



**SCOTIA COMMUNITY SERVICES DISTRICT
NOTICE IS HEREBY GIVEN THAT A
REGULAR MEETING
OF THE BOARD OF DIRECTORS**

**WILL BE HELD AT:
122 MAIN STREET
SCOTIA, CALIFORNIA**

Thursday, June 18, 2015
Regular Meeting at 6:30 P.M.

AGENDA

- A. CALL TO ORDER/ ROLL CALL** The Presiding officer will call the meeting to order and call the roll of members to determine the presence of a quorum.

PLEDGE OF ALLEGIANCE

- B. SETTING OF AGENDA**

The Board may adopt/ revise the order of the agenda as presented.

- C. CONSENT CALENDAR**

C1. Approval/Disapproval of Minutes from Previous Meetings

May 28, 2015

June 11, 2015

- D. PUBLIC COMMENTS & WRITTEN COMMUNICATIONS**

Regularly scheduled meetings provide an opportunity for members of the public to directly address the SCSD Board Members on any action item that has been described in the agenda for the meeting, before or during consideration of that item, or on matters not identified on the agenda within the Board jurisdiction. Comments are not generally taken on non-action items such as reports or information.

D1. Precision Intermedia Service Agreement

D2. Changing Regular Meeting Time from 6:30 p.m. to 5:30 p.m.

- E. PUBLIC HEARING**

No public hearing.

- F. NEW AND OLD BUSINESS**

F1. New Business –

- a. Board Review of Scotia CSD User Fee and Benefit Assessment Analysis**

Presentation by Ron Stillmaker

F2. Old Business –

a. Consider adoption of the Scotia CSD FY 2015-2016 Draft Preliminary Budget

Please have questions ready for Board Discussion.

b. Review Draft Scotia CSD Board Policies Manual - Discussion

Please have questions ready for Board Discussion.

G. REPORTS

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

Board and Staff Reports

- 1. President's Report:** none
- 2. Interim Manager's Report:** none
- 3. Special Counsel's Report:** none
- 4. Engineer's Report:** none
- 5. Fire Chief's Status Report:** none

H. ADJOURNMENT

Next Regular Meeting of the SCSD will be July 16, 2015 at 6:30 PM.

A Special meeting may be held prior to that.

Notice regarding the Americans with Disabilities Act: The District adheres to the [Americans with Disabilities Act](#). Persons requiring special accommodations or more information about accessibility should contact the District Office. Notice regarding Rights of Appeal: Persons who are dissatisfied with the decisions of the SCSD Board of Directors have the right to have the decision reviewed by a State Court. The District has adopted [Section 1094.6](#) of the [Code of Civil Procedure](#) which generally limits the time within which the decision may be judicially challenged to 90 days.

DRAFT
Minutes of the Special Board Meeting of
Scotia Community Services District
Thursday, May 28, 2015 - 6:30 pm
122 Main St., Scotia, CA

A. CALL TO ORDER/ROLL CALL

The special meeting of the Scotia Community Services District Board of Directors convened at 6:30 PM with the following directors in attendance:

Rick Walsh	President - present
John Broadstock	Director - present
Gayle McKnight	Director - present
Diane Bristol	Director - present
Susan Pryor	Director - present

Staff: T. Boobar, F. Bacik, S. Tyler, L. Marshall

B. SETTING OF AGENDA

Additions/revisions to the agenda: No changes proposed

C. CONSENT CALENDAR

C1. APPROVAL/DISAPPROVAL OF MINUTES FROM PREVIOUS MEETINGS

April 16, 2015

Friendly Amendment: No amendments proposed

Motion: Motion to approve the minutes from last meeting.

Motion: Broadstock Second: McKnight

Motion Vote: Ayes - 5 Opposed - 0

D. PUBLIC COMMENTS & WRITTEN COMMUNICATIONS

Renee Abrams: discussed an article in the Times Standard on Community Choice Aggregation Programs- highlighting the potential for community members to buy into power from another source, with distribution by PG&E, producing potential savings. Asked CSD to consider use of [Scotia] power plant biomass, local green energy and potential benefits to businesses, community members, as well as HRC. The Board raised the point that the CSD realized benefits that the power plant could have on CSD, and that PG&E has clause to charge in addition to another power source, so savings may not be significant, but would still be worth looking into.

Written communication from Frank Bacik on Recent Toxicity Test Results from the Scotia Wastewater Treatment Facility- presented by F. Bacik- answered pH questions briefly with the board. T. Boobar and S. Tyler also weighed in. SHN will be performing a TRN- additional study and testing.

Public Comment from Frank Bacik- introduced Rate Study, and provided copies for meeting attendees.

Written communication from Office of Elections - presented by T. Boobar. Presented District options for the November ballot, filling of 2 positions, and confirming that all other included information on the form was correct. T. Boobar will return for to elections office.

Motion: Motion to accept suggested additions to the form

Motion: McKnight Second: Bristol
Motion Vote: Ayes - 5 Opposed - 0

E. PUBLIC HEARING

Public Hearing: none

F. REPORTS

Board and Staff Reports

- 1. President's Report:** no report on ordinances at this time
- 2. Interim Manager's Report:** none
- 3. Special Counsel's Report:** There have been working group meetings on ordinances, not officially submitting minutes to Board from those meetings, typically meet on Thursdays, everyone is invited. Water and Wastewater Ordinances are in the works. Discussed structure of Working Group.
- 4. Engineer's Report:** No engineer present
- 5. Fire Chief's Status Report:** none

G. CONTINUED AND NEW BUSINESS

G1. New Business –

- a. Consider Amendment of Agreement between the Scotia Community Services District and Planwest Partners, Inc. for Professional Services, with attachment.**

Reviewed S. Tyler's resume, qualifications, and proposed duties. President Walsh disclosed that he met with S. Tyler, T. Boobar, and G. Williamson previously at Planwest Partners to discuss Scope of Work and S. Tyler's qualifications. Discussed logistics of timeline for CSD. F. Bacik provided Public Comment on the Scope of Work. Board addressed F. Bacik's comments, as well as concerns regarding ADA compliance addressed in the Scope.

Motion: Motion to approve Steve Tyler as the Interim District Manager [for Scotia Community Services District].

Motion: McKnight Second: Pryor
Motion Vote: Ayes - 5 Opposed - 0

G2. Continued Business –

a. Preliminary Budget Update for 2015-2016

i. Budget Presentation

Legal Counsel presented update. Adopt preliminary budget by June 30, Rate Study will significantly affect the budget, and budget will be adjusted accordingly. Discussed timeline for preliminary budget process. Preliminary budget can be amended before September.

ii. Preliminary Questions on Budget

Discussed Working Group logistics to work on Rate Study and Preliminary Budget.

b. Working group Report on ordinance review- None.

H. ADJOURNMENT

With no further business to come before the Board, the May 28, 2015 Special Board Meeting was adjourned at 7:31 PM by Board President Rick Walsh.

Respectfully submitted,
Leslie Marshall, Board Clerk

These minutes were approved by the Board of Directors of the Scotia Community Services District on June 18, 2015 at its duly-noticed regular meeting in Scotia, CA.

APPROVED:

Rick Walsh, President
Board of Directors
Scotia Community Services District

Date

ATTEST:

Leslie Marshall, Board Clerk
Scotia Community Services District

Date

DRAFT
Minutes of the Special Board Meeting of
Scotia Community Services District
Thursday, June 11, 2015 - 5:30 pm
122 Main St., Scotia, CA

A. CALL TO ORDER/ ROLL CALL

The special meeting of the Scotia Community Services District Board of Directors convened at 5:34 PM with the following directors in attendance:

Rick Walsh	President - present
John Broadstock	Director - present
Gayle McKnight	Director – present
Diane Bristol	Director - present
Susan Pryor	Director – absent/late- arrived at 6:32 PM

Staff: T. Boobar, S. Tyler, S. Davidson, L. Marshall

B. SETTING OF AGENDA

Additions/revisions to the agenda:

Revise Order of Business Items as follows: 1) Draft Preliminary Budget, 2) SDRMA Insurance, 3) Humboldt County Auditor Account for SCSD Funds, 4) Board Policies Manual.

Motion: Motion to revise the agenda order (made after discussion of draft preliminary budget).

Motion: McKnight

Second: Bristol

Motion Vote: Ayes - 4

Opposed - 0

Absent: 1

C. BUSINESS

C1. Consider adoption of the Scotia CSD FY 2015-2016 Draft Preliminary Budget

S. Davidson presented the Draft Preliminary Budget and discussed additional line items- consulting costs, insurance, wholesale pass thru clause, ramp-up budget, cost of living increase clause, and equipment replacement reserve fund.

L. Marshall and T. Boobar discussed the inclusion of additional line items, as discussed by the working group- rent/building purchase, \$10,000 for office equipment/maintenance/supplies, billing services costs, costs for operations and maintenance of Museum and Theater. Board discussed the need to account for ADA compliance costs as well.

Discussed the opportunity the board will have to revise the budget after the preliminary budget is adopted; the Board may revise the budget at any time. Preliminary budget will be on agenda for a second time on June 18th, and is set for adoption on June 26th. The Final budget will be adopted in September 2015.

T. Boobar also mentioned that the board will be adopting an appropriations limit when they adopt the preliminary budget.

C2. Board Review of Draft Scotia Community Services District Board Policies Manual - Introduction and Discussion

Discussion opened by President Walsh. Policies regarding audio recordings of board meetings discussed- decided to continue recording meetings, and maintaining audio recordings for two (2) years, but not to post on the website. Discussed acquisition of fire-proof safe to store important documents, developing a document library at the current Scotia CSD office.

C3. Special District Risk Management Authority (SDRMA) Insurance – Report

T. Boobar presented, Staff and Board suggested changes/additions to the insurance quote questionnaire, and agreed more additions may be needed before submittal. Changes were noted by staff. Questionnaire will be completed and submitted by Planwest Partners. Public Comment was solicited- no public comment made.

C4. Humboldt County Auditor Account for SCSD Funds – Report

T. Boobar presented. Board and staff discussed need for legal agreement or letter of understanding between SCSD and TOS before accepting funds. Legal counsel recommended not moving on this item at the meeting, Board agreed. Concern that the funds are supposed to be part of the contingency fund- set aside for setting up the CSD office, etc.

Direction to Staff: Draft up Agreement before acceptance of funds (T. Boobar, S. Tyler): no other obligations or acceptance of other terms, only acceptance of funds.

Public Comment: inquired about protocol for CSD to account for the start-up funds. Board and Staff discussed.

D. ADJOURNMENT

With no further business to come before the Board, the May 28, 2015 Special Board Meeting was adjourned at 6:58 PM by Board President Rick Walsh.

Respectfully submitted,
Leslie Marshall, Board Clerk

These minutes were approved by the Board of Directors of the Scotia Community Services District on June 18, 2015 at its duly-noticed regular meeting in Scotia, CA.

APPROVED:

Rick Walsh, President
Board of Directors
Scotia Community Services District

Date

ATTEST:

Leslie Marshall, Board Clerk
Scotia Community Services District

Date



precision intermedia
Service Agreement
prepared for
SCOTIA CSD

Project Description As Follows:

Graphic Design, Web Media, Web Hosting, Training & Consulting. This project is the upgrade and development of the website for Scotia Community Services District, scotiaccsd.com. The site will serve as an attractive, valuable communications tool and public resource for the District. It will be custom designed and created with a content management system empowering District personnel to create and update content as needed including text, images, documents and any number of pages. It will be a “responsive” (mobile friendly) website, displaying properly on various sized monitors and devices.

Design & Concept Development:

NOTE: This existing scotiaccsd.com design was created based on no design input, but we were told to “make it like McKinleyville.” McKinleyvillecsd.com is a previous custom designed website. NOW Precision Intermedia proposes an new custom design for Scotia CSD. Based on existing branding elements and on input from District personnel, multiple original concepts will be presented and the chosen concept will be updated and refined until the custom design is finalized. Design is estimated at 9 to 11 hours (\$950 - \$1045).

Production & Programming:

The site will be built with open source content management software, Drupal 7, customized for the District whose personnel will be enabled to manage the content. Production including responsive functionality, is estimated at 12 to 15 hours (\$1140 - \$1425). Training company personnel on the content management system is estimated at 1 hour (\$95).

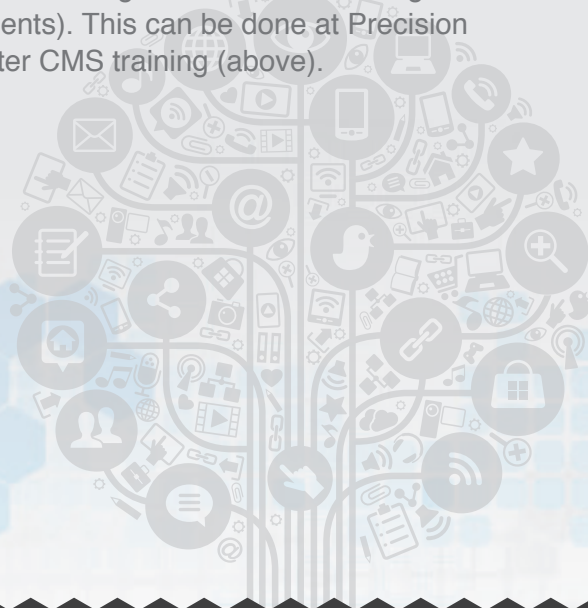
Optional Content Loading: Hours for loading content supplied by the District or migrated from the existing site will depend on the amount of content involved (pages, text images, documents). This can be done at Precision Intermedia’s hourly rate, OR District personnel can also accomplish this after CMS training (above).

Not Included: Photography, videography, copywriting, e-commerce, internet marketing, social media management, and e-mail marketing are available but not included in this agreement. Precision Intermedia offers a full range of marketing projects and services.

Premium Hosting: \$30 per month.

Precision Intermedia’s Hourly rate is \$95.00.

your initials _____



The estimates below are: based on our hourly rate of \$95

DESIGN AND CONCEPT DEVELOPMENT	\$950 - \$1045
PRODUCTION & PROGRAMMING	\$1140 - \$1425
TRAINING	\$95

The estimated cost range for services NOT including options below **\$2,185 - \$2,565**

PLEASE CHECK THE OPTIONS DESIRED:

___ OPTIONAL CONTENT LOADING **(unknown, depends on amount of content)**

___ WEB HOSTING (By Precision Intermedia, recommended). **\$30 per month**

*Web hosting includes daily automatic backups and security updates on our dedicated, secure servers, plus set-up and hosting of email accounts for the domain.

This cost range is based on Precision Intermedia's current understanding of the project's requirements. If costs appear to be exceeding this range you will be contacted for your approval. You will be billed for the balance due or refunded any overpayment made.

A deposit is required. The deposit amount will be \$1,100 and must be paid in advance (or with terms). A portion of the deposit is the PROJECT ACTIVATION FEE (\$550). This fee is non-refundable.

Terms: Deposit due at start. Weekly invoices showing progress made and hours worked on the project will be provided. After the deposit has been exhausted any amount due and payable will be shown on the invoices. A monthly statement will be provided showing credits and amounts billed. Any amount outstanding will be due upon completion of the project or on agreed payment terms.

Precision Intermedia is to provide its services to in a timely manner.

The please indicate your target deadline, if any, for the project: _____

Precision Intermedia is to keep you informed of any developments that may effect the target deadline.

Every project undertaken by Precision Intermedia is to embody the philosophy, needs and concerns of each of its customers and culminate in the desired output and services. All business is to be conducted in the highest ethical manner with respect for customers, employees and the environment.

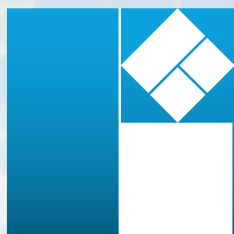
YOU, the client, have read, understood, and agree to the terms within this service agreement.

Your Signature _____

Your Name (Please Print) _____

Date _____

FILL IN AND MAIL THIS AGREEMENT TO:



precision intermedia

A Multimedia Marketing Agency
1012 Main Street • Fortuna, CA 95540
Phone: 1.707.725.0804
Email: agreements@precisionintermedia.com



STAFF REPORT – BOARD OF DIRECTORS MEETING

TO: President Rick Walsh and Respected Board Members

FROM: Special Counsel to the Board, Tracy M. Boobar

DATE: June 4, 2015

AGENDA ITEM: Changing Regular Meeting Time from 6:30 p.m. to 5:30 p.m.

RECOMMENDATION:

Staff recommends changing the meeting time from 6:30 p.m. to 5:30 p.m. in order to have a more effective meeting and to accommodate the schedules of many staff and community members.

DISCUSSION:

In January the Board established the meeting time of 6:30 for regular meetings. The staff respectfully requests the time be moved up by one hour, to 5:30. This is the most common time chosen by the Board for Special Meetings.

An earlier meeting time would create a more effective meeting. With complicated agendas in our near future, an earlier start time would allow all staff and Board Members to approach the materials with a fresher outlook.

Changing the time would improve the length of the work day for Board Members and staff. An earlier start time would allow Board Members to get home to their families at an earlier hour. Also, in January, the majority of the staff (Mark) lived locally. At this time, all staff and consultants live out of the area. Changing the meeting time would benefit all concerned.

BUDGET/FISCAL IMPACT: None.

User Fee and Benefit Assessment Analysis Revision 1

**Scotia Community Services District
Scotia, CA**

Prepared for:

Scotia CSD



Consulting Engineers & Geologists, Inc.

812 W. Wabash Ave.
Eureka, CA 95501-2138
707-441-8855

June 2015

005161.400



Reference: 005161.400

June 16, 2015

Board of Directors
Scotia Community Services District
122 Main Street
Scotia, CA 95565

Subject: User Fee and Benefit Assessment Analysis, Scotia, California

Dear Board Members:

The enclosed report presents recommended "start-up" budgets along with fees and assessments for facilitating the operations of the Scotia Community Services District (SCSD). SHN Consulting Engineers & Geologists, Inc. conducted this analysis on behalf of the Town of Scotia Company, LLC (TOS).

This document is presented as a comprehensive study addressing avenues of service to be provided by the SCSD. This report also provides the basis for preparing the individual documents required for establishing the user fees and assessments needed for acquiring the revenues necessary for financing the SCSD operations.

We look forward to continuing our work with you during the transition of services from TOS to the SCSD. If you have any questions, please call either of us.

Best Regards,

SHN Consulting Engineers & Geologists, Inc.

Ron Stillmaker, PE, MBA
Sr. Civil Engineer
541.266.9890 • rstillmaker@shn-engr.com

Mike Foget, PE, LEED AP
Civil Engineering Principal
707.441.8855 • mfoget@shn-engr.com

RFS:MKF:lms

Enclosure: User Fee and Benefit Assessment Analysis

User Fees and Benefit Assessment Analyses Revision 1

Scotia Community Services District Scotia, CA

Prepared for:

Scotia CSD

Prepared by:



Consulting Engineers & Geologists, Inc.
812 W. Wabash Ave.
Eureka, CA 95501-2138
707-441-8855

June 2015

QA/QC: MKF____

Executive Summary

The newly formed Scotia Community Services District (SCSD) is in the process of establishing governance rules, codes, and regulations along with preparing for the assumption of facilities and utilities to provide public services. The process for the provision of services includes formulation and adoption of an operating budget and establishing rates, fees, and assessments through State-mandated guidelines and procedures to acquire revenues for funding its operations. The SCSD will provide services related to water treatment and distribution, wastewater collection and treatment, streets and street lighting, storm drainage, parks, and fire fighting.

This study presents a recommended first year operating budget and projected budgets for the next four years (Appendix A). The proposed budgets were constructed from operating cost information provided by the Town of Scotia, LLC (TOS), and comparable budget figures from other local agencies, and the collective experience of engineering professionals with budgeting and rate assessment experience. Because the SCSD is in a “start-up” mode, there is no history of actual operational costs for a basis of rate and fee establishment. Therefore, it is very important that the SCSD proceed with adopting a first year budget, establishing user rates, and monitoring revenues and expenditures upon which adjustments can be made, if necessary, for the basis of a future, more accurate system.

The operating budget and associated rate structures presented in this report was prepared on the premise that the SCSD has appropriate ownership interest and operational control of all the facilities and utilities required to provide community services. We are aware that until major improvements to some of the linear infrastructure are completed by TOS, SCSD will not have fee simple ownership. However, through grants of easement rights from TOS, SCSD will receive appropriate ownership interests sufficient to immediately employ all lineal infrastructure and deliver services, charge fees, and exercise *de facto* control. Many utility services do not “own” the underlying real property; rather, the utility has access and use rights, solely by virtue of lineal infrastructure public utility easements. A transition period will occur over a series of stages taking some months to complete as Scotia properties are sold. This analysis and recommended fees and assessments are intended to facilitate the SCSD’s ability to collect revenue from customers as they transition from services paid for and provided by TOS to those provided by the District.

The SCSD does not have any taxing authority, therefore, this report recommends acquiring revenues through the application of user fees and charging benefit assessments. Proposition 218 (Right to Vote on Taxes Act) significantly changed local government finance. This constitutional initiative sets forth specific definitions and procedures for establishing fees and benefit assessments. In order to conform to rules set forth by Proposition 218 and other State regulations and codes, the operating budget for the District is proposed to consist of six separate funds, one for each of the service areas. Each fund follows a slightly different methodology for rate setting, and is based upon currently accepted standards and practices. It is proposed the District charge “user fees” to provide revenues for the water and wastewater funds and use a “benefit assessment” approach for the funds associated with streets and street lighting, storm drainage, parks, and fire fighting.

Proposition 218 allows community operated water and wastewater service providers to charge customers through a fee system where a public participation process requires that a user fee report be produced, property owners be informed, and a public hearing be held. A public vote through a balloting procedure is not a part of the requirements to establish fees. This report recommends a

fee system be used for water supply and wastewater services provided by the District. The water user fee system would consist of a “base” fee to cover all fixed expenditures, along with a flow (commodity) fee. Because Scotia customers include an industrial user that produces a high-strength wastewater effluent, this report recommends a fee system for wastewater services that includes a “base” fee, flow (commodity) fee and a strength-based fee.

With the exception of some existing industrial customers, Scotia does not now measure water use through a metered system (meters are to be provided with planned system upgrades; see section 1.5). All other consumptive use was based upon published, typical flow volumes for the type and number of users identified within the District. The water user fee was established by using the proposed budget, which defined the revenue requirement to satisfy fixed and flow based expenditures. Water “service charges” are based on the standard practice of using published American Water Works Association equivalent meter sizes to assess fixed fees for water use. A “commodity rate” is used to capture the flow based expenditures associated directly with the volume of water used by each customer. The recommended water user fees, as they relate to a single family dwelling in Scotia (also known as an EDU), are:

- Equivalent meter fee (for 5/8-inch meter, American Water Works Association (AWWA) equivalent size = 1): \$24.21/month
- Commodity Charge and \$2.42/100 cubic feet of water used

A typical single family dwelling (equivalent dwelling unit [EDU]) would pay approximately \$55/month for the first four years of projected budgets. The rate could increase to approximately \$64/month in future years of operations if projected potential capital improvements were performed through a debt financed project.

The Eel River Power Plant, when operating, also uses a large quantity of raw (untreated) water. Because the raw water does not involve storage, treatment, or distribution through the treated water system, a separate commodity charge for raw water delivery was derived at the rate of: \$0.22/100 cubic feet of raw water used. There shall also be a meter fee for the raw water user.

Recommended sewer user rates also consist of a base fee to cover fixed expenses, flow based fees (using metered water consumption as a surrogate measure for wastewater contribution), along with a wastewater strength-based fee. The strength fee is to compensate for treatment costs associated with contaminant removal from existing and future high-strength contributors. Currently, only one high-strength effluent producing user is identified with the District’s system, (Eel River Brewery). All other users contribute relatively similar strength wastes, therefore are only assessed base and flow fees. The recommended water user fees, as an EDU are:

Base Fee:	\$26.46/EDU/month
Flow Fee:	\$2.13/100 cubic feet of metered water used
Strength Fee:	\$0.34/lb BOD (biochemical oxygen demand) \$0.53/lb TSS (total suspended solids)

A typical single family dwelling (EDU) would pay approximately \$69/month for the first four years projected budgets (monthly charges will vary based upon actual metered water use). The rate could increase to approximately \$103/month in future years operating budgets if projected,

potential capital improvements were performed through a debt financed project. In the fifth year's budget, debt financed capital projects are shown to occur along with an estimate of the associated debt service.

There is no mandated obligation of the CSD to incur debt in year five. These expenditures are presented in this fashion in order that one can observe the potential impacts of possible, customary, and reasonably foreseeable debt financing on user fees. In all likelihood, the financing and installation of the capital improvements will occur over an expanded period covering multiple years. Some improvements may be wholly or partially grant funded.

Based upon established EPA criteria, the proposed and projected rates would be considered affordable during the first several years. Rates will need to be re-evaluated after the first several years of operation and in conjunction with projected Capital Improvements. The rate increases associated with major capital expenditures may be reduced by using grants or reserve funds accumulated during the first few years of operation. With the currently projected higher rates in future years, the possibility of obtaining State or federal grant funding for the projected improvements is more likely.

For many years local governmental agencies within the State have taken advantage of the practice of funding projects through collecting an assessment of special benefits on affected properties. Such assessments have been applied through use of the defined methods and procedures of what are known as the "Assessment Acts." Proposition 218 establishes a strict definition of "special benefit." For the purposes of all assessment acts, special benefit means "a particular and distinct benefit over and above general benefits conferred on real property located in the district or the public at large." Proposition 218 also defines the public process required to assess a special benefit, and that process includes an engineer's assessment report, informing property owners, mailing out ballots to property owners, and holding a public hearing. The assessment is approved or disapproved based on the vote results of the ballots returned by the affected property owners by the hearing date. The value of each vote is weighted based on the proportional value of the proposed assessment.

Upon considering the assessment of special benefits for SCSD services, the methodology used to apportion the total assessment to properties within the District varied with each type of service delivered. Streets and street lighting benefit is based upon vehicle trip generation as established by the Institute of Transportation Engineer for various land uses, with a single family residence or EDU equivalent to 10 trips generated per day and assigned 1 equivalent benefit unit (EBU). Storm drainage benefit is based upon impervious area of a single family residence (EDU) that is equivalent to 1,500 square feet of impervious area and assigned 1 EBU per month. Parks and recreation benefit is based on a per acre population density with a single family residence (EDU) equivalent to 27.9 persons/acre and assigned 1 EBU. Fire Department benefit is based upon structural area with a single family residence (EDU) equivalent to 1,500 square feet of structural area and assigned 1 EBU.

Considering the revenue requirement for each fund and the total number of EBUs, the recommended special assessments for each fund would result in the following equivalent monthly charges as they are associated with the typical single family residence:

Streets and Street Lighting Fund	\$ 3.00/mo./EDU
Storm Drainage Fund	\$ 1.13/mo./EDU
Parks and Recreation Fund	\$ 9.26/mo./EDU
<u>Fire Department Fund</u>	<u>\$ 11.29/mo./EDU</u>
Total Assessments	\$ 24.68/mo./EDU

Assessments are remitted to the County through the tax collection process and revenues distributed twice a year to the District. The estimated total monthly costs to the EDU, based on the projected budgets over the first five years are presented summary in Table A at the end of this section.

It is recommended that all established fees and charges be adopted by the SCSD for a multiple year period and they be escalated every year based upon a local consumer price indexing system.

In order for the District to adopt the recommended special benefit assessment charges, presented in this report, individual, stand alone, engineering reports will have to be produced for each of those funds. Using this study as a basis, along with the presented budget, method of assessment, and assessment amount, each individual report would include a listing of each property within the District, how much they would be assessed (assessment role), and a map defining the assessment district boundary would be contained within the report. Special benefit assessments typically are collected by the County tax collector in conjunction with other types of property taxes and distributed to the District twice annually.

Table A Summary of Estimated Total Monthly Costs per EDU ¹							
Fund	Rate Mechanism	Vote Required	Basis of Charges	Recommended Rate	Unit	Typical EDU	Monthly EDU Charge
Water	Fees	No	Service Fee (Treated and Raw)	\$24.21	Equiv. Meter	5/8-inch Meter	\$54
			Commodity (Treated)	\$2.42	per HCF ²	12.36	
			Commodity (Raw)	\$0.22	per HCF		
			Base	\$26.46	per EDU	\$26	
Wastewater	Fees	No	Flow	\$2.13	per HCF	\$12	\$66
			Strength	\$0.34	per lb/BOD ³	\$5	
				\$0.53	per lb/TSS ⁴	\$8	
			Streets & Street Lighting	Benefit Assessment	Yes	Vehicle Trip Generation	
Storm	Benefit Assessment	Yes	Impervious Area	\$1.13	per EBU	1,500 ft ²⁽⁶⁾	\$1
Parks & Recreation	Benefit Assessment	Yes	Per Acre Population Density	\$9.26	per EBU	27.9 people/acre	\$9
Fire Department	Benefit Assessment	Yes	Structural Area	\$11.29	per EBU	1,500 ft ²	\$11
Total Estimated User Fees and Benefit Assessments per EDU for Year 1 = \$144.55							
Total Estimated User Fees and Benefit Assessments per EDU for Year 2 = \$145.25							
Total Estimated User Fees and Benefit Assessments per EDU for Year 3 = \$146.96							
Total Estimated User Fees and Benefit Assessments per EDU for Year 4 = \$148.71							
Total Estimated User Fees and Benefit Assessments per EDU for Year 5 = \$192.20							
1. EDU: equivalent dwelling unit							
2. HCF: hundred cubic feet							
3. lb/BOD: pounds per biological oxygen demand							
4. lb/TSS: pounds per total suspended solids							
5. EBU: equivalent benefit unit							
6. ft ² : square feet							

Table of Contents

	Page
Executive Summary	i
List of Illustrations	vii
Abbreviations and Acronyms	viii
1.0 Introduction–The Community	1
1.1 Scotia–Introduction and Background	1
1.2 The Company Town Paradigm.....	1
1.3 The Company Town as Unworkable Anachronism	1
1.4 Company Towns and Bankruptcy.....	2
1.5 Bankruptcy and Reorganization Comes to Scotia.....	2
1.6 Election and Vote Results	2
1.7 CSD Structure and Formation.....	2
1.8 TOS Improvements to Facilitate CSD Transition	3
1.9 Improvements Planned As Part of Financial Reorganization	3
1.10 Improvement Transition Process.....	3
2.0 Objectives	4
3.0 Methodology.....	4
3.1 Revenue Sources	4
3.1.1 User Fees	5
3.1.2 Benefit Assessments	6
3.1.3 Calculations of Benefit Increments.....	7
3.2 Revenue Requirements	8
3.2.1 Operation & Maintenance	8
3.2.2 Debt Service	9
3.2.3 System Replacement.....	9
3.2.4 Capital Improvement Planning	9
4.0 Total Revenue Requirements	10
5.0 Rate Design	11
5.1 Water Fund	11
5.1.1 Service Charges	11
5.1.2 Commodity Rate	12
5.1.3 CSD Proposed Water Rate Structure.....	13
5.1.4 Raw Water Rate.....	13
5.1.5 Monthly Cost per EDU.....	13
5.1.6 Affordability	14
5.2 Wastewater Fund.....	14
5.2.1 Base Fees.....	14
5.2.2 Commodity Fees	15
5.2.3 Strength Fee	15
5.2.4 Monthly Cost per EDU.....	15
5.2.5 Affordability	15
5.3 Streets and Street Lighting Fund	16
5.4 Storm Drainage Fund	16
5.5 Parks and Recreation Fund.....	16

Table of Contents, Continued

5.6	Fire Department Fund.....	16
6.0	Annual Escalators and Reviews.....	17
7.0	References Cited.....	17

Appendices

- A. Projected Budgets
- B. Combined Fund Projections
- C. Budget Support Data
- D. Overall EDU Worksheet

List of Illustrations

Figures	On Page
1. Revenue Requirement by Fund (Service Area)	10
2. Expense by Major Category.....	11

Tables	On Page
1. CSD Service Area Revenue Requirements	10
2. Table 2 Equivalent Meter Size	12
3. Proposed Monthly Service (Base or Rental) Fee Per Meter Size CSD	13

Abbreviations and Acronyms

AMHI	annual median household income
ANSI	American National Standards Institute
AWWA	American Water Works Association
BOD	biochemical oxygen demand
CIP	capital improvement plan
CSD	Community Services District
EBU	equivalent benefit unit
EDU	equivalent dwelling unit
EPA	U.S. Environmental Protection Agency
FY	fiscal year
HCF	hundred cubic feet
ITE	Institution of Transportation Engineers
LAFCo	Local Agency Formation Commission
O&M	operations and maintenance
PALCO	Pacific Lumber Company
SANDAG	San Diego Association of Governments Traffic Generators Study
SHN	SHN Consulting Engineers & Geologists, Inc.
SWRCB	State Water Resources Control Board
TOS	Town of Scotia
TSS	total suspended solids

1.0 Introduction–The Community

1.1 Scotia–Introduction and Background

In 2009, the Town of Scotia Company, LLC (TOS) acquired essentially all of the village of Scotia, California, population approximately ±800. Scotia is located between Highway 101 and the Eel River just 15 minutes south of the city of Fortuna and immediately south, across the bridge and Eel River from the small city of Rio Dell, population 3,300. Scotia is the last true “company town” of its kind in California, perhaps in the U.S. Like other company towns before it, Scotia is changing with the times. One of the more critical changes is the development of new, independent civic governance for this long-established community, where once there was none – the Scotia Community Services District (CSD).

1.2 The Company Town Paradigm

Scotia is transforming. For generations the town was essentially a corporate asset – run lock, stock, and barrel by a paternalistic employer (the Company) as a means to secure and maintain a reliable labor force to operate its sawmill and log its redwood forests.

The Company contributed to all aspects of civic life. Residents awoke, marked time, took their meals, and were called to and from work in the company-owned mills and factories by huge steam whistles positioned throughout town. They purchased goods from the Company Store, using company currency (scrip); sent their children to the company-owned school; worshipped at company-owned churches; and took recreation at company-owned ball fields and parks, pool, and gymnasium. They were entertained at the company-owned theater. The Company owned all the homes and businesses in town and provided drinking water, utilities, security, fire protection, electricity, street lighting, and road maintenance.

1.3 The Company Town as Unworkable Anachronism

Ownership and operation of a “company town” is no longer a component of any modern enterprise’s business plan. Outside of extraordinary and unique circumstances (an extremely remote location, or one without any amenities) it is no longer practicable for any modern business to maintain and support all residential, commercial, institutional, and civic utility components of a community as part of its operations.

As other towns, cities, and communities formed around and between these company enterprises and local governments arose to provide basic services, company towns have become an unworkable anachronism. From coal mining camps to steel mill villages, auto plant enclaves to lumber-camp-towns, throughout the 20th century, the corporate interests which once created and controlled these private communities have steadily divested, selling off commercial assets and surplus properties that are not part of the company’s core enterprise. Where investors have held onto these town assets, the costs of operation and maintenance have proven to be an investment limitation.

1.4 Company Towns and Bankruptcy

Some companies have had no choice but to maintain the community infrastructure even in the face of dwindling employment and de-population. “Civic” infrastructure is indistinguishable from the industrial, providing the only source of water, sewer service, and electricity.

1.5 Bankruptcy and Reorganization Comes to Scotia

TOS acquired Scotia in the bankruptcy and reorganization of the Pacific Lumber Company (PALCO) effective beginning in 2009. Since reorganization, TOS has obtained County approval for a Tentative Map Subdivision, allowing reconfiguration of the once unitary parcel of Scotia into separate, logical commercial, residential, and industrial lots, which will eventually be offered for sale to individual purchasers. TOS has also received approval from the Local Agency Formation Commission (LAFCo) for the formation of a CSD that will provide general civic governance and utility services previously delivered by PALCO, and currently provided by TOS.

1.6 Election and Vote Results

A special election was called by the Humboldt County Board of Supervisors to allow all Scotia residents to vote to accept or reject formation of a CSD for local civic governance. Ninety-three percent (93%) of those who voted approved formation of the Scotia CSD. The electorate also selected five (5) candidates from a field of eight (8) to serve as members of the CSD Board of Directors. The formation and initiation of the CSD is a condition of approval of subdivision.

1.7 CSD Structure and Formation

The underlying project is a phased subdivision of an existing, fully functioning community that is more than 140 years old. The transfer of assets and resources from TOS to the CSD will take place in stages and over time. First, key, centralized utility facilities or “plants” will be made available for transfer to the CSD so that it can operate community utility functions, deliver services, and collect fees to remain self sustaining.

Those plants include:

- 1) the Scotia Fire Department (including the fire hall, fire trucks and equipment, a community meeting hall, offices, and a plumber’s shop, etc.),
- 2) the wastewater treatment facility (including wastewater collection, treatment works, treatment ponds, etc.), and
- 3) the Scotia water treatment plant (including river water intake, storage tanks, filtration systems, and treatment equipment).

These three facilities will represent the major revenue sources for the Scotia CSD. The CSD will treat, store, and deliver drinking water; collect, treat and dispose (or recycle) wastewater; and provide fire suppression services to every home, business, and industrial facility in Scotia. In exchange for services, the CSD will charge fees.

1.8 TOS Improvements to Facilitate CSD Transition

Much of the lineal underground infrastructure throughout Scotia requires upgrading, repair, or replacement: water mains and lateral piping, storm drains and stormwater collection facilities, wastewater collection pipes and mains (sewer lines) and fire suppression water system pipes, mains, and hydrants, etc. are aged and in need of repair. These distribution facilities are now being replaced by TOS. Many of these lines were developed over time and extend through alleys and beneath walks and walls, under homes and businesses, and are of widely varied size, quality, and materials, generally reflecting the phases of historical development and singular ownership of all of Scotia by PALCO.

To facilitate transfer to (and operation by) the CSD, water, sewer, storm drain, fire suppression and other lines and linear infrastructure will be relocated to the streets and realigned in dedicated public utility easements, and new service laterals will be created to serve homes, businesses and other facilities.

1.9 Improvements Planned As Part of Financial Reorganization

This phased upgrade process also facilitates the subdivision improvements and enhances the marketing and sale of homes and businesses in a logical neighborhood progression. Phased development is projected to take several years. The project has been planned so as not to disrupt civic life in Scotia unnecessarily, and to coincide with a projected “absorption rate,” a reasonable period over which homes and businesses may be marketed and sold, consistent with the county approved subdivision.

1.10 Improvement Transition Process

Pending this construction and realignment, the CSD will be given access to the existing private lineal infrastructure so that immediately upon initiation, it may conduct the business of delivering utility services, and charging fees. Initially, TOS will grant licenses, permits, and easements allowing the CSD to use this existing lineal infrastructure.

TOS will continue to realign and replace the infrastructure as specified in the Conditions of Subdivision and CSD approval, employing best management practices so as not to disrupt the delivery of service to CSD customers.

Pending completion of realignment, TOS will remain responsible for the maintenance and repair of the old lineal infrastructure until it has been improved or upgraded, realigned, or replaced, and the affected surface streets are repaired and repaved, etc. Once the lineal infrastructure has been replaced, inspected, approved, and is operating within any particular subdivision phase, it will be conveyed to the CSD.

SHN Consulting Engineers & Geologists, Inc. conducted this analysis on behalf of SCSD. The purpose of this analysis is to facilitate the CSD’s adoption of appropriate service fee rates to be charged or assessed to customer of record.

2.0 Objectives

Several objectives should be considered in the development of a financial plan and in the design of service rates. The major objectives of this study are as follows:

- Ensure revenue sufficiency to meet the operation and maintenance (O&M) and capital needs of the CSD's service area funds.
- Plan revenue stability to provide for adequate operating and capital reserves and the overall financial health of the service areas.
- Provide fairness and equity in the development of a system of user charges.
- Minimize rate impacts to reduce financial hardship on user classes and individual members of those classes.
- Maintain simplicity for ease of administration and implementation as well as customer understanding and acceptance.

Some of these objectives are interrelated. This being the case, judgment plays a role in the final design of rate structures and rates.

3.0 Methodology

3.1 Revenue Sources

Local governmental agencies have various means of raising funds for financing operations and improvements. The three primary methods consist of taxes, fees and benefit assessments. The following is a summary of each of those fund raising mechanisms:

- A **tax** is an involuntary charge paid by individuals, businesses, and property owners regardless of the taxpayer's relative benefit. Taxes pay for governmental services that broadly benefit the public. Examples of taxes include local sales taxes, ad-valorem property taxes, and hotel taxes.
- A **fee** is a voluntary charge paid by individuals, businesses, and property owners to cover the costs of a service or facility provided directly to them. The amount of the fee cannot be more than what it costs to provide the service. You may find yourself paying a fee when you enter a local public swim pool or for water, sewer, and garbage services.
- A **benefit assessment** is an involuntary charge that property owners pay for a public improvement or service that provides a special benefit to their property. The amount of the assessment is directly related to the amount of the benefit their property receives. Benefit assessments can finance public projects like flood control, street improvement, streetlights, and public landscaping.

Because the District does not have any taxing authority, this study recommends the use of two mechanisms for acquiring revenues to finance the services provided by the District. It is proposed to impose fees and assessments as defined by California Constitution, Article XIII D.

Proposition 218 (Right to Vote on Taxes Act) significantly changed local government finance. This constitutional initiative, approved by the state's voters in November 1996, applies to each of

California's nearly 7,000 cities, counties, special districts, schools, community college districts, redevelopment agencies, and regional organizations. Proposition 218 sets forth specific definitions and procedures for establishing fees and benefit assessments.

Under Proposition 218, a fee is a charge to an individual or a business for a service provided directly to the individual or business. Financing of the water and wastewater services provided by the CSD will be through a fee system.

The following steps are required for the water and wastewater fees to be charged:

- Prepare a user fee report.
- Mail information regarding the proposed fee to every affected property owner.
- Hold a hearing at least 45 days after the mailing.
- Reject the proposed fee if written protests are presented by a majority of the affected property owners.

According to Proposition 218, a special district may finance through assessments the maintenance and operation of public systems that include, but are not limited to, drainage, flood control, and street lighting. Assessments are involuntary charges on property owners to pay for these public works when their real properties benefit from the improvements through increased property values. Assessments include special, benefit, and maintenance assessments, and special assessment taxes. Scotia CSD has no taxing authority. Financing of streets and street lighting, parks, storm drainage, and the Fire Department will be through an assessment system.

The following steps are required for the proposed assessments to be charged by the District:

- Identify each property subject to the assessment.
- Segregate out any "general benefits."
- Apportion or "spread" the special benefit.
- Prepare an engineer's report.
- Mail notice of the proposed assessment and ballot (ballots weighted according to the proportional financial obligation of property) to all affected property owners.
- Hold a hearing at least 45 days after the mailing.
- Determine whether there is a majority protest of those ballots returned.

3.1.1 User Fees

User fee systems have evolved over time from a simple fixed rate for all users to a consumptive or metered service or supply to combinations of fixed base and flow-based for water and sewer with strength-based rates for sewer only. There are many methods for establishing a user rate system; however State and federal funding agencies consider the flow-based system the most equitable for the users. These funding agencies typically require some type of flow-based method to provide the revenue needed to operate facilities and repay debt associated with system improvements.

This report recommends a fee system for water services, including a "base" fee to cover all fixed expenditures, along with a flow (commodity) fee. Because Scotia customers includes an industrial user that produces a high-strength wastewater effluent, this report recommends a fee system for wastewater services that includes a "base" fee, flow (commodity) fee and a strength-based fee for wastewater.

The basis for these revenue sources is a user-based system as it relates to a single-family residence, which is referred to as an equivalent dwelling unit (EDU).

Typically, when establishing sanitary sewer and water rates, water meter readings are used to gauge direct use of water and as a surrogate measure of sewage generation. Single-family, commercial, industrial, and institutional users are assessed fixed fees plus flowage charges based on water meter readings for the billing period.

The incremental basis for calculating the estimates used in the Scotia CSD financial analysis is as follows:

- A. **Water** supply, treatment, storage, and distribution costs for commercial and industrial users were based upon estimated water consumption for each user. For residential users, each single-family residential unit is counted as one EDU. Because measured water use data for individual residences in Scotia is not available, an EDU is estimated to use 1,240 cubic feet of water per month, (9,275 gallons/month [7.48 gallons = 1 ft³]). That estimate is based upon typical water use of 95 gallons/day/person and a household size of 3.2 persons/home (published census data for Scotia). The total number of flow-based EDUs estimated for water supply, treatment, and distribution services is 381.

The District will also supply some raw (untreated) water to a single industrial customer. That customer will pay associated O&M pumping costs along with a portion of the cost of pump replacement (see Appendix C).

- B. **Wastewater** collection, treatment, and biosolids disposal cost estimates for commercial and industrial users were based upon the flows estimated from the number of workers at the site on a daily basis and standard engineering conversion factors. For residential users, each single-family residential unit counted as one EDU. The total number of EDUs estimated for wastewater collection, treatment, and disposal services is 419.

3.1.2 Benefit Assessments

Proposition 218 establishes a strict definition of "special benefit." For the purposes of all assessment acts, special benefit means "a particular and distinct benefit over and above general benefits conferred on real property located in the district or the public at large. General enhancement of property value does not constitute 'special benefit.'" In a reversal of previous law, a local agency is prohibited by Proposition 218 from including the cost of any general benefit in the assessment apportioned to individual properties. Assessments are limited to those necessary to recover the cost of the special or particular benefit provided the specific real property

In addition, assessments levied on individual parcels are limited to the "reasonable cost of the proportional special benefit conferred on that parcel" (Proposition 218).

Previously, assessments were seldom if ever levied on public property. Proposition 218 specifically requires assessments to be levied on public parcels within an assessment district, unless the agency that owns the parcel can "demonstrate by clear and convincing evidence" that its parcel will receive no special benefit.

3.1.3 Calculations of Benefit Increments

The total cost for operating and maintaining assessment district services funded by the District will be assessed to the various parcels in proportion to the estimated equivalent benefit units (EBUs) assigned to a parcel, in relationship to the total EBUs of all the parcels in the District. The basis for assigning and assessing benefits to District properties for the various funds that will be financed through the assessment process are described as follows.

- A. **Streets and Street Lighting:** Operations and maintenance of streets and street lighting provided by the District are primarily associated with the transportation within the community. Accordingly, trip generation rates for various land use categories (as established by the Institute of Transportation Engineers [ITE]) have been used as the primary basis for the development of EBUs. Although these trip-generation rates strictly address only vehicular trips, they are also considered to approximately reflect relative trip generation for other modes of transportation (e.g., pedestrian trips, bicycle trips, etc.), and are considered the best available information for these other transportation modes.

The special benefits of streets and street lighting improvements maintained and provided by the District are linked to trip generation primarily by the public safety and aesthetic enhancement enjoyed by travelers through the community. Trip generation rates provide the required nexus and basis for assigning ratios of maximum potential benefit to the various land use/zoning classifications as defined by the ITE.

One (1) EBU is equivalent to 10 trips/day, which is also representative of traffic generated by a single family dwelling unit. There are 1,281 traffic related EBUs estimated in the district.

- B. **Fire Department:** The express purpose for which the benefit assessment is levied is to establish a stable source of supplementary funds to obtain, furnish, operate, and maintain fire suppression equipment and to provide structural fire suppression services in the district. Operations and maintenance of the Fire Department provided by the District are primarily associated with the protection of buildings from structural fire within the community. Accordingly, building size has been used as the primary basis for the development of EBUs.

One (1) EBU is as equivalent to 1,500 square feet of building area, which is also representative of the average size of a single family dwelling unit within the District. There are 1,417 fire protection-related EBUs estimated in the district.

- C. **Stormwater Drainage.** Operations and maintenance of the drainage system and services provided by the District are primarily associated the amount of surface water runoff generated within the community. Accordingly, impervious area (roof area, paved parking, sidewalks, etc.) has been used as the primary basis for the development of EBUs.

One (1) EBU is as equivalent to 1,500 square feet of impervious area which is also representative of the average size of a single family dwelling unit within the District. There are 2,263 drainage-related EBUs estimated in the district.

- D. **Parks:** Operations and maintenance of the Community Park and services provided by the District are primarily associated with the people living and working within the community. EBU values for commercial and industrial land uses are based on the equivalence of special benefit on a land area basis between single family residential property and commercial property. The EBU values for other types of business and industrial land uses are established by using average employee densities because the special benefit factors described previously can be measured by the average number of people who work at commercial/industrial properties.

In order to determine employee density factors, the findings from the San Diego Association of Governments Traffic Generators Study (SANDAG Study) are used because these findings were approved by the State Legislature for use in justifying commercial and industrial school facilities fees and are considered to be a good representation of the average number of employees per acre of land area for commercial and industrial properties. As determined by the SANDAG Study, the average number of employees per acre for commercial property is 24. In comparison, the average number of people residing in a single family home in the area is 3.2. Since the average lot size for a single family home in Scotia is approximately 0.115 acres, the average number of residents per acre of residential property is 27.9 (one EBU). There are 764 parks-related EBUs estimated in the district.

3.2 Revenue Requirements

Typically when evaluating and setting rates and fees for an agency, annual operating expenses have been well defined through years of operations along with reserve or capital improvement programs. However, as a “start-up” district, the CSD will be operating from a first year’s budget that is based upon an estimated staffing requirement and comparative budgets of nearby CSDs and cities. A recommended first year operating budget is presented in Appendix A. This recommended budget is also based, in part, upon input from the CSD board, its counsel, and engineer, current and past interim staff, etc.

3.2.1 Operation & Maintenance

For purposes of this report, the definition of O&M is:

The continuing activities required to keep public facilities and their components functioning in accordance with design objectives while maintaining compliance with public health and safety requirements.

More specifically for the purpose of establishing user rates, O&M requirements consist of those expenditures associated with the day-to-day operations of the source supply, treatment, distribution, conveyance, and storage systems, and are made up of costs related to such items as personnel, other utility uses (power, telephone), supplies, training, equipment repair, etc.

Operations and maintenance revenue requirements are established based on years of experience, and any unusual changes that may have been instituted in any particular year, and are considered relatively inflexible when analyzing the overall revenue requirements of a utility. As a “start-up” CSD, there is no history with which to establish an O&M budget. A proposed O&M budget was

prepared giving consideration to the current financial information provided by TOS relative to its past few years of operations, comparisons of neighboring communities' operations, and experience with the financial and budgetary aspects of smaller communities and service districts.

3.2.2 Debt Service

As a "start-up" entity, the CSD has no existing debt service. However, some improvements to the water and wastewater treatment facilities have been identified in the capital improvement plan (CIP) developed in relation to the CSD formation requirements, which project expenditures for recommended upgrades in the future. It is likely that such improvements will be funded by revenues acquired through debt financing. The proposed five-year projected budget (Appendix A) indicates the CSD performing a facility plan update to re-evaluate each of the facilities and determine if the proposed capital improvements still would be valid. If the fifth year's budget debt financed capital projects are shown to occur along with an estimate of the associated debt service; however, there is no mandated obligation of the CSD to incur debt in year five. These expenditures are presented in this fashion in order that one can observe the impacts of debt financing on user fees. In all likelihood, the financing and installation of the capital improvements will occur over an expanded period covering multiple years. There is also the possibility the costs for the projected capital expenditures may be reduced by using grants or accumulated reserves, based upon positive financial performance of the CSD's cash flow and Board decisions regarding use of reserves.

3.2.3 System Replacement

According to the State Water Resources Control Board (SWRCB), Revenue Program Guidelines, system replacement costs are represented by, "Expenditures for obtaining and installing equipment, accessories, or appurtenances which are necessary during the useful life of the public works to maintain the capacity and performance for which such works were designed and constructed."

System Replacement, as defined above, is considered by that agency to be a minimal level of funding in this category. Establishing a funding level for facilities replacement is a policy decision often driven by a community's determination of user rate affordability, among other criteria.

Based upon a current inventory of existing equipment (pumps, motors, etc) with estimated replacement costs and using SWRCB expected life expectancies for such equipment, a system replacement schedule was prepared for the water and wastewater systems. An equipment replacement schedule was also prepared for the Fire Department equipment. Equipment replacement funds related to streets and street lighting, parks, and drainage funds are associated with vehicle replacement only.

3.2.4 Capital Improvement Planning

The term "capital improvement" refers to new or expanded physical facilities that are of relatively large size, are relatively expensive, and are considered permanent with respect to usefulness to service area customers. Large-scale replacement and rehabilitation of existing facilities also falls within this category. Equipment, such as, a utility truck, is not classified as a capital improvement for the purposes of this report.

A CIP for the Scotia water and wastewater systems was prepared for the required documentation associated with district formation. TOS is in the process of performing the wastewater collection system and water supply and distribution upgrades, which include replacement of more than 90% of the existing wastewater collection and water distribution systems. Improvements identified in the CIP expected to be performed by the CSD in the near future include both water and wastewater treatment plant upgrades. Costs identified in the CIP associated with those plant improvements total approximately \$3,830,000.

4.0 Total Revenue Requirements

A recommended first year budget for each of the service areas and projections of future revenue and expenditures over the first five years of operations was developed for the Scotia CSD. Appendix A presents the projected budgets for the CSD. Appendix B presents an overall combined fund budget for the District, and Appendix C presents associated “back-up” documentation for the derivation of each line item expense. The revenue requirements (total expenses less interest earnings, capital contribution, and miscellaneous revenues) for first year operations are projected for each of the service areas in Table 1.

Table 1 CSD Service Area Revenue Requirements	
Fund (Service Area)	Revenue Requirement
Treated Water	\$255,760
Raw Water	\$33,130
Wastewater	\$344,620
Streets & Street Lighting	\$44,950
Storm Drainage	\$30,800
Parks & Recreation	\$84,850
Fire Department	\$191,900

Figures 1 and 2 represent the proportional share of revenue requirements of each fund or service area for the District and the expense breakdown by category, respectively.

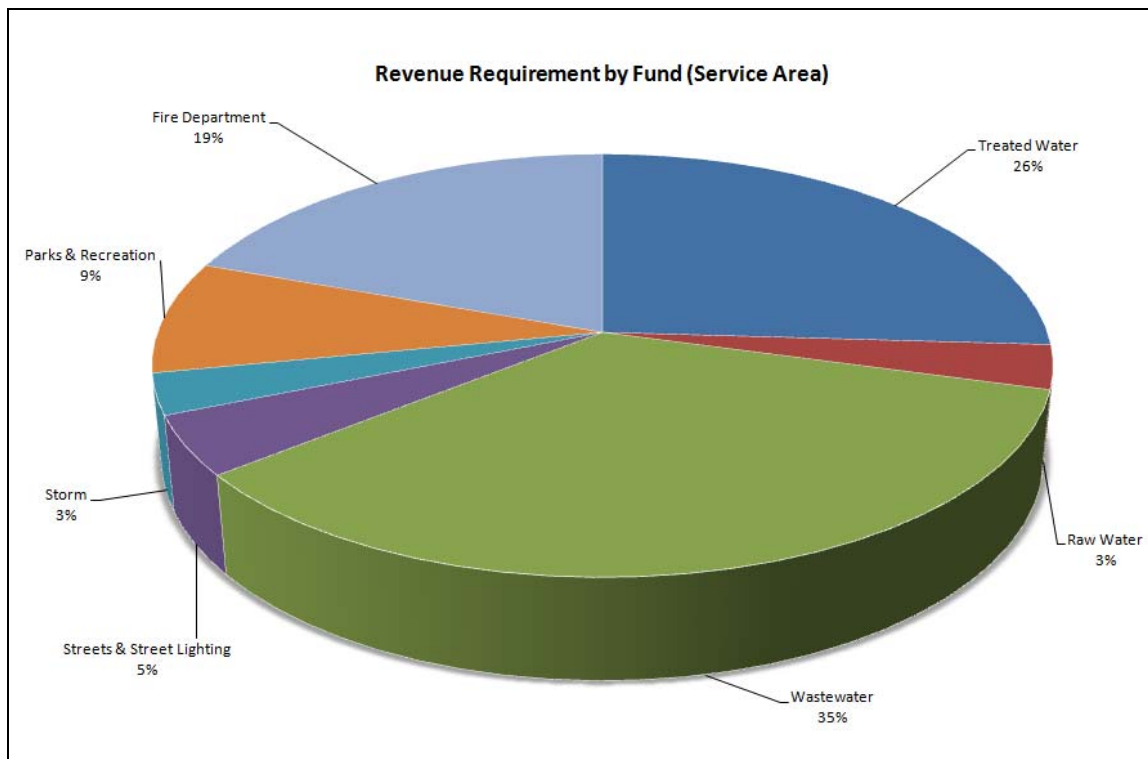


Figure 1: Revenue Requirement by Fund (Service Area)

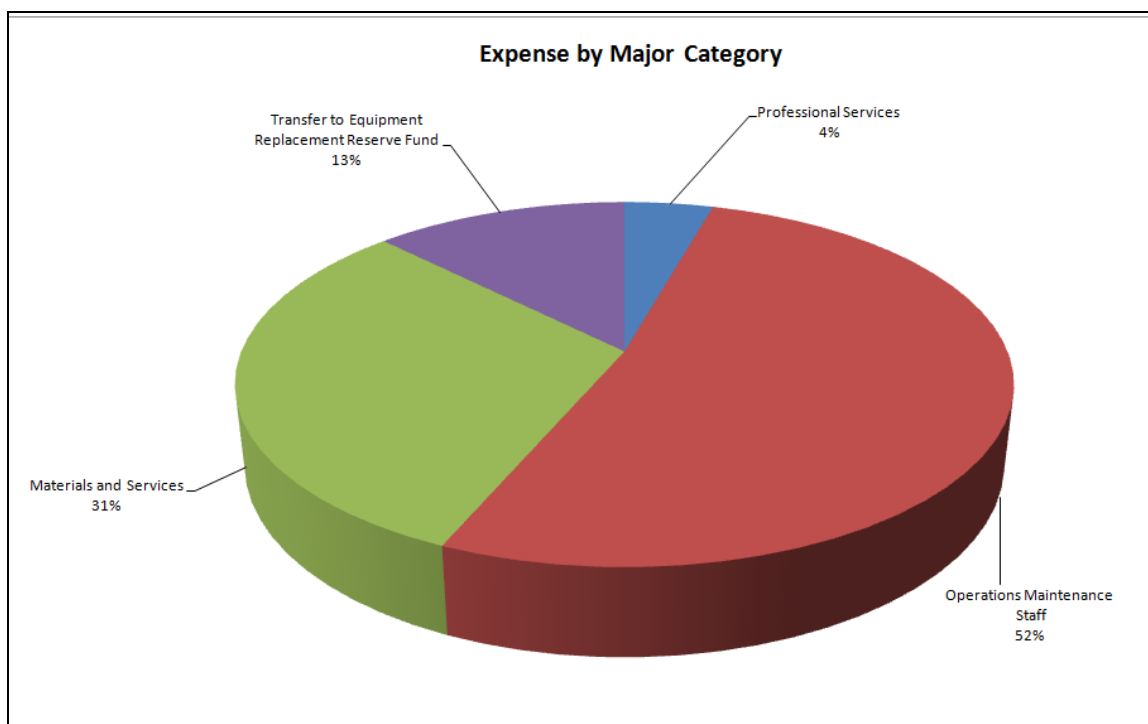


Figure 2: Expense by Major Category

Revenue requirements for years 2 through 5 include cost of living escalators of 2% for personal services and professional services, and 3% for all other materials and services. The recommended first year budget and projected budgets broken out by individual funds are presented in Appendix A. Appendix B contains an overall combined fund budgets for the District.

5.0 Rate Design

Fees proposed for the water fund are based upon a standard practice of using meter sizes to assign fixed (or service charges). All other fees and assessments are based upon a unit cost, which has been calculated to be the equivalent cost per single family dwelling on a monthly basis (EDU). Appendix D presents a summary sheet of the calculated EDU assignment for each parcel located within the District and further break downs for each individual use.

5.1 Water Fund

Rate structures should be designed to ensure that users pay only their proportionate share of costs. In addition, rate structures should be easy to understand, simple to administer, and comply with regulatory requirements. It is recommended that water fees consist of a service charge (also could be considered base fee) and a commodity rate based upon volumetric customer use. The service charge and the suggested commodity rate for the various user classes are discussed in detail below.

5.1.1 Service Charges

A service charge is a cost recovery mechanism that is generally included in the rate structure to recover meter, customer, and public fire protection related costs (costs related to maintaining hydrants), and which provides a stable source of revenue independent of water consumption.

Customer-related costs typically consist of fixed expenditures that relate to operational support activities including accounting, meter reading, water billing, customer service, and administrative and technical support. The customer-related costs are essentially common-to-all costs that are independent of user class characteristics. A service charge provides a mechanism for recovering a portion of the fixed costs and ensures a stable source of user revenues for the utility.

Once the costs are known, they are divided by the number of units of service associated with those costs to determine annual unit costs. Services charges are associated with equivalent meters to reflect the fact that service costs are higher for larger meters. Equivalent meters are used rather than just meters in order to recognize the fact that larger meters are more expensive to install, maintain, and replace than smaller meters. Table 2 shows the equivalent size of meters developed using the American Water Works Association (AWWA) Safe Maximum Operating Capacity per meter size. These conversion factors were determined using American National Standards Institute (ANSI)/AWWA Standard C700-02 Cold-Water Meters. Meters are assigned a hydraulic capacity by size, which is based on the maximum measurable flow rate of the meter. In this study, 5/8-inch meters are considered the base measure of a meter, because they are used for residential metering. By using equivalent meters in cost calculations, we do not have to track all meters by meter size. This allows for more concise analysis and explanation. The net effect of using equivalent meters instead of tracking all meters by size is the same. Equivalent meters are used in the unit cost calculation of meters and services in the cost of service section.

Table 2			
Equivalent Meter Size			
Meter Size (inches)	AWWA¹ Equivalent Size (inches)	Number of Meters	Equivalent Meters, CSD^{2,3}
5/8	1.00	286	286
3/4	1.50	2	3
1	2.50	2	5
1½	5.00	4	20
2	8.00	3	24
3	15.00	2	30
4	25.00	1	25
6	50.00	0	0
8	80.00	0	0
Total			393
1. AWWA: American Water Works Association 2. CSD: community services district 3. All Residences have 5/8" Meters			

5.1.2 Commodity Rate

The commodity rate is the rate developed for each user class, which will recover the CSD's variable volume related costs. The annual estimated fiscal year (FY) 2015/16 revenues required, less annual cost-based service charge revenues, are the revenues that need to be recovered through a commodity rate. Cost-of-service-based commodity rates are developed for each user-class-based on the principle of maintaining inter-class and intra-class revenue neutrality and equity. This means that each user class would only pay its assigned share of costs of service and that each member of each class would only pay his or her fair share of user-class costs. Because a portion of the revenues required from each user class is to be recovered through uniform monthly service charges, commodity rates are designed to recover only that portion of revenues that is not recovered through the service charge. Annual service charge revenues for each user class for FY 2015/16 are estimated based on the forecast number of meters by size. The portion of revenues to be recovered through commodity rates is then determined by deducting the annual service charge revenues from the user class's FY 2015/16 cost of service.

The user classes can be sorted into groups with similar peaking characteristics, resulting in a uniform water commodity rate that is the same within the group. Due to similar usage characteristics, residential customers are grouped together, and commercial and industrial are grouped together.

The user classes can be sorted into groups with similar peaking characteristics, resulting in a uniform water commodity rate that is the same within the group. Due to similar usage characteristics, residential customers are grouped together, and commercial and industrial are grouped together.

5.1.3 CSD Proposed Water Rate Structure

As a “start-up” District, the first year and subsequent projected expenses presented in Table 3 are based upon guided estimates. The District must establish its own operations and gain some experience related to revenues and expenditures upon which to base future rates more accurately. Revenues and expenses will have to be monitored throughout the next several years and adjustments will need to be made to the user rates when necessary and practical.

5.1.3.1 Monthly Service (Base or Rental) Fee per Meter Size

The proposed monthly service fees are presented in Tables 3.

5.1.3.2 Commodity Rate

The proposed commodity rate is \$2.42 per 100 cubic feet (HCF) of water use.

Table 3 Proposed Monthly Service (Base or Rental) Fee Per Meter Size CSD¹	
Meter Size (inches)	Monthly
5/8	\$24.21
3/4	\$36.32
1	\$60.54
1½	\$121.07
2	\$193.72
3	\$363.22
4	\$605.37
6	\$1,210.74
8	\$1,937.19
1. CSD: community services district	

5.1.4 Raw Water Rate

The CSD will supply raw water to a single customer, Eel River Power, for use in their power production process. The water will be diverted from the raw water supply line to their service line and metered through a 6-inch water meter. The raw water flow associated rate is based upon the estimated O&M cost of pumping (Appendix C). The raw water customer shall also pay a monthly service fee, based upon their meter size.

The proposed raw water rate is \$0.22 per HCF used.

5.1.5 Monthly Cost per EDU

The above recommended water user fees represent an average residential (EDU) user charge of approximately \$54/month (treated water use) for the first year of operations.

5.1.6 Affordability

One of the most important issues in water pricing is affordability. Although water is priced extremely low compared with most other goods, it is an essential good. Besides affordability, equity issues are part of the rate making process. Are rates fair across customer groups? Are people paying for the cost of service? Although the issue of affordability is important, revenue adequacy remains the number one priority of any water system. Income effects and affordability issues must be secondary or be addressed directly through other government social programs.

A basic issue in affordability is who to protect and at what levels? How much income protection should be supplied through the water rate making process? Affordability issues in the future will require careful planning. Consumers must be educated about why rates are set as they are, and customer feedback should be monitored.

How is rate affordability measured? The U.S. Environmental Protection Agency (EPA) suggests that water rates that are 2.5% or less of annual median household income (AMHI) are affordable. In a survey of 1,600 utilities in five states, the EPA found that water rates ranged from 0.1% to 3.1% of AMHI with an average of 0.5%. Thus by EPA standards, water supply nationwide is affordable. The most recent published AMHI for the CSD area is estimated at \$53,333 for 2013 (United States Census Bureau, 2009-2013 American Community survey, 5 year estimates). Applying EPA's standard of 2.5%, an affordable (upper end of affordability) monthly rate for residential customers is estimated to be approximately \$111/month. The projected water rates are expected to start at approximately \$54/month may increase to approximately \$64/month. Based upon the EPA criteria, the proposed and projected rate increases are well within the range of affordability.

5.2 Wastewater Fund

Rate structures should be designed in such a way as to ensure that users pay only their proportionate share of costs. In addition, rate structures should be easy to understand, simple to administer, and comply with regulatory requirements. The service charge and the suggested commodity rate for the various user classes are discussed in detail below. See Appendix C for calculations associated with recommended rate structure.

5.2.1 Base Fees

Base fee related costs are fixed expenditures that relate to operational support activities including accounting, billing, customer service, administrative and technical support, and debt service. Customer-related costs are essentially common-to-all costs that are independent of user class characteristics. A base fee provides a mechanism for recovering a portion of the fixed costs and ensures a stable source of user revenues for the utility. Fixed expenditures for the FY 2015/16 projected budget are determined to be approximately 35% (\$121,000) of the total expenditures of \$345,000. These figures equate to a recommended base fee of \$26.46 per month per EDU. The monthly base fee for each non-residential user will be established annually, based upon measured water use and assigned EDU values for previous years. The first year base fee will be established using estimated consumption volumes based upon industry standard for the use evaluated.

5.2.2 Commodity Fees

The commodity rate is the rate developed to recover the CSD's variable volume related costs. The annual estimated FY 2015/16 revenues required, less annual costs associated with base fee revenues, are the revenues that need to be recovered through a flow rate.

With the exception of a single identified high-strength user (the brewery), all users are grouped together for purposes of establishing these initial flow based rates.

The recommended commodity rate is \$2.13 per 100 HCF water used.

5.2.3 Strength Fee

Strength of wastewater is typically based upon sampled and measured amounts of biochemical oxygen demand (BOD) and total suspended solids (TSS) contained within a wastewater. Wastewater treatment plants typically are designed based upon parameters of amount of flow needed to treat and contaminant removal based upon measured concentrations of BOD and TSS in raw wastewater influent and treated effluent. The simplest method of allocating wastewater treatment costs is to use allocation percentages based on State Water Resources Control Board (SWRCB), Revenue Program Guidelines. Considering the SWRCB publication and the treatment processes used at the plant, 40% of the costs is allocated to wastewater flow, 30% to BOD, and 30% to TSS. These percentages are based on a mechanical type wastewater treatment system, which is currently used by Scotia. Using typical ranges of wastewater constituents presented in *Wastewater Engineering* publication by Metcalf and Eddy; single-family residential (EDU) wastewater strength contributions to the waste stream used for these analyses are:

- 0.5 lb BOD per month
- 0.5 lb TSS per month

Considering the wastewater strength and flows produced by the only current high-strength user in the system (Eel River Brewery), the single customer is equivalent to 58 EDUs balanced between flow and strength.

Considering costs for treating BOD and TSS, the recommended high-strength user fees are:

- \$0.34/lb BOD
- \$0.53/lb TSS

5.2.4 Monthly Cost per EDU

The above recommended wastewater user fees represent an average residential (EDU) user charge of approximately \$66/month for the first year of operations.

5.2.5 Affordability

As described in the previous section, applying EPA's standard of 2.5%, an affordable (upper end of affordability) monthly rate for residential customers is estimated to be approximately \$111/month. The projected wastewater user fees are expected to start at approximately \$66/month, and may increase to approximately \$103/month. Based upon the EPA criteria, the proposed and projected

rates would be considered affordable during the first several years and performing capital improvements moves the rate close to the affordability threshold defined by EPA. Rates may need to be re-evaluated after the first few years of operation and in conjunction with projected capital improvements. As discussed in Section 3.2.2, the rate increases associated with major capital expenditures may be reduced by using grant or reserve funds. With the currently projected high rates in future years, the possibility of obtaining State or federal grant funding for the projected improvements is more likely.

5.3 Streets and Street Lighting Fund

For all special assessments in the District, the calculation of each assessment is relatively straightforward. Once the equivalent benefit unit (EBU) methodology apportionment has been defined, each parcel is allocated a benefit proportional to the EBUs associated with that parcel. In order to help differentiate between a utility user fee (i.e., wastewater and water) and a special benefit assessment, this study uses the term “equivalent benefit unit (EBU)” as opposed to “equivalent dwelling unit (EDU)” to define the comparative charge out unit. As presented previously in this report, the streets and street lighting benefit is based upon trip generation with a single-family residence EDU equivalent to 10 vehicle trips generated per day and assigned 1 EBU, (1 EBU = 10 vehicle trips/day traffic generation).

Considering the revenue requirement for this fund and the total number of EBUs the special assessment for streets and street lighting will be equal to \$3.00 per EBU per month.

5.4 Storm Drainage Fund

As presented previously in this report, the storm drainage benefit is based upon impervious area with a single family residence (EDU) equivalent to 1,500 square feet of impervious area and is assigned 1 EBU per month, (1 EBU = 1,500 ft² impervious area).

Considering the revenue requirement for this fund and the total number of EBUs, the special assessment for storm drainage will be equal to \$1.13 per EBU per month.

5.5 Parks and Recreation Fund

As presented previously in this report, the parks and recreation benefit is based on a per acre population density with a single family residence (EDU) equivalent to 27.9 persons/acre and is assigned 1 EBU, (1 EBU = 2.79 persons/acre).

Considering the revenue requirement for this fund and the total number of EBUs, the special assessment for parks and recreation will be equal to \$9.26 per EBU per month.

5.6 Fire Department Fund

As presented previously in this report, the Fire Department benefit is based upon structural area with a single family residence (EDU) equivalent to 1,500 square feet of structural area and assigned 1 EBU, (1 EBU = 1,500 ft² structural area).

Considering the revenue requirement for this fund and the total number of EBUs, the special assessment for the Fire Department will be equal to \$11.29 per EBU per month.

6.0 Annual Escalators and Reviews

It is recommended that the District's fees and assessments be established with an annual escalation clause, which would allow revenues from fees and assessments to increase or decrease annually based upon an appropriate, local consumer price index. Indexing fees and assessments annually allows for minor increases for normal maintenance and operating cost escalation without incurring the costs associated the Proposition 218 public notification and ballot proceedings.

It is also recommended that all adopted fees and assessments contain language that allows uncontrolled cost escalation "pass-through." This would allow the District to "pass-through" to the customer any increases in costs over which the District has no control, such as, those associated with electrical power of out-sourced laboratory fees. A "pass-through" clause will also allow adjustments in fees and assessments without incurring the costs associated with the Proposition 218 public notification and ballot proceedings.

The District needs to adopt a budget, and begin collecting fees and assessments to establish a basis for future budgeting and revenue requirements.

7.0 References Cited

American National Standards Institute/American Water Works Association. (NR). "Standard C700-02 Cold-Water Meters." New York, NY:ANSI.

California Department of Finance. (Accessed June 2015). Census 2010. Accessed at: http://www.dof.ca.gov/research/demographic/state_census_data_center/census_2010/viaw.php

Metcalf and Eddy. (1991). *Wastewater Engineering*. Treatment Disposal Reuse, G. Tchobanoglous and F.L. Burton (Eds.), 1820 pp. New York, NY: McGraw-Hill.

San Diego Association of Governments.. (December 1996 and July 1998). "Traffic Generators," Sand Diego, California. San Diego, CA:SANDAG.

State of California Legislative Counsel. (1996). "California Constitution, Article XIII D: Assessment and Property-Related Fee Reform." (Proposition 218). Sacramento, CA:State of California.

State Water Resources Control Board. (1998). "Revenue Program Guidelines (Appendix G)," in *Policy For Implementing The State Revolving Fund For Construction Of Wastewater Treatment Facilities*. NR:SWRCB.

United States Census Bureau. (2014). "5 Year Estimates," in *2009-2013 American Community Survey*. NR:United States Census Bureau American Community Survey Office.

United States Environmental Protection Agency. (2002). "Affordability Criteria for Small Drinking Water Systems: An EPA Science Advisory Board Report." EPA Science Advisory Board. EPA-SAB-EEAC-03-004

A

Projected Budgets

Scotia Community Services District Start-Up Budget								
Proposed First Full Year Operating Budget								
Revenues								
Fund Type	Treated Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Department	Total All Services
Available Cash on Hand	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$300		\$400	\$200	\$100	\$100	\$200	\$1,300
Property Tax ¹								\$0
Contingency Funding Contribution	\$28,000	\$12,000	\$44,000	\$15,000	\$14,000	\$5,000	\$17,000	\$135,000
Office Equipment/Furniture Capital Contribution	\$6,500	\$500	\$6,000	\$3,000	\$3,000	\$1,000		\$20,000
Fire Department Capital Contribution							\$766,000	\$766,000
Special Use Income						\$500	\$0	\$500
User Fee Revenues Necessary to Balance Budget	\$255,760	\$33,130	\$344,620	\$44,950	\$30,800	\$84,850	\$191,900	\$986,010
Miscellaneous	\$100	\$0	\$100	\$100	\$100	\$0	\$0	\$400
Sub-Total Resources	\$290,660	\$45,630	\$395,120	\$63,250	\$48,000	\$91,450	\$975,100	\$1,909,210
TOTAL CAPITAL EXPENDITURE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL RESOURCES	\$290,660	\$45,630	\$395,120	\$63,250	\$48,000	\$91,450	\$975,100	\$1,909,210
Expenditures								
Personal Services	Treated Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Dept.	Total All Services
Attorney	\$7,600	\$400	\$8,000	\$1,000	\$1,000	\$1,000	\$1,000	\$20,000
Auditor (Annual Audit)	\$4,560	\$240	\$4,800	\$600	\$600	\$600	\$600	\$12,000
Board Stipend	\$2,280	\$120	\$2,400	\$300	\$300	\$300	\$300	\$6,000
Bookkeeping/CPA Consult	\$1,900	\$100	\$2,000	\$50	\$50	\$500	\$400	\$5,000
Engineering	\$2,700	\$300	\$3,000	\$0	\$0	\$0	\$0	\$6,000
Operations/Maintenance Staff (Salaries & Benefits)	\$149,000	\$7,480	\$156,500	\$19,100	\$19,100	\$61,900	\$98,800	\$511,880
TOTAL PERSONAL SERVICES	\$168,040	\$8,600	\$176,700	\$21,050	\$21,050	\$64,300	\$101,100	\$560,840
Materials and Services								
Bond, Dues, Publications	\$2,000	\$500	\$2,500	\$200	\$200	\$100	\$2,000	\$7,500
General Supplies, Lab, Permitting & Monitoring	\$14,000	\$500	\$55,000	\$500	\$2,000	\$4,500	\$6,200	\$82,700
Utilities- water, sewer, Assess., communications	\$2,200	\$500	\$4,800	\$4,000	\$2,500	\$4,800	\$1,200	\$20,000
General Maint & Repair	\$14,000	\$1,000	\$10,000	\$6,000	\$1,000	\$5,000	\$7,000	\$44,000
Liability Insurance	\$15,000	\$5,000	\$30,000	\$5,000	\$500	\$1,000	\$5,000	\$61,500
Electrical	\$19,000	\$14,000	\$25,000	\$4,500	\$0	\$1,000	\$5,000	\$68,500
Contracted Maintenance Services	\$9,000	\$1,000	\$7,500	\$1,000	\$0	\$1,000	\$500	\$20,000
TOTAL MATERIALS AND SERVICES	\$75,200	\$22,500	\$134,800	\$21,200	\$6,200	\$17,400	\$26,900	\$304,200
TOTAL O&M	\$243,240	\$31,100	\$311,500	\$42,250	\$27,250	\$81,700	\$128,000	\$865,040
Other Expenditures								
Transfer to Equipment Replacement Reserve Fund ²	\$12,920	\$2,030	\$33,620	\$3,000	\$3,750	\$3,750	\$64,100	\$123,170
TOTAL OTHER EXPENDITURES	\$12,920	\$2,030	\$33,620	\$3,000	\$3,750	\$3,750	\$64,100	\$123,170
Capital Outlay								
Fire Apparatus and Personal Gear Upgrade							\$766,000	\$766,000
Office Equipment/furnishings Start-up	\$6,500	\$500	\$6,000	\$3,000	\$3,000	\$1,000		\$20,000
TOTAL CAPITAL EXPENDITURES	\$6,500	\$500	\$6,000	\$3,000	\$3,000	\$1,000	\$766,000	\$786,000
TOTAL ALL EXPENDITURES	\$262,660	\$33,630	\$351,120	\$48,250	\$34,000	\$86,450	\$958,100	\$1,774,210
Unexpended Fund Balance (UFB)	\$28,000	\$12,000	\$44,000	\$15,000	\$14,000	\$5,000	\$17,000	\$135,000
EXPENDITURES + UFB	\$290,660	\$45,630	\$395,120	\$63,250	\$48,000	\$91,450	\$975,100	\$1,909,210
1. No tax revenues are projected for this operating budget (CSD has no taxing authority at this time)								
2. Transfer to a reserve account for each fund to be created by CSD for replacement								

Estimated Monthly User Fees Based On Revenues Needed To Operate CSD								
	Treated Water	Raw Water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Department	Total All Services
Estimated average monthly residential user fees required to balance revenues	\$54	\$0	\$66	\$2.92	\$1.13	\$9.26	\$11.29	\$145
EDUs	381	N/A	419	1281	2263	764	1417	

RESERVE FUND ACCUMULATION³	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
3. Carry over from Previus years accumulation and contribution from previous years transferred funds								

Scotia Community Services District Start-Up Budget Proposed Second Full Year Operating Budget								
Revenues								
Fund Type	Treated Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Department	Total All Services
Available Cash on Hand (contingency carry over)	\$28,000	\$12,000	\$44,000	\$15,000	\$14,000	\$5,000	\$17,000	\$135,000
Interest Earnings	\$600	\$200	\$900	\$300	\$300	\$100	\$300	\$2,700
Property Tax ¹								\$0
Special Use Income						\$500	\$0	\$500
User Fee Revenues Necessary to Balance Budget	\$261,031	\$33,836	\$351,650	\$45,901	\$31,201	\$86,652	\$194,623	\$1,004,894
Miscellaneous	\$100	\$0	\$100	\$100	\$100	\$0	\$0	\$400
Sub-Total Resources	\$289,731	\$46,036	\$396,650	\$61,301	\$45,601	\$92,252	\$211,923	\$1,143,494
TOTAL CAPITAL EXPENDITURE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL RESOURCES	\$289,731	\$46,036	\$396,650	\$61,301	\$45,601	\$92,252	\$211,923	\$1,143,494
Expenditures								
Personal Services	Treated Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Dept.	Total All Services
Attorney	\$7,752	\$408	\$8,160	\$1,020	\$1,020	\$1,020	\$1,020	\$20,400
Auditor (Annual Audit)	\$4,651	\$245	\$4,896	\$612	\$612	\$612	\$612	\$12,240
Board Stipend	\$2,280	\$120	\$2,400	\$300	\$300	\$300	\$300	\$6,000
Bookkeeping/CPA Consult	\$1,938	\$102	\$2,040	\$51	\$51	\$510	\$408	\$5,100
Engineering	\$2,754	\$306	\$3,060	\$0	\$0	\$0	\$0	\$6,120
Operations/Maintenance Staff (Salaries & Benefits)	\$151,980	\$7,650	\$159,630	\$19,482	\$19,482	\$63,138	\$100,776	\$522,138
TOTAL PERSONAL SERVICES	\$171,355	\$8,831	\$180,186	\$21,465	\$21,465	\$65,580	\$103,116	\$571,998
Materials and Services								
Bond, Dues, Publications	\$2,060	\$515	\$2,575	\$206	\$206	\$103	\$2,060	\$7,725
General Supplies, Lab, Permitting & Monitoring	\$14,420	\$515	\$56,650	\$515	\$2,060	\$4,635	\$6,386	\$85,181
Utilities- water, sewer communications	\$2,266	\$515	\$4,944	\$4,120	\$2,575	\$4,944	\$1,236	\$20,600
General Maint & Repair	\$14,420	\$1,030	\$10,300	\$6,180	\$1,030	\$5,150	\$7,210	\$45,320
Liability Insurance	\$15,450	\$5,150	\$30,900	\$5,150	\$515	\$1,030	\$5,150	\$63,345
Electrical	\$19,570	\$14,420	\$25,750	\$4,635	\$0	\$1,030	\$5,150	\$70,555
Contracted Maintenance Services	\$9,270	\$1,030	\$7,725	\$1,030	\$0	\$1,030	\$515	\$20,600
TOTAL MATERIALS AND SERVICES	\$77,456	\$23,175	\$138,844	\$21,836	\$6,386	\$17,922	\$27,707	\$313,326
TOTAL O&M	\$248,811	\$32,006	\$319,030	\$43,301	\$27,851	\$83,502	\$130,823	\$885,324
Other Expenditures								
Transfer to Equipment Replacement Reserve Fund ²	\$12,920	\$2,030	\$33,620	\$3,000	\$3,750	\$3,750	\$64,100	\$123,170
TOTAL OTHER EXPENDITURES	\$12,920	\$2,030	\$33,620	\$3,000	\$3,750	\$3,750	\$64,100	\$123,170
Capital Outlay								
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ALL EXPENDITURES	\$261,731	\$34,036	\$352,650	\$46,301	\$31,601	\$87,252	\$194,923	\$1,008,494
Unexpended Fund Balance (UFB)	\$28,000	\$12,000	\$44,000	\$15,000	\$14,000	\$5,000	\$17,000	\$135,000
EXPENDITURES + UFB	\$289,731		\$396,650	\$61,301	\$45,601	\$92,252	\$211,923	\$1,143,494
1. No tax revenues are projected for this operating budget (CSD has no taxing authority at this time)								
2. Transfer to a reserve account for each fund to be created by CSD for replacement								

Estimated Monthly User Fees Based On Revenues Needed To Operate CSD								
	Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Department	Total All Services
Estimated average monthly residential user fees required to balance revenues	\$53	\$0	\$67	\$2.99	\$1.15	\$9.46	\$11.45	\$145
EDUs	381	N/A	419	1281	2263	764	1417	
RESERVE FUND ACCUMULATION³	\$12,920	\$2,030	\$33,620	\$3,000	\$3,750	\$3,750	\$64,100	\$123,170
3. Carry over from Previous years accumulation and contribution from previous years transferred funds								

Scotia Community Services District Start-Up Budget Proposed Third Full Year Operating Budget								
Revenues								
Fund Type	Treated Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Department	Total All Services
Available Cash on Hand (contingency carry over)	\$28,000	\$12,000	\$44,000	\$15,000	\$14,000	\$5,000	\$17,000	\$135,000
Interest Earnings	\$600	\$200	\$900	\$300	\$300	\$100	\$300	\$2,700
Property Tax ¹								\$0
Special Use Income						\$500	\$0	\$500
User Fee Revenues Necessary to Balance Budget	\$265,736	\$34,684	\$358,371	\$46,979	\$31,816	\$88,495	\$197,511	\$1,023,593
Connection Fees	\$1,000	\$0	\$1,000					\$2,000
Miscellaneous	\$100	\$0	\$100	\$100	\$100	\$0	\$0	\$400
Sub-Total Resources	\$295,436	\$46,884	\$404,371	\$62,379	\$46,216	\$94,095	\$214,811	\$1,164,193
TOTAL CAPITAL EXPENDITURE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL RESOURCES	\$295,436	\$46,884	\$404,371	\$62,379	\$46,216	\$94,095	\$214,811	\$1,164,193
Expenditures								
Personal Services	Treated Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Dept.	Total All Services
Attorney	\$7,907	\$416	\$8,323	\$1,040	\$1,040	\$1,040	\$1,040	\$20,808
Auditor (Annual Audit)	\$4,744	\$250	\$4,994	\$624	\$624	\$624	\$624	\$12,485
Board Stipend	\$2,280	\$120	\$2,400	\$300	\$300	\$300	\$300	\$6,000
Bookkeeping/CPA Consult	\$1,977	\$104	\$2,081	\$52	\$52	\$520	\$416	\$5,202
Engineering	\$2,809	\$312	\$3,121	\$0	\$0	\$0	\$0	\$6,242
Operations/Maintenance Staff (Salaries & Benefits)	\$155,020	\$7,782	\$162,823	\$19,872	\$19,872	\$64,401	\$102,792	\$532,560
TOTAL PERSONAL SERVICES	\$174,737	\$8,984	\$183,742	\$21,888	\$21,888	\$66,886	\$105,172	\$583,297
Materials and Services								
Bond, Dues, Publications	\$2,122	\$530	\$2,652	\$212	\$212	\$106	\$2,122	\$7,957
General Supplies, Lab, Permitting & Monitoring	\$14,853	\$530	\$58,350	\$530	\$2,122	\$4,774	\$6,578	\$87,736
Utilities- water, sewer communications	\$2,334	\$530	\$5,092	\$4,244	\$2,652	\$5,092	\$1,273	\$21,218
General Maint & Repair	\$14,853	\$1,061	\$10,609	\$6,365	\$1,061	\$5,305	\$7,426	\$46,680
Liability Insurance	\$15,914	\$5,305	\$31,827	\$5,305	\$530	\$1,061	\$5,305	\$65,245
Electrical	\$20,157	\$14,853	\$26,523	\$4,774	\$0	\$1,061	\$5,305	\$72,672
Contracted Maintenance Services	\$9,548	\$1,061	\$7,957	\$1,061	\$0	\$1,061	\$530	\$21,218
TOTAL MATERIALS AND SERVICES	\$79,780	\$23,870	\$143,009	\$22,491	\$6,578	\$18,460	\$28,538	\$322,726
TOTAL O&M	\$254,516	\$32,854	\$326,751	\$44,379	\$28,466	\$85,345	\$133,711	\$906,023
Other Expenditures								
Transfer to Equipment Replacement Reserve Fund ²	\$12,920	\$2,030	\$33,620	\$3,000	\$3,750	\$3,750	\$64,100	\$123,170
TOTAL OTHER EXPENDITURES	\$12,920	\$2,030	\$33,620	\$3,000	\$3,750	\$3,750	\$64,100	\$123,170
Capital Outlay								
TOTAL CAPITAL EXPENDITURES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL ALL EXPENDITURES	\$267,436	\$34,884	\$360,371	\$47,379	\$32,216	\$89,095	\$197,811	\$1,029,193
Unexpended Fund Balance (UFB)	\$28,000	\$12,000	\$44,000	\$15,000	\$14,000	\$5,000	\$17,000	\$135,000
EXPENDITURES + UFB	\$295,436	\$46,884	\$404,371	\$62,379	\$46,216	\$94,095	\$214,811	\$1,164,193

1. No tax revenues are projected for this operating budget (CSD has no taxing authority at this time)
2. Transfer to a reserve account for each fund to be created by CSD for replacement

Estimated Monthly User Fees Based On Revenues Needed To Operate CSD								
	Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Department	Total All Services
Estimated average monthly residential user fees required to balance revenues	\$53	\$0	\$68	\$3.06	\$1.17	\$9.66	\$11.62	\$147
EDUs	381	N/A	419	1281	2263	764	1417	

RESERVE FUND ACCUMULATION ³	\$25,840	\$4,060	\$67,240	\$6,000	\$7,500	\$7,500	\$128,200	\$246,340
3. Carry over from Previous years accumulation and contribution from previous years transferred funds								

Scotia Community Services District Start-Up Budget Proposed Fourth Full Year Operating Budget								
Revenues								
Fund Type	Treated Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Department	Total All Services
Available Cash on Hand (contingency carry over)	\$28,000	\$12,000	\$44,000	\$15,000	\$14,000	\$5,000	\$17,000	\$135,000
Interest Earnings	\$600	\$200	\$900	\$300	\$300	\$100	\$300	\$2,700
Property Tax ¹								\$0
Transfer From Researve Fund for Capital Exp.	\$30,000		\$60,000					\$90,000
Special Use Income						\$500	\$0	\$500
User Fee Revenues Necessary to Balance Budget	\$271,579	\$35,577	\$366,288	\$48,086	\$32,445	\$90,381	\$200,464	\$1,044,820
Connection Fees	\$1,000	\$0	\$1,000					\$2,000
Miscellaneous	\$100	\$0	\$100	\$100	\$100	\$0	\$0	\$400
Sub-Total Resources	\$331,279	\$47,777	\$472,288	\$63,486	\$46,845	\$95,981	\$217,764	\$1,275,420
Outside Revenue Sources To Pay for Capital Expenditures								
TOTAL CAPITAL EXPENDITURE REVENUES	\$0		\$0	\$0	\$0	\$0	\$0	\$0
TOTAL RESOURCES	\$331,279		\$472,288	\$63,486	\$46,845	\$95,981	\$217,764	\$1,227,643
Expenditures								
Personal Services	Treated Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Dept.	Total All Services
Attorney	\$8,065	\$424	\$8,490	\$1,061	\$1,061	\$1,061	\$1,061	\$21,224
Auditor (Annual Audit)	\$4,839	\$255	\$5,094	\$637	\$637	\$637	\$637	\$12,734
Board Stipend	\$2,280	\$120	\$2,400	\$300	\$300	\$300	\$300	\$6,000
Bookkeeping/CPA Consult	\$2,016	\$106	\$2,122	\$53	\$53	\$531	\$424	\$5,306
Engineering	\$2,865	\$318	\$3,184	\$0	\$0	\$0	\$0	\$6,367
Operations/Maintenance Staff (Salaries & Benefits)	\$158,120	\$7,937	\$166,079	\$20,269	\$20,269	\$65,689	\$104,847	\$543,211
TOTAL PERSONAL SERVICES	\$178,186	\$9,161	\$187,369	\$22,320	\$22,320	\$68,217	\$107,270	\$594,843
Materials and Services								
Bond, Dues, Publications	\$2,185	\$546	\$2,732	\$219	\$219	\$109	\$2,185	\$8,195
General Supplies, Lab, Permitting & Monitoring	\$15,298	\$546	\$60,100	\$546	\$2,185	\$4,917	\$6,775	\$90,369
Utilities- water, sewer communications	\$2,404	\$546	\$5,245	\$4,371	\$2,732	\$5,245	\$1,311	\$21,855
General Maint & Repair	\$15,298	\$1,093	\$10,927	\$6,556	\$1,093	\$5,464	\$7,649	\$48,080
Liability Insurance	\$16,391	\$5,464	\$32,782	\$5,464	\$546	\$1,093	\$5,464	\$67,203
Electrical	\$20,762	\$15,298	\$27,318	\$4,917	\$0	\$1,093	\$5,464	\$74,852
Contracted Maintenance Services	\$9,835	\$1,093	\$8,195	\$1,093	\$0	\$1,093	\$546	\$21,855
TOTAL MATERIALS AND SERVICES	\$82,173	\$24,586	\$147,300	\$23,166	\$6,775	\$19,013	\$29,394	\$332,408
TOTAL O&M	\$260,359	\$33,747	\$334,668	\$45,486	\$29,095	\$87,231	\$136,664	\$927,250
Other Expenditures								
Transfer to Equipment Replacement Reserve Fund ²	\$12,920	\$2,030	\$33,620	\$3,000	\$3,750	\$3,750	\$64,100	\$123,170
TOTAL OTHER EXPENDITURES	\$12,920	\$2,030	\$33,620	\$3,000	\$3,750	\$3,750	\$64,100	\$123,170
Capital Outlay								
Water Treatment Plant Facilities Plan Update	\$30,000							\$30,000
WWTP Facilities Plan Update			\$60,000					\$60,000
TOTAL CAPITAL EXPENDITURES	\$30,000	\$0	\$60,000	\$0	\$0	\$0	\$0	\$90,000
TOTAL ALL EXPENDITURES	\$303,279	\$35,777	\$428,288	\$48,486	\$32,845	\$90,981	\$200,764	\$1,140,420
Unexpended Fund Balance (UFB)	\$28,000	\$12,000	\$44,000	\$15,000	\$14,000	\$5,000	\$17,000	\$135,000
EXPENDITURES + UFB	\$331,279	\$47,777	\$472,288	\$63,486	\$46,845	\$95,981	\$217,764	\$1,275,420
1. No tax revenues are projected for this operating budget (CSD has no taxing authority at this time)								
2. Transfer to a reserve account for each fund to be created by CSD for replacement								

Estimated Monthly User Fees Based On Revenues Needed To Operate CSD								
	Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Department	Total All Services
Estimated average monthly residential user fees required to balance revenues	\$54	\$0	\$69	\$3.13	\$1.19	\$9.86	\$11.79	\$149
EDUs	381	N/A	419	1281	2263	764	1417	

RESERVE FUND ACCUMULATION³	\$8,760	\$6,090	\$40,860	\$9,000	\$11,250	\$11,250	\$192,300	\$279,510
3. Carry over from Previus years accumulation and contribution from previous years transferred funds								

Scotia Community Services District Start-Up Budget Proposed Fifth Full Year Operating Budget								
Revenues								
Fund Type	Treated Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Department	Total All Services
Available Cash on Hand (contingency carry over)	\$28,000	\$12,000	\$44,000	\$15,000	\$14,000	\$5,000	\$17,000	\$135,000
Interest Earnings	\$600	\$200	\$900	\$300	\$300	\$100	\$300	\$2,700
Property Tax ¹								\$0
Capital Improvement Loan	\$830,000		\$3,000,000					\$3,830,000
Special Use Funds						\$500		\$500
User Fee Revenues Necessary to Balance Budget	\$319,162	\$34,466	\$524,407	\$49,221	\$33,089	\$92,810	\$203,485	\$1,256,639
Connection Fees	\$1,000		\$1,000					\$2,000
Miscellaneous	\$100		\$100	\$100	\$100	\$0	\$0	\$400
Sub-Total Resources	\$1,178,862	\$46,666	\$3,570,407	\$64,621	\$47,489	\$98,410	\$220,785	\$5,227,239
TOTAL CAPITAL EXPENDITURE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL RESOURCES	\$1,178,862		\$3,570,407	\$64,621	\$47,489	\$98,410	\$220,785	\$5,180,573
Expenditures								
Personal Services	Treated Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Dept.	Total All Services
Attorney	\$8,226	\$433	\$8,659	\$1,082	\$1,082	\$1,082	\$1,082	\$21,649
Auditor (Annual Audit)	\$4,936	\$260	\$5,196	\$649	\$649	\$649	\$649	\$12,989
Board Stipend	\$2,280	\$120	\$2,400	\$300	\$300	\$300	\$300	\$6,000
Bookkeeping/CPA Consult	\$2,057	\$108	\$2,165	\$54	\$54	\$541	\$433	\$5,412
Engineering	\$2,923	\$325	\$3,247	\$0	\$0	\$0	\$0	\$6,495
Operations/Maintenance Staff (Salaries & Benefits)	\$161,282	\$8,096	\$169,401	\$20,674	\$20,674	\$67,003	\$106,944	\$554,075
TOTAL PERSONAL SERVICES	\$181,704	\$9,342	\$191,068	\$22,760	\$22,760	\$69,576	\$109,409	\$606,620
Materials and Services								
Bond, Dues, Publications	\$2,251	\$563	\$2,814	\$225	\$225	\$113	\$2,251	\$8,441
General Supplies, Lab, Permitting & Monitoring	\$15,757	\$563	\$61,903	\$563	\$2,251	\$5,065	\$6,978	\$93,080
Utilities- water, sewer communications	\$2,476	\$563	\$5,402	\$4,502	\$2,814	\$5,402	\$1,351	\$22,510
General Maint & Repair	\$15,757	\$1,126	\$11,255	\$6,753	\$1,126	\$5,628	\$7,879	\$49,522
Liability Insurance	\$16,883	\$5,628	\$33,765	\$5,628	\$563	\$1,126	\$5,628	\$69,219
Electrical	\$21,385	\$15,757	\$28,138	\$5,065	\$0	\$1,126	\$5,628	\$77,097
Contracted Maintenance Services	\$10,130	\$1,126	\$8,441	\$1,126	\$0	\$1,126	\$563	\$22,510
TOTAL MATERIALS AND SERVICES	\$84,638	\$25,324	\$151,719	\$23,861	\$6,978	\$19,584	\$30,276	\$342,380
TOTAL O&M	\$266,342	\$34,666	\$342,787	\$46,621	\$29,739	\$89,160	\$139,685	\$948,999
Other Expenditures								
Annual Debt Service on Capital Improvement Loan ³	\$41,600		\$150,000					\$191,600
Transfer to Equipment Replacement Reserve Fund ²	\$12,920	\$2,030	\$33,620	\$3,000	\$3,750	\$3,750	\$64,100	\$123,170
TOTAL OTHER EXPENDITURES	\$54,520		\$183,620	\$3,000	\$3,750	\$3,750	\$64,100	\$314,770
Capital Outlay								
Water Plant Upgrade	\$830,000							
WWTP Upgrade ¹			\$3,000,000					
TOTAL CAPITAL EXPENDITURES	\$830,000	\$0	\$3,000,000	\$0	\$0	\$0	\$0	\$3,830,000
TOTAL ALL EXPENDITURES	\$1,150,862	\$34,666	\$3,526,407	\$49,621	\$33,489	\$92,910	\$203,785	\$5,091,739
Unexpended Fund Balance (UFB)	\$28,000	\$12,000	\$44,000	\$15,000	\$14,000	\$5,000	\$17,000	\$135,000
EXPENDITURES + UFB	\$1,178,862	\$46,666	\$3,570,407	\$64,621	\$47,489	\$97,910	\$220,785	\$5,226,739
1. No tax revenues are projected for this operating budget (CSD has no taxing authority at this time)								
2. Transfer to a reserve account for each fund to be created by CSD for replacement								
3. Acquiring Financing and performing WWTP Improvement Project will likely occur over extended period, figures presented here are to represent debt service impact on fees, see section 3.2.2 in User Fee and Benefit Assessment Analyses report								

Estimated average monthly residential user fees required to balance revenues								
	Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Department	Total All Services
Estimated average monthly residential user fees required to balance revenues	\$63	\$0	\$103	\$3.20	\$1.22	\$10.13	\$11.97	\$192
EDUs	381	N/A	419	1281	2263	764	1417	

RESERVE FUND ACCUMULATION ³	\$21,680	\$8,120	\$74,480	\$12,000	\$15,000	\$15,000	\$256,400	\$402,680
3. Carry over from Previous years accumulation and contribution from previous years transferred funds								

B

Combined Fund Projections

Scotia Community Services District 5-Year Projection

Revenues						
Operational Year	1	2	3	4	5	
Available Cash on Hand		\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	
Interest Earnings	\$ 1,300	\$ 2,700	\$ 2,700	\$ 2,700	\$ 2,700	
Property Tax ¹						
Capital Improvement Loan						\$ 3,830,000
Transfer From Reserve Fund for Capital Exp.				\$ 90,000		
Contingency Funding Contribution	\$ 135,000					
Office Equipment/Furniture Capital Contribution	\$ 20,000					
Fire Department Capital Contribution	\$ 766,000					
Special Use Income	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	
User Fee Revenues Necessary to Balance Budget	\$ 986,010	\$ 1,004,894	\$ 1,023,593	\$ 1,044,820	\$ 1,256,639	
Miscellaneous	\$ 400	\$ 400	\$ 400	\$ 400	\$ 400	
TOTAL RESOURCES	\$ 1,909,210	\$ 1,143,494	\$ 1,162,193	\$ 1,273,420	\$ 5,225,239	
Expenditures						
Operational Year	1	2	3	4	5	
Personal Services						
Attorney	\$ 20,000	\$ 20,400	\$ 20,808	\$ 21,224	\$ 21,649	
Auditor (Annual Audit)	\$ 12,000	\$ 12,240	\$ 12,485	\$ 12,734	\$ 12,989	
Board Stipend	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	\$ 6,000	
Bookkeeping/CPA Consult	\$ 5,000	\$ 5,100	\$ 5,202	\$ 5,306	\$ 5,412	
Engineering	\$ 6,000	\$ 6,120	\$ 6,242	\$ 6,367	\$ 6,495	
Operations/Maintenance Staff (Wages & Benefits)	\$ 511,880	\$ 522,138	\$ 532,560	\$ 543,211	\$ 554,075	
TOTAL PERSONAL SERVICES	\$ 560,880	\$ 571,998	\$ 583,297	\$ 594,843	\$ 606,620	
Materials and Services						
Bond, Dues, Publications	\$ 7,500	\$ 7,725	\$ 7,957	\$ 8,195	\$ 8,441	
Supplies	\$ 82,700	\$ 85,181	\$ 87,736	\$ 90,369	\$ 93,080	
Utilities	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	
General Maint & Repair	\$ 44,000	\$ 45,320	\$ 46,680	\$ 48,080	\$ 49,522	
Liability Insurance	\$ 61,500	\$ 63,345	\$ 65,245	\$ 67,203	\$ 69,219	
Electrical	\$ 68,500	\$ 70,555	\$ 72,672	\$ 74,852	\$ 77,097	
Contracted Maintenance Services	\$ 20,000	\$ 20,600	\$ 21,218	\$ 21,855	\$ 22,510	
TOTAL MATERIALS AND SERVICES	\$ 304,200	\$ 313,326	\$ 322,726	\$ 332,408	\$ 342,380	
TOTAL O&M	\$ 865,080	\$ 885,324	\$ 906,023	\$ 927,250	\$ 948,999	
Capital Outlay						
Estimated Capital Outlay Total	\$ 786,000			\$ 90,000	\$ 3,830,000	
TOTAL CAPITAL OUTLAY	\$ 786,000			\$ 90,000	\$ 3,830,000	
Transfer to Equipment Replacement Reserve Fund	\$ 123,170	\$ 123,170	\$ 123,170	\$ 123,170	\$ 123,170	
Debt Financed by CSD						
Wastewater Loan (\$3,000,000)					\$ 150,000	
Water Loan (\$840,000)					\$ 41,600	
Total Transfers & Debt Payments	\$ 123,170	\$ 123,170	\$ 123,170	\$ 123,170	\$ 314,770	
TOTAL EXPENDITURES	\$ 1,774,250	\$ 1,008,494	\$ 1,029,193	\$ 1,140,420	\$ 5,093,769	
Unexpended Fund Balance	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	
Contingency Fund	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	\$ 135,000	
Transfer to Capital Reserve Funds	\$ 123,170	\$ 123,170	\$ 123,170	\$ 123,170	\$ 123,170	
Cumulative Reserve		\$ 123,170	\$ 246,340	\$ 279,510	\$ 402,680	
Monthly EDU Fee for Balanced Budget and Reserve	\$ 145	\$ 145	\$ 147	\$ 149	\$ 192	

C

Packet Page 47

Budget Support Data

Data Sources for Line Item Budget

Personal Services	
Attorney	Based on comparables with other local agency budgets
Auditor (Annual Audit)	Based on comparables with other local agency budgets
Board Stipend	Amount prescribed by CSD Attorney
Bookkeeping/CPA Consult	Based on comparables with other local agency budgets
Engineering	Based on comparables with other local agency budgets, but held low due to fact most of infrastructure is new.
O&M Staff (Salaries & Benefits)	Staffing and wages provided by Mark Richardson and checked against comparables with other local agencies. Cost distribution adjusted by Steve Davidson with further adjustment for addition of raw water cost center
Materials and Services	
Bond, Dues, Publications	Based on comparables with other local agency budgets
Supplies, Lab, Permitting & Monitoring	Based on comparables with other local agency budgets & TOS Expense Records for 2012, 13 & 14
Utilities- water, sewer communications	Water and Sewer are based on comparables. Assessment funds based upon estimated assessment of benefit to CSD along with addition for some other minor utility costs
General Maint & Repair	Based on comparables with other local agency budgets
Liability Insurance	Based on comparables with other local agency budgets
Electrical	The majority of these expenses are related to Water and Wastewater electrical costs for operating pumps. Electrical costs are based on published PGE rate schedule
Contracted Maintenance Services	Based on comparables with other local agency budgets, but held low due to fact most of infrastructure is new.
Capital Outlay	
Fire Apparatus and Personal Gear Upgrade	List of equipment and supply upgrades provided by John Broadstock, Fire Chief 2009
Water and Wastewater Treatment Upgrades	Capital Improvement Plan, 2007 Detailed Engineering Analyses, costs updated using ENR construction cost index
Office Equipment/furnishings Start-up	This was figure estimated from MSR as "Seed-Money" for purchase of computers and desks w/chairs for Administrative staff
Other Expenditures	
Annual Debt Service	Annual principal and interest payment based on acquiring 20 year loan @ 3% interest
Other Expenditures	Transfer to associated reserve for each fund intended to replace equipment, accessories, or appurtenances which are necessary during the useful life of the treatment works to maintain the capacity and performance for which such works were designed and constructed. i.e. replacement of raw water pumps (\$30,000 ea) with life of 20 years - \$1,500/yr for one pump.

Budgets of other agencies reviewed for deriving "comparable" cost/expenses

City of Blue Lake
 City of Fort Bragg
 City of Fortuna
 Humboldt Community Services District
 McKinleyville Community Services District
 City of Rio Del
 Redaway Community Services District

SCSD 1st level wages			
Personal Services Cost Breakdown			
Postion/Title	Salary	Benefits	
		38%	Total
District Manager	\$85,000	\$32,300	\$117,300
Clerk	\$36,000	\$13,680	\$49,680
Fire Chief	\$65,000	\$24,700	\$89,700
Operations Supervisor	\$55,000	\$20,900	\$75,900
Unility Operations/Lead	\$50,000	\$19,000	\$69,000
Utility Worker - all	\$45,000	\$17,100	\$62,100
Utility Worker - Parks (3/4 time)	\$35,000	\$13,300	\$48,300
Total wages & Benefits			\$511,980

WAGE DISTRIBUTION PER SERVICE AREA

	Treated Water	Raw Water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Dept.	Total All Services
	38%	2%	40%	5%	5%	5%	5%	100%
	38%	2%	40%	1%	1%	10%	8%	100%
	5%		5%			5%	85%	100%
	38%	2%	40%	5%	5%	5%	5%	100%
	38%	2%	40%	5%	5%	5%	5%	100%
	38%	2%	40%	5%	5%	5%	5%	100%
	5%		5%	5%	5%	75%	5%	100%

	Legal Council	\$20,000		5%	5%	5%	5%	100%
	Auditor (Annual Audit)	\$12,000		5%	5%	5%	5%	100%
	Board Stipend	\$6,000		5%	5%	5%	5%	100%
	CPA/Bookkeeping	\$5,000		1%	1%	10%	8%	100%
	Engineering/Operations Consult	\$6,000						100%

	Treated Water	Raw Water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Dept.	Total All Services
District Manager	\$44,574	\$2,346	\$46,920	\$5,865	\$5,865	\$5,865	\$5,865	\$117,300
Clerk	\$18,878	\$994	\$19,872	\$497	\$497	\$4,968	\$3,974	\$49,680
Fire Chief	\$4,485	\$0	\$4,485	\$0	\$0	\$4,485	\$76,245	\$89,700
Operations Supevisor	\$28,842	\$1,518	\$30,360	\$3,795	\$3,795	\$3,795	\$3,795	\$75,900
Unility Operations/Lead	\$26,220	\$1,380	\$27,600	\$3,450	\$3,450	\$3,450	\$3,450	\$69,000
Utility Worker - all	\$23,598	\$1,242	\$24,840	\$3,105	\$3,105	\$3,105	\$3,105	\$62,100
Utility Worker - Parks	\$2,415	\$0	\$2,415	\$2,415	\$2,415	\$36,225	\$2,415	\$48,300
	\$149,012	\$7,480	\$156,492	\$19,127	\$19,127	\$61,893	\$98,849	\$511,980
Legal Council	\$7,600	\$400	\$8,000	\$1,000	\$1,000	\$1,000	\$1,000	\$20,000
Auditor (Annual Audit)	\$4,560	\$240	\$4,800	\$600	\$600	\$600	\$600	\$12,000
Board Stipend	\$2,280	\$120	\$2,400	\$300	\$300	\$300	\$300	\$6,000
CPA/Bookkeeping	\$1,900	\$100	\$2,000	\$50	\$50	\$500	\$400	\$5,000
Engineering/Operations Consult	\$2,700	\$300	\$3,000	\$0	\$0	\$0	\$0	\$6,000
	\$19,040	\$1,160	\$20,200	\$1,950	\$1,950	\$2,400	\$2,300	\$49,000

Scotia CSD Equipment Replacement Cost Worksheet

Wastewater Treatment Plant

Equipment	Total Replacement Cost	Useful Life (yrs)	Annual Replacement Cost
Primary Clarifier Drive	\$83,867	25	\$ 3,355
Shallow Well Pumps	\$17,892	20	\$ 895
Secondary Clarifier Drive	\$167,734	25	\$ 6,709
Aeration System	\$33,547	25	\$ 1,342
Redundant CCB ³ pump	\$11,182	20	\$ 559
Chlorine Gas System, Containment System	\$27,956	12	\$ 2,330
Pump VFDs	\$67,094	20	\$ 3,355
RAS Pumps	\$40,256	20	\$ 2,013
WAS Pumps	\$22,365	20	\$ 1,118
Scum Pump	\$22,365	20	\$ 1,118
Biosolids transportation truck	\$55,911	15	\$ 3,727
Skid Steer	\$55,911	15	\$ 3,727
Manure Spreader	\$16,773	15	\$ 1,118
			\$ 31,366

Water Treatment & Pumping

Equipment	Total Replacement Cost	Useful Life (yrs)	Annual Replacement Cost
Tele-meeting	\$55,911	15	3,727
Improvements to Chlorination System	\$22,365	12	1,864
Turbidity / Flow Meters Indv. Filters	\$27,956	15	1,864
Backwash Recovery System	\$33,547	15	2,236
Raw water pumps (2)	\$60,000	20	3,000
			12,691

Shared Rolling Stock

Equipment	Total Replacement Cost	Useful Life (yrs)	Annual Replacement Cost
Utility Trucks (2)	90000	10	9,000
Standard P/U (2)	60000	10	6,000
			15,000

Replacement Cost Distribution	
Treated Water Use	Raw Water Use
37.5%	62.5%
\$ 1,125.00	\$ 1,875.00

Rolling Stock Replacement Cost Distribution per Service Area					
Treated Water	Raw Water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation
14%	1%	15%	20%	25%	25%
\$2,100	\$150	\$2,250	\$3,000	\$3,750	\$3,750

	Treated Water Breakdown			Raw Water Breakdown		
	Flow Associated		Base	Flow Associated		Base
	Distribution	Treatment		Distribution	Treatment	
TOTAL PERSONAL SERVICES	\$	\$	\$	\$	\$	\$
Materials and Services						
Bond, Dues, Publications						
General Supplies, Lab, Permitting & Monitoring	\$	\$	\$2,000	\$500		\$500
Utilities- water, sewer, Assess., communications	\$	\$		\$500		
General Maint & Repair	\$	\$		\$1,000		
Liability Insurance			\$15,000			\$5,000
Electrical	\$	\$		\$14,000		
Contracted Maintenance Services	\$	\$		\$1,000		
TOTAL MATERIALS AND SERVICES						
TOTAL O&M	\$	\$	\$	\$	\$	\$
				21,140	-	10,790
Transfer to Equipment Replacement Reserve Fund			\$12,920			\$2,030
			\$			\$
			114,197			12,820
						12,820
	Water Base Fee/EDU = \$		24.21	Water Base Fee = \$		
	120,000 production gpd	200,000 production gpd		200,000 production gpd		
	3650000 production gal/mo	6083333 production gal/mo		6083333 production gal/mo		
	487,968 production ft³/mo	813,280 production ft³/mo		813,280 production ft³/mo		
	4,880 production 100 ft³/mo	8,133 production 100 ft³/mo		8,133 production 100 ft³/mo		
	\$	\$	\$	\$	\$	\$
	141,975 annual flow associated costs	21,140 annual flow associated costs		21,140 annual flow associated costs		
	Flow Fee = 2.42 per 100 ft³	Flow Fee = 0.22 per 100 ft³		Flow Fee = 0.22 per 100 ft³		

D

Overall EDU Worksheet

Town of Scotia EDU Estimate

User Fees										Assessments				
Wastewater		Domestic Water	Equivalent Meters ²	Raw Water	Parks		Storm Impervious Area	Fire Structure Area	Streets/street Lighting					
EDU's		EDU's	EM's	%use	Acres	EDU's	Area (ft ²)	EDU's	Area (ft ²)	Trips/unit	Vehicle Trips/Day ¹	Trips/day	EDU's	
1	12	12	1.50	100%	120	220	1,358,439	906	963887	643	963887	3.4	3314	331
2	3	3	25.00		31	53	335,693	224	178376	119	178376	3.4	613	61
3	3	3	8.00		1	7.5	44,626	30	18818	13	4,680	50.4	236	24
4	7	7									22	8.2	180	18
5	270	270	270.00		0.115	270	1,500	270	1500	270	10.0	2700	270	270
6	2	2	1.00		0.138	1.0	2,200	1	2,200	1	8,540	37.0	316	32.00
7	3	3	1.00						1,327	1	1,327	5.6	7	1.00
8	2	2	1.00						4,800	3	4,800	78.5	377	38.00
9	2	2	1.00						12,100	8	12,100	48.5	586	59.00
10	2	2	1.00						11,700	8	11,700	3.2	37	4.00
11	1	1	2.50					25,230	17				18	2.00
12	2	2	1.00							376	48.7	18	2.00	
13	2	2	1.00					13,740	9	2,227	5.6	12	1.00	
14	6	6	5.00					19,860	13	8509	36.1	307	31.00	
15	2	2	1.00					30,150	20	11900	23.4	278	28.00	
16	1	1	1.00					21,680	14	4,480	79.3	476	48.00	
17	7	7	5.00					47,100	31	13,200	23.4	309	31.00	
18	1	1	1.00					4,125	3	4,125	5.6	16	2.00	
19	3	3	1.00					36,849	25	13849	5.6	77	8.00	
20	1	1	5.00					246495	164	246495	3.2	790	79	
21	1	1	1.00											
22	62	24	15.00					14836	10	14836	20.0	297	30	
23	1	1	2.50					114729	76	114729	3.2	368	37	
24	1	1	15.00											
25	2	2	5.00					7120	5	7120	5.6	40	4.00	
26	16	16	16.00					52421	35	231	1.3	298	30.00	
27	1	1	1.00					12,220	8	50	1.8	90	9.00	
28	1	1	1.00					12,280	8	12280	3.4	42	4.00	
29	1	1	1.00					2,900	2	2900	68.1	198	20.00	
30	1	1	1.00					1,836	1	1,836	8.7	16	2.00	
31	1	1	1.00					2,856	2	2,856	8.7	25	2.00	
32	1	1	1.50					1,730	1	1,730	50.0	752	75.00	
Total EDU's				419	381	393	100%	764	2,263	1,417			1,281	

1. ITE Trip generation manual, daily rate less Pas-By
2. AWWA Capacity Factor

NOTE: Similar colored cells indicate that color grouping is combined into the one number contained in that color, i.e. Town of Scotia Offices, Pharmacy and US Bank have a combined impervious area of 35,250 ft² and associated Drainage EDU's of 24 for all three together.

Scotia Community Services District Staff Report

DATE: June 18, 2015

TO: Scotia CSD Board of Directors

FROM: Stephen M. Davidson, District Engineer and Steve Tyler, IDM

SUBJECT: FY 2015/16 Draft Preliminary Budget

RECOMMENDATION:

The Administrative staff recommends that the Board review the Scotia CSD FY 2015-2016 Draft Preliminary Budget, provide staff with any comments, concerns or questions, and consider for adoption.

ACTION:

Consider Adoption of the Scotia CSD FY 2015-2016 Draft Preliminary Budget

DISCUSSION:

Attached for Board review, comment and discussion is the proposed FY 2015/16 Draft Preliminary Budget, together with the Line Item Data Source footnotes and Wage Distribution worksheet. This version represents the "First" full year operating budget contained in the Five-Year Rate Study Report. As previously stated, a preliminary Budget is required to be adopted by July 1st of each year with the final Budget approved in September. The Budget is a "working" document that can be revised by the Board at any time.

Changes and additions to the FY 2015/16 Preliminary Budget, including those discussed at the Special Board Meeting on June 11, will be made before the adoption of the Final FY 2015/16 Budget in September.

In addition, since this will be the District's first year of operation and because the District has no source of revenues on "Day 1" of operation, it is anticipated that a "Ramp-up" Budget will also be developed as part of a "Transition Agreement" between the District (SCSD) and the Town of Scotia (TOS). The Transition Agreement will also contain the details of transferring ownership and operation from TOS to SCSD. The Ramp-up Budget will contain "extra-ordinary" expenses that are not usual for normal operations (and a normal budget) and should not be included in

establishing equitable utility rates. The Ramp-up Budget will be presented for Board review and approval at a future date.

PREVIOUS DISCUSSION:

1. Property Tax - The budget assumes no County Tax refund although this may occur in the future upon negotiations with the County.
2. Contingency - The Budget includes an initial "Reserve" contingency of \$135,000. The forthcoming Ramp-up budget will contain additional monies to get us going.
3. With the exception of the \$511,880 staff line item expense, the other contract consultants in the Personal Services category are what you would consider normal for future operations. Because this is our first year, we will need a much greater level of consultant support/expense and this will also be contained in the Ramp-up budget.
4. Insurance - This critical item is based on similar agency expense. One of our first staff tasks is to obtain several insurance quotes from public agency insurance firms (ACWA, CSDA, etc), to verify the actual costs.
5. Electrical - The electrical expense is based on current electric rates provided by PGE and assumes more efficient pumping operations, which will be constructed at TOS expense as part of their constructed improvements. PGE is under P.U.C. regulation and cannot simply raise the electric rates at will. PGE has stated that they do not anticipate an electric rate change for 2015/16.
6. Equipment Reserve Fund - The Budget includes \$123,170 for the first year funding for equipment replacement.
7. As discussed at the June 11, 2015 special meeting, Additional Line Items to Consider:
 - Rent/Building Purchase
 - Office Equipment/Maintenance/Supplies- \$10,000
 - Billing Services
 - Museum/Theater Costs/Operations/Maintenance (Parks & Rec?)
 - Establish a Reserve Level

<div>Scotia Community Services District</div> <div>FY 2015-2016 Draft Preliminary Budget</div>								
Revenues								
Fund Type	Treated Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Department	Total All Services
Available Cash on Hand	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Interest Earnings	\$300		\$400	\$200	\$100	\$100	\$200	\$1,300
Property Tax ¹								\$0
Contingency Funding Contribution	\$28,000	\$12,000	\$44,000	\$15,000	\$14,000	\$5,000	\$17,000	\$135,000
Office Equipment/Furniture Capital Contribution	\$6,500	\$500	\$6,000	\$3,000	\$3,000	\$1,000		\$20,000
Fire Department Capital Contribution							\$766,000	\$766,000
Special Use Income						\$500	\$0	\$500
User Fee Revenues Necessary to Balance Budget	\$255,760	\$33,130	\$344,620	\$44,950	\$30,800	\$84,850	\$191,900	\$986,010
Miscellaneous	\$100	\$0	\$100	\$100	\$100	\$0	\$0	\$400
Sub-Total Resources	\$290,660	\$45,630	\$395,120	\$63,250	\$48,000	\$91,450	\$975,100	\$1,909,210
TOTAL CAPITAL EXPENDITURE REVENUES	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
TOTAL RESOURCES	\$290,660	\$45,630	\$395,120	\$63,250	\$48,000	\$91,450	\$975,100	\$1,909,210
Expenditures								
Personal Services	Treated Water	Raw water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Dept.	Total All Services
Attorney	\$7,600	\$400	\$8,000	\$1,000	\$1,000	\$1,000	\$1,000	\$20,000
Auditor (Annual Audit)	\$4,560	\$240	\$4,800	\$600	\$600	\$600	\$600	\$12,000
Board Stipend	\$2,280	\$120	\$2,400	\$300	\$300	\$300	\$300	\$6,000
Bookkeeping/CPA Consult	\$1,900	\$100	\$2,000	\$50	\$50	\$500	\$400	\$5,000
Engineering	\$2,700	\$300	\$3,000	\$0	\$0	\$0	\$0	\$6,000
Operations/Maintenance Staff (Salaries & Benefits)	\$149,000	\$7,480	\$156,500	\$19,100	\$19,100	\$61,900	\$98,800	\$511,880
TOTAL PERSONAL SERVICES	\$168,040	\$8,600	\$176,700	\$21,050	\$21,050	\$64,300	\$101,100	\$560,840
Materials and Services								
Bond, Dues, Publications	\$2,000	\$500	\$2,500	\$200	\$200	\$100	\$2,000	\$7,500
General Supplies, Lab, Permitting & Monitoring	\$14,000	\$500	\$55,000	\$500	\$2,000	\$4,500	\$6,200	\$82,700
Utilities- water, sewer, Assess., communications	\$2,200	\$500	\$4,800	\$4,000	\$2,500	\$4,800	\$1,200	\$20,000
General Maint & Repair	\$14,000	\$1,000	\$10,000	\$6,000	\$1,000	\$5,000	\$7,000	\$44,000
Liability Insurance	\$15,000	\$5,000	\$30,000	\$5,000	\$500	\$1,000	\$5,000	\$61,500
Electrical	\$19,000	\$14,000	\$25,000	\$4,500	\$0	\$1,000	\$5,000	\$68,500
Contracted Maintenance Services	\$9,000	\$1,000	\$7,500	\$1,000	\$0	\$1,000	\$500	\$20,000
TOTAL MATERIALS AND SERVICES	\$75,200	\$22,500	\$134,800	\$21,200	\$6,200	\$17,400	\$26,900	\$304,200
TOTAL O&M	\$243,240	\$31,100	\$311,500	\$42,250	\$27,250	\$81,700	\$128,000	\$865,040
Other Expenditures								
Transfer to Equipment Replacement Reserve Fund ²	\$12,920	\$2,030	\$33,620	\$3,000	\$3,750	\$3,750	\$64,100	\$123,170
TOTAL OTHER EXPENDITURES	\$12,920	\$2,030	\$33,620	\$3,000	\$3,750	\$3,750	\$64,100	\$123,170
Capital Outlay								
Fire Apparatus and Personal Gear Upgrade							\$766,000	\$766,000
Office Equipment/furnishings Start-up	\$6,500	\$500	\$6,000	\$3,000	\$3,000	\$1,000		\$20,000
TOTAL CAPITAL EXPENDITURES	\$6,500	\$500	\$6,000	\$3,000	\$3,000	\$1,000	\$766,000	\$786,000
TOTAL ALL EXPENDITURES	\$262,660	\$33,630	\$351,120	\$48,250	\$34,000	\$86,450	\$958,100	\$1,774,210
Unexpended Fund Balance (UFB)	\$28,000	\$12,000	\$44,000	\$15,000	\$14,000	\$5,000	\$17,000	\$135,000
EXPENDITURES + UFB	\$290,660	\$45,630	\$395,120	\$63,250	\$48,000	\$91,450	\$975,100	\$1,909,210
<div>1. No tax revenues are projected for this operating budget (CSD has no taxing authority at this time)</div> <div>2. Transfer to a reserve account for each fund to be created by CSD for replacement</div>								

FOOTNOTE: Wages, benefits and positions are shown for budget purposes ONLY. All are subject to change.

Data Sources for Line Item Budget

Personal Services	
Attorney	Based on comparables with other local agency budgets
Auditor (Annual Audit)	Based on comparables with other local agency budgets
Board Stipend	Amount prescribed by CSD Attorney
Bookkeeping/CPA Consult	Based on comparables with other local agency budgets
Engineering	Based on comparables with other local agency budgets, but held low due to fact most of infrastructure is new.
O&M Staff (Salaries & Benefits)	Staffing and wages provided by Mark Richardson and checked against comparables with other local agencies. Cost distribution adjusted by Steve Davidson with further adjustment for addition of raw water cost center
Materials and Services	
Bond, Dues, Publications	Based on comparables with other local agency budgets
Supplies, Lab, Permitting & Monitoring	Based on comparables with other local agency budgets & TOS Expense Records for 2012, 13 & 14
Utilities- water, sewer communications	Water and Sewer are based on comparables. Assessment funds based upon estimated assessment of benefit to CSD along with addition for some other minor utility costs
General Maint & Repair	Based on comparables with other local agency budgets
Liability Insurance	Based on comparables with other local agency budgets
Electrical	The majority of these expenses are related to Water and Wastewater electrical costs for operating pumps. Electrical costs are based on published PGE rate schedule
Contracted Maintenance Services	Based on comparables with other local agency budgets, but held low due to fact most of infrastructure is new.
Capital Outlay	
Fire Apparatus and Personal Gear Upgrade	List of equipment and supply upgrades provided by John Broadstock, Fire Chief 2009
Water and Wastewater Treatment Upgrades	Capital Improvement Plan, 2007 Detailed Engineering Analyses, costs updated using ENR construction cost index
Office Equipment/furnishings Start-up	This was figure estimated from MSR as "Seed-Money" for purchase of computers and desks w/chairs for Administrative staff
Other Expenditures	
Annual Debt Service	Annual principal and interest payment based on acquiring 20 year loan @ 3% interest
Other Expenditures	Transfer to associated reserve for each fund intended to replace equipment, accessories, or appurtenances which are necessary during the useful life of the treatment works to maintain the capacity and performance for which such works were designed and constructed. i.e. replacement of raw water pumps (\$30,000 ea) with life of 20 years - \$1,500/yr for one pump.

Budgets of other agencies reviewed for deriving "comparable" cost/expenses

City of Blue Lake
 City of Fort Bragg
 City of Fortuna
 Humboldt Community Services District
 McKinleyville Community Services District
 City of Rio Del
 Redaway Community Services District

FOOTNOTE: Wages, benefits and positions are shown for budget purposes ONLY. All are subject to change.

SCSD 1st level wages			
Personal Services Cost Breakdown			
Postion/Title	Salary	Benefits	
		38%	Total
District Manager	\$85,000	\$32,300	\$117,300
Clerk	\$36,000	\$13,680	\$49,680
Fire Chief	\$65,000	\$24,700	\$89,700
Operations Supervisor	\$55,000	\$20,900	\$75,900
Unility Operations/Lead	\$50,000	\$19,000	\$69,000
Utility Worker - all	\$45,000	\$17,100	\$62,100
Utility Worker - Parks (3/4 time)	\$35,000	\$13,300	\$48,300
Total wages & Benefits			\$511,980

WAGE DISTRIBUTION PER SERVICE AREA

	Treated Water	Raw Water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Dept.	Total All Services
	38%	2%	40%	5%	5%	5%	5%	100%
	38%	2%	40%	1%	1%	10%	8%	100%
	5%		5%			5%	85%	100%
	38%	2%	40%	5%	5%	5%	5%	100%
	38%	2%	40%	5%	5%	5%	5%	100%
	38%	2%	40%	5%	5%	5%	5%	100%
	5%		5%	5%	5%	75%	5%	100%
	38%	2%	40%	5%	5%	5%	5%	100%
	38%	2%	40%	5%	5%	5%	5%	100%
	38%	2%	40%	5%	5%	5%	5%	100%
	38%	2%	40%	1%	1%	10%	8%	100%
	45%	5%	50%					100%

Legal Council \$20,000
Auditor (Annual Audit) \$12,000
Board Stipend \$6,000
CPA/Bookkeeping \$5,000
Engineering/Operations Consult \$6,000

	Treated Water	Raw Water	Wastewater	Streets & Street Lighting	Storm	Parks & Recreation	Fire Dept.	Total All Services
District Manager	\$44,574	\$2,346	\$46,920	\$5,865	\$5,865	\$5,865	\$5,865	\$117,300
Clerk	\$18,878	\$994	\$19,872	\$497	\$497	\$4,968	\$3,974	\$49,680
Fire Chief	\$4,485	\$0	\$4,485	\$0	\$0	\$4,485	\$76,245	\$89,700
Operations Supevisor	\$28,842	\$1,518	\$30,360	\$3,795	\$3,795	\$3,795	\$3,795	\$75,900
Unility Operations/Lead	\$26,220	\$1,380	\$27,600	\$3,450	\$3,450	\$3,450	\$3,450	\$69,000
Utility Worker - all	\$23,598	\$1,242	\$24,840	\$3,105	\$3,105	\$3,105	\$3,105	\$62,100
Utility Worker - Parks	\$2,415	\$0	\$2,415	\$2,415	\$2,415	\$36,225	\$2,415	\$48,300
	\$149,012	\$7,480	\$156,492	\$19,127	\$19,127	\$61,893	\$98,849	\$511,980
Legal Council	\$7,600	\$400	\$8,000	\$1,000	\$1,000	\$1,000	\$1,000	\$20,000
Auditor (Annual Audit)	\$4,560	\$240	\$4,800	\$600	\$600	\$600	\$600	\$12,000
Board Stipend	\$2,280	\$120	\$2,400	\$300	\$300	\$300	\$300	\$6,000
CPA/Bookkeeping	\$1,900	\$100	\$2,000	\$50	\$50	\$500	\$400	\$5,000
Engineering/Operations Consult	\$2,700	\$300	\$3,000	\$0	\$0	\$0	\$0	\$6,000
	\$19,040	\$1,160	\$20,200	\$1,950	\$1,950	\$2,400	\$2,300	\$49,000

FOOTNOTE: Wages, benefits and positions are shown for budget purposes ONLY. All are subject to change.

Scotia Community Services District Staff Report

DATE: June 18, 2015

TO: Scotia CSD Board of Directors

FROM: Steve Tyler, Interim District Manager

SUBJECT: Draft Scotia Community Services District Board Policies Manual

RECOMMENDATION:

The Administrative staff recommends that the Board review the Draft Scotia Community Services District (SCSD) Board Policies Manual and provide staff with any comments, concerns or questions.

ACTION:

No action is required at this time.

DISCUSSION:

The Draft SCSD Board Policies Manual has been prepared from a policy manual adopted by a Community Services District, which provides similar services as SCSD. Staff has edited and revised the manual to describe the SCSD Board procedures, responsibilities, restrictions, and or guidelines for the conduct of meetings and other SCSD business. Additionally the manual identifies special consideration for board member code of ethics, compensation, conferences, education and training.

Staff will make additional revisions, with Board input, and present it to the Board for approval and adoption at the next SCSD Board meeting.

FISCAL IMPACT:

None



DRAFT
BOARD POLICIES MANUAL
OF
SCOTIA COMMUNITY SERVICES DISTRICT

REVISED
June 15, 2015

SECTION 1.0 PURPOSE OF BOARD POLICIES

1.1 Intent

- 1.1.1 It is the intent of the Board of Directors of the Scotia Community Services District to maintain a Manual of Policies. Contained therein shall be a comprehensive listing of the Board's current policies, being the rules and regulations enacted by the Board from time to time. The Manual of Policies will serve as a resource for Directors, staff and members of the public in determining the manner in which matters of District business are to be conducted.
- 1.1.2 The Board prefers a *flexible and informal* meeting and business process, rather than one conducted solely under parliamentary procedure and in strict adherence with formal codes, such as Rosenberg's Rules of Order. The policies and procedures in this manual are intended to provide guidance, however, and Directors should strive to substantially comply with these Procedures and Policies.

1.2 Authority

- 1.2.1 If any policy or portion of a policy contained within the Manual of Policies is in conflict with State or Federal law, rules or regulations having authority over the Scotia Community Services District, said State or Federal law, rules or regulations shall prevail.

SECTION 2.0 BASIS OF AUTHORITY

2.1 Basis of Authority

- 2.1.1** The Board of Directors is the unit of authority for establishing policy within the District. Apart from their normal function as a part of this unit, Directors have no individual authority. As individuals, Directors may not commit the District to any policy, act or expenditure.
- 2.1.2** Directors do not represent any fractional segment of the community within which the District is located, but are, rather, a part of the body, which represents and acts for the community as a whole.

2.2 Attendance at Meetings

- 2.2.1** Members of the Board of Directors shall make every effort to attend all regular and special meetings of the Board unless there is good cause for absence.
- 2.2.2** A vacancy shall occur if any member ceases to discharge the duty of his/her office for the period of three (3) consecutive months except as authorized by the Board of Directors and except as otherwise provided by California law.

2.3 Board President or Chairperson

- 2.3.1** The President or Chairperson of the Board of Directors shall serve as Presiding Officer at all Board meetings only. He/she shall have the same rights as the other members of the Board with voting, introducing motions, resolutions and ordinances, and any discussion of questions that follow said actions.
- 2.3.2** In the absence of the President, the Vice President of the Board of Directors shall serve as Presiding Officer over all meetings of the Board. If the President and Vice President of the Board are both absent, the remaining members present shall select one of themselves to act as the presiding officer for that particular meeting.

2.4 Members of the Board of Directors

- 2.4.1** Directors shall thoroughly prepare themselves to discuss agenda items at meetings of the Board of Directors. Information may be requested from staff or exchanged between Directors before meetings, except as may otherwise be limited or prohibited by California law including, but not limited to, the requirements of the Ralph M. Brown Act/Open Meeting law.

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

- 2.4.2** Information that is exchanged before meetings shall be distributed through the General Manager, and all Directors will receive all information being distributed. Distribution of information may be limited by time and notice restrictions under the Ralph M. Brown Act/Open Meeting law.
- 2.4.3** Directors shall at all times conduct themselves with courtesy to each other, to staff and to members of the audience present at Board meetings.
- 2.4.4** Directors shall defer to the President for conduct of meetings of the Board, but shall be free to question and discuss items on the agenda. All comments should be brief and confined to the matter being discussed by the Board.
- 2.4.5** Directors shall abstain from participating in consideration on any item involving a conflict of interest as set forth in the applicable provisions of California law. Unless such a conflict of interest exists, however, Directors should not abstain from the Board's decision-making responsibilities.
- 2.4.6** Requests by individual Directors for substantive information and/or research from District staff will be channeled through the General Manager.

2.5 Election of Board Officers

In December of each year, the Board shall hold elections of President and Vice President of the Board.

2.6 Appointed Board Officers

The Board shall appoint the Finance Manager to serve as the Treasurer to the Board. The Secretary of the Board shall serve as the clerk.

2.7 Oath of Office

Board members who are elected at a regular election (i.e., to serve on a pre-existing District Board) shall take office at noon on the first Friday in December following their regular election upon administering of the oath of office. Board members not elected at a regular election shall be administered the oath of office in accordance with the provisions of the law. Generally the oath of office will be administered at the regular Board meeting.

2.8 Membership in Associations

The Board of Directors are encouraged to ordinarily hold membership in and attend meetings of such national, state, and local associations as may exist which have applicability to the functions of the District, and shall look upon such memberships as an opportunity for in-service training.

SECTION 3.0 BOARD MEETING POLICIES BOARD COMMITTEE, WORKSHOP AND REGULAR MEETINGS, MEETING AGENDAS AND MINUTES

3.1 Board Meeting Place

- 3.1.1** All Board meetings will be held at the Board Meeting Room located at 120 Main Street, Scotia, California, unless otherwise noticed.

3.2 Regular Board Meetings

- 3.2.1** Regular Board meetings will be held on the third Thursday of each calendar month, with open session beginning at 6:30 p.m. If a closed session is to be held at the meeting, it will be held at the end of the regular meeting, as noticed pursuant to the Ralph M. Brown Act.
- 3.2.2** Regular Board meetings will be held to conduct regular Board business. Items requiring Board action will be considered at these meetings. The General Manager and Department Heads may present monthly reports as needed and/or as requested by the Board of Directors.

3.3 Board Workshops

- 3.3.1** Board workshops will be held on an as needed basis.

3.4 Board Committees

- 3.4.1** Standing committees may be created by the Board for a specifically defined purpose. Agenda topics for Committee consideration are to be established by the Board, and additional topics are to be authorized by the Board before being considered.

Standing Committees: To Be Determined

- 3.4.2** Committees are to perform pre-Board work, not sub-Board work. Committees consider matters before the Board does and may formulate recommendations, but only in the capacity as Directors on a Committee. Committee members shall not perform work within the authority of staff.
- 3.4.3** No formal action may be taken by a Committee.
- 3.4.4** Committees may report to the Board at each regular Board meeting.
- 3.4.5** Ad-hoc Committees must have a focused agenda and limited life span.

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

- 3.4.6** Standing Committees must conduct business in open session, post agendas, take minutes and otherwise comply with the Ralph M. Brown Act.

3.5 Non-Emergency Special Board Meetings

- 3.5.1** Non-emergency Special Board meetings may be called by the Board President or by a majority of the Board in accordance with the Ralph M. Brown Act.
- 3.5.2** All Directors, the General Manager, District Counsel, pertinent Department Heads and the Board Secretary will be notified of the Special Board Meeting and the purpose for which it is called. Notification shall be in writing, at least twenty-four (24) hours prior to the meeting and shall be noticed and conducted in accordance with the Ralph M. Brown Act.
- 3.5.3** Newspapers of general circulation in the District, organizations, and property owners who have requested notice of special meetings in accordance with the Ralph M. Brown Act (California Government Code §54950 through §54926) shall receive written notice in accordance with the Ralph M. Brown Act. The Board Secretary will attempt to provide electronic notification to entities requesting such notification but such notification is not guaranteed nor will it replace written notification.
- 3.5.4** An agenda shall be prepared as specified for regular Board meetings in Section 3.10 herein, and shall be delivered with the notice of the special meeting to those specified above.
- 3.5.5** Only those items of business listed in the call for the special meeting shall be considered by the Board at any special meeting.

3.6 Emergency Special Meetings

- 3.6.1** In the event of an emergency involving matters upon which prompt action is necessary due to the disruption or threatened disruption of public facilities, the Board of Directors may hold an emergency special meeting without complying with the twenty-four (24) hour notice required in Section 3.5.2, above. An emergency means a crippling disaster which severely impairs public health, safety, or both, as determined by a majority of the members of the Board or work stoppage or other activity which severely impairs public health, safety, or both, as determined by a majority of the members of the Board.
- 3.6.2** Newspapers of general circulation in the District, radio stations and television stations which have requested notice of special meetings in accordance with the Ralph M. Brown Act (California Government Code

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

§54950 through §54926) shall be notified by at least one (1) hour prior to the emergency special meeting. In the event that telephone services are not functioning, the notice requirement of one hour is waived, but the General Manager, or his/her designee, shall notify such newspapers, radio stations, or television stations of the fact of the holding of the emergency special meeting, and of any action taken by the Board, as soon after the meeting as possible.

- 3.6.3** No closed session may be held during an emergency special meeting, and all other rules governing special meetings shall be observed with the exception of the twenty-four (24) hour notice. The minutes of the emergency special meeting, a list of persons the General Manager or designee notified or attempted to notify, a copy of the roll call vote(s), and any actions taken at such meeting shall be posted for a minimum of ten (10) days in a public place at the District office as soon after the meeting as possible.

3.7 Adjourned Meetings

A majority vote by the Board of Directors may terminate any Board meeting at any place in the agenda to any time and place specified in the order of adjournment and less than a quorum may so adjourn from time to time, except that if no Directors are present at any regular or adjourned regular meeting, the General Manager may declare the meeting adjourned to a stated time and place, and he/she shall cause a written notice of adjournment to be given to those specified in Section 3.5.3 above.

3.8 Public Notification of Meetings

- 3.8.1** Agendas for upcoming Board Meetings shall be posted in accordance with the provisions of Section 3.10.4, 3.10.5, and 3.10.6 below.
- 3.8.2** Notice of upcoming meetings may appear in such other places as the local paper, in newsletters sent out with bills and in other places available to the District.

3.9 Annual Board Meeting Schedule

- 3.9.1** In December of each year, an annual Board Meeting schedule for the next year will be adopted. The annual Board Meeting schedule will identify dates for the regular Board Meetings for the year, which will usually be the third Thursday of the month for regular Board Meetings, but may vary due to conflicts, holidays, conferences or other meetings.

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

3.10 Board Meeting Agendas

- 3.10.1** The General Manager, in cooperation with the Board Chairperson or President, shall prepare an agenda for each regular meeting of the Board of Directors. Any Director may call the General Manager and request any item to be placed on the regular meeting agenda at a regular Board meeting or workshop.
- 3.10.2** Any member of the public may request that a matter directly related to District business be placed on the agenda of a regularly scheduled meeting of the Board of Directors, subject to the following conditions:
- 3.10.2.1** The request must be in writing and be submitted to the General Manager together with supporting documents and information;
- 3.10.2.2** The General Manager shall bring the request to the Chairperson or Board President, who shall consider the request, and may schedule the matter for a future regular meeting, or refer the matter to the whole Board for consideration as to whether to include the matter on the agenda for a future meeting of the Board;
- 3.10.2.3** The Board of Directors may place limitations on the total time to be devoted to a public request issue at any meeting, and may limit the time allowed for any one person to speak on the issue at the meeting.
- 3.10.3** This policy does not prevent the Board from taking testimony at regular and special meetings of the Board, during the public comment portion of the Board meeting, on matters that are not on the agenda, which a member of the public may wish to bring before the Board. However, the Board shall not discuss or take action on such matters at that meeting. However, Directors may briefly respond to statements made or questions posed during public comment portions of a meeting. In addition, on their own initiative, or in response to questions raised by the public, Directors may ask a question for clarification, make a brief announcement, or make a brief report on his or her own activities. Directors may also provide a reference to District staff or other resources for factual information, request staff to report back to the body at a subsequent meeting concerning any matter, or take action to direct staff to place a matter of business on a future agenda.
- 3.10.4** At least (5) five days prior to the time of all regular meetings, an agenda, which includes but is not limited to all matters on which there may be discussion and/or action by the Board, shall be posted on the District Website and conspicuously for public review at the District office and at

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

the Board Meeting room.

3.10.5 The agenda for a special meeting shall be posted at least twenty- four (24) hours before the meeting in the same locations noted in Section 3.10.4.

3.10.6 In addition to the District Website, District Office and the Board Meeting Room, Board meeting agendas or, if requested, the entire agenda packet shall be provided to any person who has filed a written request for such materials per the Ralph M. Brown Act.

3.11 Board Meeting Minutes

3.11.1 Board Meeting Minutes must be recorded for all Standing Board Committee meetings, Workshops and Board meetings. Such minutes should be concise, identifying the items considered, and any action taken.

3.11.2 If a written report is submitted for the item, then reference should be made to the written report rather than restating the report contents. General reference should be made to discussion of an item, rather than a detailed description. Action taken should be clearly identified in terms of motions made, who made the motion and second, and the results of the voting.

3.11.3 Copies of minutes shall be made for distribution to and for approval by Directors with the agenda at regular Board meetings.

3.11.4 The official minutes of the regular and special meetings of the Board shall be kept in a fireproof vault or in a fire-resistant, locked cabinet.

3.11.5 An audio tape recording of regular and workshop meetings of the Board of Directors may generally be made and maintained for two (2) years.

3.11.6 Motions, resolutions or ordinances shall be recorded as having passed or failed and individual votes will be recorded unless the action was unanimous.

3.11.7 All resolutions adopted by the Board shall be numbered consecutively starting new at the beginning of each chronological year.

3.11.8 The minutes of Board meetings shall be maintained as hereinafter outlined:

3.11.9 Procedure:

- Date, place and type of each meeting;
- Roll Call- Directors present and absent by name;
- Call to order;

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

- Arrival of tardy Directors by name;
- Pre-adjournment departure of Directors by name, or if absence takes place when any agenda items are acted upon;
- Adjournment of the meeting;
- Record of written notice of special meetings; and,
- Record of items to be considered at special meetings.

3.11.10 Board Actions:

- Approval or amended approval of the minutes of preceding meetings;
- Complete information as to each subject of the Board's deliberation;
- Complete information as to each subject including the roll call record of the vote on a motion if not unanimous;
- All Board resolutions and ordinances in complete context, numbered serially for each chronological year;
- A record of all contracts entered into;
- A record of all bid procedures, including calls for bids authorized, bids received, and other action taken;
- Adoption of the annual budget;
- A record of the General Manager's report to the Board;
- Approval of all policies and Board-adopted regulations; and, a record of all visitors and delegations appearing before the Board. However, in accordance with the Ralph M. Brown Act, a member of the public shall not be required, as a condition to attendance, to register his or her name or to provide any other information.

3.12 Board Meeting Conduct

3.12.1 Meetings of the Board of Directors shall be conducted by the President or Chairperson (or Vice President in the President's absence, or in the absence of the Vice President, by the Director selected to be the presiding officer by the remaining Directors) in a manner consistent with the policies set forth herein.

3.12.2 In accordance with the Ralph M. Brown Act, all Board meetings should commence at the time stated on the agenda and should be guided by the same. The purpose of Board meetings is to enable the Board to conduct the business of the District. As such, the following guidelines should be substantially followed, to the extent practicable, depending on the circumstances surrounding each meeting:

3.12.2.1 After the "Call to Order, Pledge of Allegiance, Roll Call, and Approval of Agenda" , the Board will act on the "Consent Agenda"; approving these items with one motion unless any are requested to be pulled from Consent by a Board member. In this

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

case, each item pulled will be discussed and voted upon separately.

- 3.12.2.2** Each regular agenda item shall then be taken in agenda order unless the order is altered by the Board President. A brief report from the General Manager or other designated staff will be given.
 - 3.12.2.3** After hearing the staff report, the Board may ask questions of staff, discuss the issues involved, and comment on the issues. These deliberations shall be guided by the President.
 - 3.12.2.4** After Board deliberations are concluded or prior to Board deliberations, the President shall ask the audience for public comment prior to calling for a vote.
 - 3.12.2.5** After public comment, the Board shall vote on the matter before them and proceed to the next agenda item.
- 3.12.3** The conduct of meetings shall, to the fullest possible extent, enable Directors to:
 - 3.12.3.1** Consider problems to be solved, weigh evidence related thereto, and make wise decisions intended to solve the problems; and,
 - 3.12.3.2** Receive, consider and take any needed action with respect to reports of accomplishment of District operations.
- 3.12.4** Provisions for permitting any individual or group to address the Board concerning any item on the agenda of a special meeting, or to address the Board at a regular meeting, or to otherwise address the Board on any subject that lies within the jurisdiction of the Board of Directors, shall be as follows:
 - 3.12.4.1** A "public comment" period will be designated for the public to discuss matters of interest, whether on the agenda or not. Speakers are requested to give their name and address. The Board may take no action on any item brought up at a public comment time except to refer the matter to staff and/or place it on a future agenda.
 - 3.12.4.2** Three (3) minutes may be allotted to each speaker to each subject matter;
 - 3.12.4.3** No boisterous conduct shall be permitted at any Board meeting.

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

Persistence in boisterous or disruptive conduct shall be grounds for summary termination, by the President, of that person's privilege of address to the Board and the President may take such action in accordance with the Ralph M. Brown Act.

- 3.12.5** The District is required to follow certain legal requirements in connection with disclosure of information regarding District employees and personnel matters. Therefore, the Board will conduct any discussion of personnel matters in compliance with such laws. As a result, it will be the policy of the Board that no oral presentation shall include charges or complaints against any District employee, regardless of whether or not the employee is identified in the presentation by name or by another reference, which tends to identify. All charges or complaints against employees shall be submitted to the General Manager for investigation
- 3.12.6** Willful disruption of any of the meetings of the Board of Directors shall not be permitted. In accordance with the Ralph M. Brown Act, if the Board of Directors finds that there is in fact willful disruption of any meeting of the Board, they may order the room cleared and subsequently conduct the Board's business without the audience present.
- 3.12.7** In such an event, only matters appearing on the agenda may be considered in such a session.
- 3.12.8** After clearing the room, the Board of Directors may permit those persons who were not responsible for the willful disruption to reenter the meeting room.
- 3.12.9** Duly accredited representatives of the news media, whom the Board of Directors finds not to have participated in the disruption, shall be allowed to attend the remainder of the meeting.

SECTION 4.0 BOARD MEMBER COMPENSATION AND RULES AND REGULATIONS REGARDING PAYMENT OF COMPENSATION

4.1 Purpose

- 4.1.1** This section is enacted pursuant to Government Code Sections 53232.1 and 61047, to establish rules and regulations regarding payment of compensation for members of the Board of Directors of the Scotia Community Services District.

4.2 Board Member Compensation

- 4.2.1** Members of the Board of Directors may receive compensation of up to Fifty Dollars (\$50) for each meeting of the Board attended by him/her, or for each day's service rendered as a Director by request of the Board, not exceeding six (6) days or \$300 in any calendar month. A "day of service" means each meeting conducted pursuant to the Ralph M. Brown Act regardless of whether or not the meetings are held on the same day and authorized meetings as defined in the following section.

4.3 Authorized Meetings

- 4.3.1** Regular Board meetings, Workshops, and Special Board meetings which are properly noticed and at which a quorum of the Board is in attendance.
- 4.3.2** Standing committee and Ad-Hoc committee meetings.
- 4.3.3** Attendance at meetings that have been previously approved by the Board of Directors where attendance is in the best interests of the District. Examples of such meetings include, but are not limited to:
- a) Association of California Water Agencies (ACWA)
 - b) Special Districts Association (CSDA)
 - c) Humboldt County Association of Governments (HCAOG)

Such meetings also include meetings that come to the attention of the General Manager and the District with insufficient time to seek Board approval at a regular Board meeting. At the General Manager's discretion he/she may determine that attendance by a Board Member at these meetings is in the best interest of the District.

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

4.4 Authorization for Attendance at Meetings

The following is the procedure for obtaining approval for attendance at public meetings of other organizations, seminars, conferences, and other public meetings for which a Board member may be compensated when sufficient time to request such approval exist:

4.4.1 At each Regular Board meeting there will be an agenda item entitled "Board Member Meetings." This agenda item will allow Board members to seek Board prior approval for attendance at public meetings of other organizations, seminars, conferences, and other public meetings not previously planned for. Retroactive approval of non-authorized meetings is not allowed under the Government Code.

4.5 Meeting Attendance Reports.

4.5.1 A Board member who has attended an authorized meeting, seminar, or conference, as provided for in Section 4.3 or 4.4 of this Policy for which the Board member seeks compensation shall present a written report, and may present a verbal report regarding the meeting, seminar, or conference at the next Regular Board meeting following such attendance.

4.6 Meeting and Conference Expense

4.6.1 Members of the Board of Directors shall be reimbursed for all actual expenses incurred in attending any meetings or in making any trips on official business of the Board when so authorized in accordance with Sections 4.3.3 and as allowed by Government Code Section 53232.2.

4.6.2 Reimbursement for the cost of the use of a personal vehicle shall be on the basis of total miles driven and at the rate specified in the Internal Revenue Service Guidelines in effect at the time of the vehicle usage.

4.6.3 Reimbursements and costs incurred by directors including meeting stipends shall be reported publicly as required by law.

SECTION 5.0 CODE OF ETHICS

5.1 General

- 5.1.1** The Board of Directors of Scotia Community Services District is committed to providing excellence in legislative leadership that result in the provision of the highest quality of services to its constituents. In order to assist in the government of the behavior between and among members of the Board of Directors, the following rules shall be observed.

5.2 Priorities and Commitment

- 5.2.1** The dignity, style, values and opinions of each Director shall be respected.
- 5.2.2** Responsiveness and attentive listening in communication is encouraged.
- 5.2.3** The needs of the District's constituents should be the priority of the Board of Directors.
- 5.2.4** The primary responsibility of the Board of Directors is the formulation and evaluation of policy. Routine matters and the day- to-day management and operation of the District are within the purview of the professional staff members of the District.
- 5.2.5** Directors should commit themselves to emphasizing the positive, avoiding double talk, hidden agendas, gossip, backbiting, and other negative forms of interaction.
- 5.2.6** Directors should commit themselves to focusing on issues and not personalities. The presentation of the opinions of others should be encouraged. Cliques and voting blocks based on personalities rather than issues should be avoided.
- 5.2.7** Differing viewpoints are healthy in the decision-making process. Individuals have the right to disagree with ideas and opinions, but without being disagreeable. Once the Board of Directors takes action, Directors should commit to supporting said action and not to create barriers to the implementation of said action.

5.3 Procedures

- 5.3.1** Directors should practice the following procedures:
- 5.3.1.1** In seeking clarification on informational items, Directors may directly approach professional staff members to obtain

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

information needed to supplement, upgrade, or enhance their knowledge to improve legislative decision-making.

- 5.3.1.2** In handling complaints from residents and property owners of the District, said complaints should be referred directly to the General Manager.
- 5.3.1.3** The appropriate handling of issues related to safety, concerns for safety or observed hazards is to report them to the General Manager or to the District office. Emergency situations should be dealt with immediately by seeking appropriate assistance.
- 5.3.1.4** In presenting items for discussion at Board meetings, see Section 3.10.
- 5.3.1.5** In seeking clarification for policy-related concerns, especially those involving personnel, legal action, land acquisition and development, finances, and programming, said concerns should be referred directly to the General Manager.

5.4 Board and Staff Relationships

- 5.4.1** When approached by District personnel concerning specific District policy, Directors should direct inquiries to the General Manager. The chain of command should be followed.
- 5.4.2** The work of the District is a team effort. All individuals should work together in the collaborative process, assisting each other in conducting the affairs of the District.
- 5.4.3** When responding to constituent requests and concerns, Directors should be courteous, responding to individuals in a positive manner and routing their questions through appropriate channels and to responsible management personnel.
- 5.4.4** Directors should develop a working relationship with the General Manager wherein current issues, concerns and District projects can be discussed comfortably and openly.
- 5.4.5** Directors should function as a part of the whole. Issues should be brought to the attention of the Board as a whole, rather than to individual members selectively.
- 5.4.6** Directors are responsible for monitoring the District's progress in attaining its goals and objectives, while pursuing its mission.

SECTION 6.0 BOARD ACTIONS AND DECISIONS

6.1 Possible Actions

- 6.1.1** Actions by the Board of Directors may include but are not limited to the following:
- 6.1.1.1** Adoption, rejection, revision or amendment of regulations or policies;
 - 6.1.1.2** Adoption, rejection, revision or amendment of a resolution;
 - 6.1.1.3** Adoption, rejection, revision or amendment of an ordinance;
 - 6.1.1.4** Approval, rejection, revision or amendment of any contract or expenditure;
 - 6.1.1.5** Approval, rejection, revision or amendment of any proposal which commits District funds or facilities; and,
 - 6.1.1.6** Approval, disapproval or alteration of matters, which require or may require the District or its employees to take action and/or provide services.
- 6.1.2** Action can only be taken by the vote of the majority of the Board of Directors. Three (3) Directors represent a quorum for the conduct of business. Actions taken at a meeting where only a quorum is present, therefore, require all three (3) votes to be effective (unless a 4/5 vote is required by policy or other law).

6.2 Methods for Taking Action

- 6.2.1** If a Director abstains from voting on a matter, the abstention cannot be counted as an affirmative vote.
- 6.2.1.1** **Example.** If 3 of 5 Directors are present at a meeting, a quorum exists and business can be conducted. However, if 1 Director abstains on a particular action and the other 2 cast "aye" votes, no action is taken because a "majority of the Board" did not vote in favor of the action.
 - 6.2.1.2** **Example.** If an action is proposed requiring a two-thirds vote and 2 Directors abstain, the proposed action cannot be approved because 4 of the 5 Directors would have to vote in favor of the action.

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

- 6.2.1.3 Example.** If a vacancy exists on the Board and a vote is taken to appoint an individual to fill said vacancy, 3 Directors must vote in favor of the appointment for it to be approved. If 2 of the 4 Directors present abstain, the appointment is not approved.

6.3 Informal Action

Example. If a vacancy exists on the Board and a *vote* is taken to appoint an individual to fill said vacancy, 3 Directors must vote *in favor* of the appointment for it to be approved. If 2 of the 4 Directors present abstain, the appointment is not approved.

- 6.3.1** The Board may give directions, which are not formal action. Such directions do not require formal procedural process. Such directions include the Board's directives and instructions to the General Manager.
- 6.3.2** The President shall determine by consensus a Board directive and shall state it for clarification. Should any two Directors challenge the statement of the President, a *voice vote* may be requested.
- 6.3.3** A formal motion may be made to place a disputed directive on a future agenda for Board consideration, or to take some other action (such as refer the matter to the General Manager for review and recommendation, etc.).
- 6.3.4** "Informal" action by the Board is still Board action and shall only occur regarding matters which appear on the agenda for the Board meeting during which said informal action is taken and for which more formal action is not required.

SECTION 7.0 RULES OF ORDER FOR BOARD AND COMMITTEE MEETINGS

7.1 General

- 7.1.1** Action items shall be brought before and considered by the Board by motion in accordance with this policy. These rules of order are intended to be informal and applied flexibly. The Board prefers a flexible form of meeting and, therefore, *does not conduct its meetings under formalized rules* – like Robert's Rules of Order. While these Rules are instinctive, the intent of this Policies and Procedures Manual is to provide *guidance* for the conduct of meetings, and the Board should strive to substantially comply with these rules of order.
- 7.1.2** If a Director believes order is not being maintained or procedures are not adequate, then he/she should raise a *point of order* - not requiring a second - to the President. If the ruling of the President is not satisfactory to the Director, then it may be appealed to the Board. A majority of the Board will govern and determine the point of order.

7.2 Obtaining the Floor

- 7.2.1** Any Director desiring to speak should address the President and, upon recognition by the President, may address the subject under discussion.

7.3 Motions

- 7.3.1** Any Director, including the President/Chairperson, may make or second a motion after presentation of the item and public comment. A motion shall be brought and considered as follows:
- 7.3.1.1** A Director makes a motion; another director seconds the motion; and the President states the motion.
- 7.3.2** Once the President has stated the motion, it is open to discussion and debate the President will call for the vote.
- 7.3.2.1** If the public in attendance has had an opportunity to comment on the proposed action, any director may move to immediately bring the question being debated to a vote, suspending any further debate. The motion to suspend debate and move to a vote must itself be made, seconded, and approved by a majority vote of the Board.
- 7.3.3** Secondary Motions. Ordinarily, only one motion can be considered at a

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

time and a motion must be disposed of before any other motions or business is considered. There are a few exceptions to this general rule, though, where a secondary motion concerning the main motion may be made and considered before voting on the main motion. Secondary motions include the following:

- 7.3.3.1** Motion to Amend. A main motion may be amended before it is voted on, either by the consent of the Directors who moved and seconded, or by a new motion and second.
- 7.3.3.2** Motion to Table. A main motion may be indefinitely tabled before it is voted on by *motion made to table*, which is then seconded and approved by a majority vote of the Board.
- 7.3.3.3** Motion to Postpone. A main motion may be postponed to a certain time by a motion to postpone, which is then seconded and approved by a majority vote of the Board.
- 7.3.3.4** Motion to Refer to Committee. A main motion may be referred to a Board committee for further study and recommendation by a motion to refer to committee, which is then seconded and approved by a majority vote of the Board.
- 7.3.3.5** Motion to Close Debate and Vote Immediately. As provided above, any Director may move to close debate and immediately vote on a main motion.
- 7.3.3.6** Motion to Adjourn. A meeting may be adjourned by motion made, seconded, and approved by a majority vote of the Board before voting on a main motion.

7.4 Decorum

7.4.1 In accordance with the Ralph M. Brown Act, the President shall take whatever actions are necessary and appropriate to preserve order and decorum during Board meetings, including public hearings. The Board may eject any person or persons making personal, impertinent or slanderous remarks, refusing to abide by a request from the President, or otherwise disrupting the meeting or hearing.

7.4.2 The President may also declare a short recess during any meeting.

7.5 Amendment of Rules of Order

7.5.1 By motion made, seconded and approved by a majority vote, the Board

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

may, at its discretion, at any meeting, and in accordance with California law:

- a) Temporarily suspend these rules in whole or in part;
- b) Amend these rules in whole or in part; or,
- c) Both.

SECTION 8.0 TRAINING, EDUCATION, AND CONFERENCES

8.1 General

- 8.1.1** Members of the Board of Directors are encouraged to attend educational conferences and professional meetings when the purposes of such activities are to improve District operation. Therefore, there is no limit to the number of Directors attending a particular conference or seminar when it is apparent that their attendance is beneficial to the District. Directors should be aware that requirements of the Ralph M. Brown Act may apply depending on the circumstances of any such meeting.
- 8.1.2** "Junkets" (a tour or journey for pleasure at public expense), will not be permitted.

8.2 Policy

- 8.2.1** It is the policy of the District to encourage Board development and excellence of performance by reimbursing expenses incurred for tuition, travel, lodging and meals. Board members will be reimbursed for their expenses as a result of training, educational courses, participation with professional organizations, and attendance at local, state and national conferences associated with the interests of the District.
- 8.2.2** The General Manager or his designate is responsible for making arrangements for Directors for conference and registration expenses. When appropriate, the District shall also reimburse a Director for meal expenses, lodging, and travel. All expenses for which reimbursement is requested by Directors, or which are billed to the District by Directors, shall be submitted to the General Manager or his designate, together with validated receipts.

8.3 Approval

- 8.3.1** Attendance by Directors at seminars, workshops, courses, professional organization meetings, and conferences shall be approved by the Board of Directors, in accordance with District policy, prior to incurring any reimbursable costs.

8.4 Reimbursement

- 8.4.1** Expenses to the District for Board of Directors' training, education and conferences should be kept to a minimum by utilizing recommendations for transportation and housing accommodations put forth by the General Manager and by:

SCOTIA COMMUNITY SERVICES DISTRICT BOARD POLICIES MANUAL

8.4.1.1 Utilizing hotel(s) recommended by the event sponsor in order to obtain discounted rates.

8.4.1.2 Directors traveling together whenever feasible and economically beneficial.

8.4.1.3 Requesting reservations sufficiently in advance, when possible, to obtain discounted airfares and hotel rates.

8.4.2 A Director shall not attend a conference or training event for which there is an expense to the District if it occurs after they have announced their pending resignation, or if it occurs after an election in which it has been determined that they will not retain their seat on the Board. A Director shall not attend a conference or training event when it is apparent that there is no significant benefit to the District.

8.5 Reporting

8.5.1 Upon returning from seminars, workshops, conferences, etc., where expenses are reimbursed by the District, Directors are required to prepare a written report for distribution to the Board, and make a verbal report during the next regular meeting of the Board. Said report should detail what was learned at the session(s) that will be of benefit to the District. Materials from the session(s) may be delivered to the District office to be included in the District minutes book for the future use of other Directors and staff.