.126	0.130		0.809	0.000
10	0.842	1.016	1137			0.772	0.127	0.117		1.016	0.000
11	0.855	0.996	1047			0.778	0.106	0.112		0.996	0.000
12	0.864	1.126	1196			0.835	0.184	0.107		1.126	0.000
13	0.987	0.737	1061	0.366		0.371				0.371	0.000
14	1.018	0.587	718	0.587						0.000	0.000
15	1.085	0.567	770	0.567						0.000	0.000
16	0.951	1.077	1374	0.220	Began River District Discharge					0.000	0.857
17	0.907	1.149	1246							0.000	1.149
18	0.889	1.136	1235							0.000	1.136
19	0.930	1.234	1260							0.000	1.234
20	0.894	1.156	1242							0.000	1.156
21	0.953	1.095	1252							0.000	1.095
22	1.196	1.265	1081							0.000	1.265
23	1.059	1.364	1268							0.000	1.364
24	1.012	1.222	1182							0.000	1.222
25	0.960	1.192	1180							0.000	1.192
26	0.958	1.102	1136							0.000	1.102
27	0.911	1.230	1238							0.000	1.230
28	0.917	1.102	1148							0.000	1.102
29	0.979	1.081	1438							0.000	1.081
30	0.966	1.216	1258							0.000	1.216
31	0.925	1.128	1127							0.000	1.128
TOTAL	28.827	31.152		4.440	0.000	5.794	1.418	0.973	0.000	8.185	18.527
AVERAGE	0.930	1.005	1137	0.000	0.000	0.000	0.000	0.000	0.000	0.264	0.598
MAXIMUM	1.196	1.364	1587	0.685	0.000	0.835	0.251	0.130	0.000	1.126	1.364
MINIMUM	0.803	0.567	718	0.220	0.000	0.329	0.000	0.019	0.000	0.000	0.000
DAYS	31	31		10	0	10	9	9	0	10	16
Lbs/Acre						0.735	0.000	0.000	0.000		

DAYS WITH NO DISCHARGE = 0

MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
WASTEWATER MANAGEMENT FACILITY
RIVER CFS - EFFLUENT FLOWS -

M-003

RIVER DILUTION

M-004

M-005

December 2019

DATE	INF-001 INFLUENT MGD	EFF-001 EFFLUENT MGD	EFFLUENT MAXIMUM GPM	M-002 PERK PONDS MGD	M-006 IRRIGATE MGD	EFF-001 RIVER MGD	RIVER DILUTION 100:1	MAXIMUM G.P.M. DISCHARGE FOR 100:1	RIVER FLOW IN CFS	RIVER FLOW IN GPS
1	0.908	0.685	953	0.685		0.000	0	0		0
2	0.818	0.931549	969	0.257	0.675	0.000	0	0		0
3	0.820	0.953	1587		0.953	0.000	0	0		0
4	0.824	0.890	1102		0.890	0.000	0	0		0
5	0.803	0.950	1269		0.950	0.000	0	0		0
6	0.819	0.726	981	0.327	0.399	0.000	0	0		0
7	0.912	0.604	786	0.604		0.000	0	0		0
8	0.994	0.602	748	0.602		0.000	0	0		0
9	0.871	1.034	1255	0.225	0.809	0.000	0	0		0
10	0.842	1.016	1137		1.016	0.000	0	0		0
11	0.855	0.996	1047		0.996	0.000	0	0		0
12	0.864	1.126	1196		1.126	0.000	0	0		0
13	0.987	0.737	1061	0.366	0.371	0.000	0	0		0
14	1.018	0.587	718	0.587		0.000	0	0		0
15	1.085	0.567	770	0.567		0.000	0	0		0
16	0.951	1.077	1374	0.220		0.857	513	7047	1570	11745
17	0.907	1.149	1246			1.149	400	4982	1110	8304
18	0.889	1.136	1235			1.136	290	3586	799	5977
19	0.930	1.234	1260			1.234	240	3021	673	5035
20	0.894	1.156	1242			1.156	470	5835	1300	9725
21	0.953	1.095	1252			1.095	387	4848	1080	8079
22	1.196	1.265	1081			1.265	457	4937	1100	8229
23	1.059	1.364	1268			1.364	662	8394	1870	13989
24	1.012	1.222	1182			1.222	486	5745	1280	9576
25	0.960	1.192	1180			1.192	373	4403	981	7339
26	0.958	1.102	1136			1.102	318	3613	805	6022
27	0.911	1.230	1238			1.230	238	2949	657	4915
28	0.917	1.102	1148			1.102	223	2559	570	4264
29	0.979	1.081	1438			1.081	155	2222	495	3703
30	0.966	1.216	1258			1.216	368	4623	1030	7705
31	0.925	1.128	1127			1.128	328	3694	823	6157
TOTAL	28.827	31.152		4.440	8.185	18.527				
AVERAGE	0.930	1.005	1137	0.000	0.000	0.598	191	2337	1009	3896
MAXIMUM	1.196	1.364	1587	0.685	1.126	1.364	662	8394	1870	13989
MINIMUM	0.803	0.567	718	0.220	0.371	0.000	0	0	495	0
DAYS	31	31		10	10					
DAYS WITH NO DISCHARGE TO THE MAD RIVER = 15										

McKINLEYVILLE COMMUNITY SERVICES DISTRICT WASTEWATER MANAGEMENT FACILITY MONITORING DATA

MONTH: December 2019

DATE	EFFLUENT FLOW			EFFLUENT MAXIMUM GPM	RIVER CFS	RIVER DURATION	INFLUENT MONITORING			EFFLUENT MONITORING					RSW-001			RSW-002					
	FLOW M.G.D.	FLOW M.G.D.	FLOW M.G.D.				R.O.D. mg/L	TSS mg/L	pH	TEMP (°C)	B.O.D. mg/L	TSS mg/L	CL RES.	CL RES.	RIVER CL RES.	SETTLABLE SOLIDS	TOTAL COCLIFORM	TIME	PH	TEMP	D.O.	TIME	PH
1	0.908	0.685	0.953	N/A	N/A	N/A	7.2	13.9		2.3	N/A	N/A											
2	0.818	0.932	969	N/A	N/A	N/A	7.2	13.4		2.2	N/A	N/A											
3	0.820	0.953	1587	N/A	N/A	N/A	7.1	13.6		1.9	N/A	N/A											
4	0.824	0.890	1102	N/A	N/A	N/A	7.1	12.4		2.1	N/A	N/A											
5	0.803	0.950	1269	N/A	N/A	N/A	7.1	12.4		2.1	N/A	N/A											
6	0.819	0.726	981	N/A	N/A	N/A	7.1	13.0	8.7	1.2	2.0	N/A	<0.1										
7	0.912	0.604	786	N/A	N/A	N/A	7.1	12.9		1.9	N/A	N/A											
8	0.994	0.602	748	N/A	N/A	N/A	7.1	12.9		1.8	N/A	N/A											
9	0.871	1.034	1255	N/A	N/A	N/A	7.3	14.0		2.1	N/A	N/A											
10	0.842	1.016	1137	N/A	N/A	N/A	7.2	13.5		2.4	N/A	N/A											
11	0.855	0.996	1047	N/A	N/A	N/A	6.9	13.9		2.1	N/A	N/A											
12	0.864	1.126	1196	N/A	N/A	N/A	7.1	16.4		2.3	N/A	N/A											
13	0.987	0.737	1061	N/A	N/A	N/A	7.1	14.2	7.5	1.6	2.0	N/A	<0.1										
14	1.018	0.587	718	N/A	N/A	N/A	7.0	13.1		1.8	N/A	N/A											
15	1.085	0.567	770	N/A	N/A	N/A	7.0	13.0		1.8	N/A	N/A											
16	0.951	1.077	1374	1570	513		7.1	12.9		1.9	ND	ND											
17	0.907	1.149	1246	1110	400		7.0	14.0		3.0	ND	ND											
18	0.889	1.136	1235	799	290		6.9	12.2		2.2	ND	ND											
19	0.930	1.234	1260	673	240	390	270	16.1	4.8	1.4	2.9	ND											
20	0.804	1.156	1242	1300	470		6.9	15.0		2.3	ND	ND	<0.1										
21	0.953	1.095	1252	1080	387		7.1	13.1		1.8	ND	ND											
22	1.196	1.265	1081	1100	457		7.0	13.5		2.1	ND	ND											
23	1.059	1.364	1268	1870	662		7.1	12.2		2.2	ND	ND											
24	1.012	1.222	1182	1280	486		7.1	13.2		2.2	ND	ND											
25	0.960	1.192	1180	981	373		7.1	12.3		2.1	ND	ND											
26	0.958	1.102	1136	805	318	350	300	12.7	4.8	ND	2.2	ND											
27	0.911	1.230	1238	657	238		7.0	11.9		2.1	ND	ND	<0.1										
28	0.917	1.102	1148	570	223		7.1	11.3		2.1	ND	ND											
29	0.979	1.081	1438	495	155		7.0	11.8		2.4	ND	ND											
30	0.966	1.216	1258	1030	368		7.0	11.5		2.1	ND	ND											
31	0.925	1.128	1127	823	328		7.0	11.5		2.1	ND	ND											

MONTHLY TESTS EFF-001 DISCHARGE TO RIVER

Ammonia Nitrogen	Ammonia	Nitrate	Hardness	Bicarbonate	Bicarbonate	Bicarbonate	Carbon Tetrachloride	Chlorobenzene/methylene	Disinfectant Residuals	Turbidity % Increase
0.06	0.7	3.3	140	5.6	ND	ND	ND	ND	DINO 25	N/A

MONTHLY TESTS LND-001, REC-001 DISCHARGE TO PERC PONDS and LAND											
Organic Nitrogen	TDS	AMMONIA	NITRATE	NITRITE	SODIUM CHLORIDE	BORON	TDS	Hardness	Ammonia	Conductivity	Turbidity
1.30	290	0.70	3.90	ND	25	47	130	50	ND	163	0.0

MONTHLY RIVER RSW-001											
TDS	Hardness	Ammonia	Conductivity	Turbidity	TSS	Hardness	Ammonia	Conductivity	Turbidity	TSS	Hardness
130	50	ND	163	0.0	400	180	ND	775	1.5		

MONTHLY RIVER RSW-002											
BOD	% Removal	LBS/DAY	BOD	% Removal	LBS/DAY	BOD	% Removal	LBS/DAY	BOD	% Removal	LBS/DAY
6	98	48	6	98	48	6	98	48	6	98	48

MONTHLY RIVER RSW-003											
30 DAY AVERAGE	BOD & TSS	BOD	TSS	mg/L	BOD	TSS	mg/L	% Removal	BOD	TSS	% Removal

Signature: _____ Remarks: _____

EFF-001
REC-001
Quantity
Permit Exceedance