

This is IT...

NO FEES PER GOVERNMENT CODE 27383

RECORDING REQUESTED BY:
Humboldt Local Agency
Formation Commission

WHEN RECORDED RETURN TO:
Humboldt LAFCo
1125 16th Street, Suite 202
Arcata, CA 95521



CERTIFICATE OF COMPLETION

As Executive Officer of the Humboldt Local Agency Formation Commission, I hereby certify the completion of the following change of organization:

Formation of the Scotia Community Services District, totaling approximately 492.6 acres of unincorporated territory, located in Humboldt County, California.

The short-form designation of this action is: SCOTIA COMMUNITY SERVICES DISTRICT FORMATION; LAFCO RESOLUTION NO. 10-09.

Reference is hereby made to the attached RESOLUTION NO. 10-09, approved by the Humboldt Local Agency Formation Commission on October 13, 2010, for a description of the boundaries of the territory involved, for the terms and conditions of approval, and for other details regarding this action. This Resolution and description are included in COVENANT AND AGREEMENT referenced below.

Reference is also made to the attached COVENANT AND AGREEMENT TO DEDICATE PROPERTY AND CONVEY OTHER ASSETS TO THE SCOTIA COMMUNITY SERVICES DISTRICT ("Agreement"). This Agreement is pledged as of March 17 2014, by the Town of Scotia Company, LLC, a California limited liability company, ("Owner"), for the benefit of the Scotia Community Services District, a California Community Services District ("District") formed pursuant to CA GC §§ 61000, et seq.

Effective Date: March 17 2014

HUMBOLDT LOCAL AGENCY FORMATION COMMISSION

A handwritten signature in blue ink that reads "George Williamson". The signature is written over a horizontal line.

GEORGE WILLIAMSON
Executive Officer



**SCOTIA COMMUNITY SERVICE DISTRICT
NOTICE IS HEREBY GIVEN THAT A REGULARLY SCHEDULED MEETING OF THE
BOARD OF DIRECTORS ELECT**

WILL BE HELD AT:

**122 MAIN STREET
SCOTIA, CALIFORNIA**

THURSDAY, March 20, 2014

6:30 P.M.

AGENDA

A. CALL TO ORDER

The Presiding officer will call the meeting to order and call the roll of members to determine the presence of a quorum.

ROLL CALL (DIRECTORS IN ATTENDANCE)

PLEDGE OF ALLEGIANCE

ADDITIONS TO THE AGENDA

Items may be added to the agenda in accordance with Section 54954.2(b)(t) of the Government Code (Brown Act). Items will be added to the agenda only on the basis that *there is a need to take immediate action* and that the *need for action came to the attention* of the Scotia Community Services District Board of Directors *after the agenda was posted*. All documentation supporting this agenda is available for public review in the District office during normal business hours.

B. SETTING OF AGENDA

The Board may adopt/revise the agenda as presented.

C. APPROVAL/DISAPPROVAL OF MINUTES FROM PREVIOUS MEETING(s)

February 12, 2014 Special SCSD Board Meeting Minutes

February 20, 2014 Regular SCSD Board Meeting Minutes

D. PUBLIC COMMENTS & WRITTEN COMMUNICATIONS

Regularly scheduled meetings will provide an opportunity for members of the public to directly address the SCSD Board Members-Elect 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-elect's jurisdiction. Comments are not generally taken on non-action items such as reports or information.

CORRESPONDENCE

The Board will review recent District correspondence

Written correspondence is always welcome and should be used for complex issues.

Email note from Mt. Tamalpais Train Museum about progress with the formation of the SCSD.

E. PUBLIC HEARING

There are no public hearings for action items by the CSD Board scheduled for this meeting.

F. **REPORTS**

Board and Staff Reports

Committee Reports/Information Review, update on staff/consultant reports.

Members of the Board may report on their respective committees

1. Train Locomotive Advisory Committee:

2. Interim General Manager's Report:

The Interim General Manager may update the Board on current District projects, concerns and accomplishments.

3. Fire Chief's Status Report:

The Fire Chief may update the Board quarterly. Next update is April 2014

4. Town of Scotia Company, LLC:

The TOS may update from time to time the status of common interest and transition process issues.

G. **CONTINUED AND NEW BUSINESS**

1. NEW BUSINESS

Proposed training opportunities for Board members - May 2014.

2. CONTINUED BUSINESS

Review of Board Status, Oath of Office, appointment/election of new board members. A general discussion.

H. **ADJOURNMENT**

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 Prior
Meeting*

Draft

MINUTES OF THE SPECIAL MEETING OF THE SCOTIA COMMUNITY SERVICES DISTRICT HELD ON TUESDAY, February 12, 2014 AT 6:30 PM 122 MAIN STREET, SCOTIA, CA

The special meeting of the Board of Directors Elect of Scotia Community Services District convened at 6:00 pm with the following Directors and staff in attendance:

Jim (JB) Barnes, Bd President	Present
Rick Walsh, Director	Present
John Broadstock, Director-	Present
Gayle McKnight, Director	Present

Mark Richardson, Interim General Manager SCSD

Consultants

Steve Davidson, P.E.,
Frank Bacik, President, TOS Company, LLC
George Williamson, Executive Officer, Humboldt County LAFCo

Community members attending: 8 members of the community were in attendance

AGENDA ITEM A-CALL TO ORDER, ROLL CALL, PLEDGE OF ALLEGIANCE AND ADDITIONS TO THE AGENDA: At 6:30PM President Barnes called the meeting to order, roll call was taken with four (4) Directors present. There were no additions to the agenda.

AGENDA ITEM B-APPROVAL OF THE AGENDA:

Motion Vote: Motion Passed-4 AYES; 0 NAYS

MOTION SUMMARY: Approval of Agenda as presented.

AGENDA Item D. - Business

Discussion: Questions and Discussion regarding the transition of the Town of Scotia Company, services and assets to the new Scotia Community Service District.

Discussion included: Oath of Office for new board. Covenant and Agreement to Dedicate Property and Convey other assets to the Scotia Community Service District. (draft).

Frank Bacik of TOS offered an overview of the process between LAFCO and TOS Company.

SCSD DRAFT BD Minutes

Special Meeting of February 12, 2014

George Williamson summarized the position of LAFCo, and they are nearing the completion of the process of forming the SCSD.

Motion: Board Director Barnes moved to continue the board discussion to the next regularly scheduled board meeting on February 20, 2014.

Seconded: Board member Broadstock.

Motion vote: Motion passed 4 ayes; 0 nays

DRAFT

MINUTES OF THE REGULAR MEETING OF THE SCOTIA COMMUNITY SERVICES DISTRICT HELD ON THURSDAY, February 20, 2014 AT 6:30 PM 122 MAIN STREET, SCOTIA, CA

The regular meeting of the Board of Directors Elect of Scotia Community Services District convened at 6:30 pm with the following Directors and staff in attendance:

Jim (JB) Barnes, Bd President	Present
Rick Walsh, Director	Present
John Broadstock, Director-	Present
Gayle McKnight, Director	Present
Vacant	

Mark Richardson, Interim General Manager	Present
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Members of the community attending included:	George Williamson, Humboldt County LAFCO Frank Bacik, Town of Scotia
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(listing of community members in attendance is not required to attend meetings)

AGENDA ITEM A-CALL TO ORDER, ROLL CALL, PLEDGE OF ALLEGIANCE AND ADDITIONS TO THE AGENDA: At 6:30PM President Barnes called the meeting to order, roll call was taken.

AGENDA ITEM B-APPROVAL OF THE AGENDA:

Motion Vote: Motion Passed-4 AYES; 0 NAYS

MOTION SUMMARY: Approval of Agenda as presented.

Agenda ITEM C - MOTION -

Approval of Minutes of :

January 16, 2014 SCSD Regular Board Meeting as presented

MOTION VOTE : Motion by Bd member JB Barnes, Seconded by Bd member Rick Walsh to approve the meeting minutes as presented.
Motion Passed-4 AYES; 0 NAYS

MOTION SUMMARY: Approval of Minutes of January 16, 2014 Regular Board meeting.

AGENDA ITEM D- PUBLIC COMMENTS & WRITTEN COMMUNICATIONS :

None

SCSD Draft BD Minutes

February 20, 2014

AGENDA ITEM E - PUBLIC HEARING

None

AGENDA ITEM F. - REPORTS

- 1. Train Locomotive Advisory Committee (full board) - Email corresponds received from Mt. Tam Train volunteers requesting an update on the Locomotive status.**
- 2. Interim General Manager's Report: Manager report deferred until March meeting.**
- 3. Fire Chief Report :** Next Quarterly report due in April 2014.
- 4. Town of Scotia Company, LLC Update Report:**

AGENDA ITEM G - CONTINUED AND NEW BUSINESS

1. NEW BUSINESS

Board President, Jim (JB) Barnes announced he will be moving out of Scotia in the next several months and this would be his last meeting. The board acknowledged JB's service in the start up of the new CSD and wished him well in the future.

The SCSD board is awaiting an opinion from the Humboldt County Elections office on when and how the SCSD Board can appointment a new board member.

2. Continued Business

- a. Discussion/Action:** Frank Bacik with the Town of Scotia and George Williamson continued from our meeting of February 12th on Questions and Discussion regarding the transition of the Town of Scotia Company LLC transferring assets and services to the newly forming Scotia CSD. A general round of questions and discussion occurred suggesting, at best guess, that SCSD will be finalized and ready for the oath of office within several months.

Agenda Item H - ADJOURNMENT

MOTION - President Jim Barnes made Motion to adjourn Meeting at 7:30 PM. Next regularly scheduled meeting is March 20, 2014.

SCSD Draft BD Minutes

February 20, 2014

Board and Staff Reports



Monthly Manager's Report

Date: March 20, 2014

To: Board of Directors, SCSD

From: Mark Richardson, Interim General Manager

General: This report is a general update for the Board from the IGM. I will touch on routine topics for information purposes. None of the items discussed in this report require board action at this time.

TOS Company transition of community assets to SCSD:

As of March 17, 2014, the SCOTIA COMMUNITY SERVICE District has been approved by LAFCO. Several procedural steps will now empower the Board (elect) to take office. We anticipate our local county Supervisor, Rex Bohn is authorized to do the honors of the swearing in process. We can schedule the formal swearing action for the next regular scheduled Board Meeting of April 17, 2014.

When the Board is legally able to go into business, we will begin with an assortment of Board Actions as follow:

First and foremost: All actions by the SCSD shall be by ordinance (rules and regulations), resolution or motion. No other actions, discussions or decisions by the board have legal status.

Within 30 days: After the election (swearing in date), under section 61220 the California Government Code, Division 3, the New Board of Directors shall:

- a. Elect a Board President
- b. Establish a time and place of meetings.
- c. Set manner of calling special meetings.

The SCSD board has completed this informally by the review and ongoing use of "Bylaws of Scotia Community Service District" Revised March 15, 2012. The board will want to revisit the 'draft' By-laws (regulations). The 'by-laws' will be formally adopted through the Board approval process to be set at the first meeting.

In addition to using the **draft By-Laws**, the SCSB has been using a **Draft "Board Policies of SCSD - as revised April 10, 2012"**. While the Board Policies and the By-laws cover different responsibilities for the District, there is

overlap in the language and we will need to consolidate and update both documents.

At first meeting or ASAP:

- a. Board to appoint General Manager
- b. Board to appoint a Secretary, who may also be GM and act as treasurer.
- c. A director shall not be general manager or secretary.

Section 61730 - County Treasurer

The Board shall designate the county treasurer of a county in which the district is situated to be the depository and have the custody of all the district's money.

Concurrent to the Board becoming official. I have initiated the option for the board to obtain a variety of Risk Management and Insurance programs at our initial starting point. Working closely with the California Special Districts Association, through the Special District Risk Management Authority (SDRMA), the Board will have the option of obtaining most of our insurance and liability coverage through the SDRMA.

The basic eligibility requirements are:

Be a public agency formed under California Government Code.

Execute the SDRMA Joint Powers Agreement.

Commit to an initial three-year member enrollment (thereafter coverage may be renewed annually)

Maintain annual membership in California Special Districts Association (CSDA)
SCSD is currently a member of CSDA, courtesy of the TOS Co LLC.

Insurance needs will be phased in as the District assumes ownership and responsibility for each individual service or asset.

Initially the Board can obtain:

1. **Elected officials Personal Liability** - This highly specialized unique coverage protects elected/appointed officials from claims and settlements arising outside the course and scope of their duties. Coverage includes invasion of privacy, libel, slander, defamation of character, discrimination, false arrest, and malicious protection.
2. **Employee and Officials Fidelity Blanket Bond** - Coverage protection for member losses resulting from fraudulent or dishonest acts committed by employees, volunteers or board members.
3. **Public Officials Errors and Omissions** - Coverage for public officials and directors "wrongful acts", alleged or actual negligence, errors and omissions, breach of duty, misfeasance, malfeasance, and nonfeasance, and defamation.

Other risk management coverage's will be required when the SCSD assumes ownership of actual services and assets, and these may include:

- General Liability
- Auto Liability
- Auto Physical Damage
- Boiler and Machinery
- Personnel Liability (may need for initial coverage)
- Employment Practices Liability
- Workers Compensation Program (may need for initial coverage)
- Property Coverage

In order for the SCSD to obtain quotes and become eligible for insurance, we need to submit a Total Operating Budget. Initially, this will identify funds that will come from the TOS as our first revenue source, and we will identify expense areas for that initial budget. In addition, we will submit budgets for each service, as we reach the transition point for each service or asset. Initially, we have the estimates in the LAFCO report that has first year operations budget's detailed. We will review those budget estimates, revise as needed, and use them for our first year anticipated budget.

IGM/Board outreach:

Accounting: On March 7, 2014, Rick Walsh and I met with Jamie Corsetti, CPA about start up for accounting and bookkeeping services. This professional Accountancy Corporation currently has oversight for several special districts and is specifically familiar with Town of Scotia Company, LLC, and the transition process to the Scotia CSD. Ms. Corsetti has been working with TOS on the transition and has indicated, if hired, they could set up the first set of accounting books, chart of accounts, ectal, for each of our services. In addition to the SCSD requiring the set-up of our accounting books, we also will need to establish a set of policies and procedures for bookkeeping and accounting. I've drafted a set of polices and procedures, and they will need to be reviewed prior to adoption after the Board takes office. In addition to accounting services, the SCSD will need to obtain the services of a auditor. This may be done in conjunction to the initial setting up of our accounting, as the audit process has specific requirements for each of the different accounts. Audit services and accounting services are separate services and cannot be by the same company.

In addition accounting and audit services, the SCSD will also need to have a local bank account. I've initiated discussion with US Bank, and they will present a proposal for a government account.

Legal Services: I've made contact with the following legal firms about services for the start-up of the SCSD. Each of these have indicated a desired to be included in an RFQ/RFP process.

Nancy Diamond, Attorney
Arcata, CA

Paul Brisso, and/or Rus Gans, Attorney
Eureka, CA

Neary and O'Brien
Willits, CA (and Eureka)

Board Training: Two courses are being offered in the month of May that address several of the start up issues of our new SCSD. The Rural Community Assistance Corporation, in contract with the CDPH is hosting these free workshops as follow:

May 7 - Accounting & Billing for Small Utilities Using QuickBooks & Excel. - Little River Inn, Mendocino Coast. 8:00 - 3:30. **FREE**

May 8 - Budgeting & Rate Setting for Small Utilities - Little River Inn, Mendocino Coast. 8:00 - 3:30. **FREE**

The most relevant workshop for the board is the Budgeting and Rate Setting workshop. If a board member was interested in the appointment as treasurer... then the Accounting & billing workshop would also be of great help.

Rick Walsh and I met with a CPA firm, Jamie Corsetti, on March 7th, about start up activities for our accounting & billing systems, and was encouraged to attend trainings on the subject. Initially, the SCSD will be setting up our chart of accounts and accounting system using QuickBooks.

If this training and scheduled time do not work for you as a board member, the CASDA has a full catalog of courses and trainings offered throughout the year 2014. Several of the courses are on-line webinar. In addition the California Rural Water Association and the Rural Community Assistance Corporation also have trainings scheduled throughout the year with a combination of webinar and onsite training classes.

Water System Status:

The water system is currently in compliance with state and federal regulations. The California Department of Public Health , Associate Engineer Craig Bunas, conducted an annual (generally every 3-5 years in practice) inspection on November 7, 2013 of the TOS Drinking Water system for compliance with state and federal regulations. The TOS has received a written report with specific items needing to be address over a phased time period. Several items to be included in the report are addressed in the Phase I of the TOS Project and/or further phases of the current project planning. If a board member would like to review the status of the water system as it relates to the transition and upgrades, I'm happy to discuss in detail and share the details of the annual inspection report.

Water Distribution Repairs:

No notable problems in February 2014.

Wastewater System:

System is operating normally and is in compliance with permits. A more thorough update on the operations of the system will be prepared for the April 2014 Board meeting.

Storm Water Management:

SHN Engineering and TOS have submitted the "**Final Report for Administrative Civil Liability Order No. R1-2009-099, Town of Scotia; NPDES Permit No. CA0006017, WDR Orders No. 99-59 and R1-2006-020**" This final report verifies that the TOS has completed and met conditions required in this order. the SEP's including implementing a water conservation program, developing a storm water management program, and providing NPDES compliance training for TOS residents and personnel.

Fire Department Status: Fire Chief issues quarterly reports. Last quarterly report was issued February 2014.

Parks & Recreation : This section will deal with the various properties identified as part of our Parks & Recreation Department. This includes the following facilities and properties:

Winema Theater

Scotia Museum

Scotia Museum Park - Train locomotive and artifacts from logging.

Community Forest - 22+ acres of riparian habitat from Fireman's Park to the Scotia/Rio Dell bridge along the Eel River.

Soccer Field -

Carpenter Field - baseball

Fireman's Park - Barbecue and picnic grounds