

# McKinleyville Community Services District Municipal Services Review and Sphere of Influence Update



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## TABLE OF CONTENTS

<b>1.0</b>	<b>MSR/SOI BACKGROUND</b>	<b>5</b>
1.1	Role and Responsibility of LAFCo	5
1.2	Purpose of Municipal Service Reviews	5
1.3	Purpose of Spheres of Influence	6
1.4	Disadvantaged Unincorporated Communities	7
<b>2.0</b>	<b>McKINLEYVILLE COMMUNITY SERVICES DISTRICT</b>	<b>8</b>
2.1	Agency Overview	8
2.2	Principal Act for Community Services Districts	8
2.3	Formation and Development	8
2.4	Boundary and Sphere of Influence	10
2.5	Land Use and Zoning	13
2.6	Growth and Population	14
2.7	Disadvantaged Unincorporated Communities	15
2.8	Climate Change	15
2.9	Municipal Services	16
2.10	Organizational Structure	28
2.11	Accountability and Transparency	30
2.12	Financial Overview	30
<b>3.0</b>	<b>McKINLEYVILLE MSR DETERMINATIONS</b>	<b>33</b>
<b>4.0</b>	<b>McKINLEYVILLE SOI DETERMINATIONS</b>	<b>36</b>

### List of Figures

Figure 1: McKinleyville CSD Boundary and SOI	11
Figure 2: McKinleyville CSD Land Use Designations	12
Figure 3: Water Lines	18
Figure 4: Wastewater System	21
Figure 5: MCSD Recreation Facilities	25
Figure 6: Organizational Chart	28
Figure 7: Water Expenses	31
Figure 8: Wastewater Expenses	32

**List of Tables**

Table 1: MCSD Land Use Summary ..... 14  
Table 2: 2019 Water Demand..... 17  
Table 3: MCSD Water Base Rates ..... 19  
Table 4: MCSD Water Use Rates..... 19  
Table 5: Influent Treated in 2019 ..... 22  
Table 6: MCSD Sewer Rates..... 23  
Table 7: MCSD Recreation Services..... 24  
Table 8: MCSD Board of Directors..... 29  
Table 9: MCSD Annual Budget Summary..... 31  
Table 10: MCSD Audit Summary ..... 32

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## 1.0 MSR/SOI BACKGROUND

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### 1.1 Role and Responsibility of LAFCo

Local Agency Formation Commissions (LAFCos) are independent regulatory commissions that were established by the State legislature in 1963 to encourage the orderly growth and development of local governmental agencies including cities and special districts. Today, there is a LAFCo in each of California's 58 counties. Humboldt LAFCo is a seven-member commission comprised of two members of the Humboldt County Board of Supervisors, two City Council members, two Special District representatives, and one Public Member-At-Large. The Commission also includes one alternate member for each represented category.

LAFCo is responsible for implementing the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 ("CKH Act") (California Government Code Section 56000 et seq.) for purposes of facilitating changes in local governmental structure and boundaries that fosters orderly growth and development, promotes the efficient delivery of services, and encourages the preservation of open space and agricultural lands. Some of LAFCo's duties include regulating jurisdictional boundary changes and the extension of municipal services. This includes city and special district annexations, incorporations/formations, consolidations, and other changes of organization. LAFCo seeks to be proactive in raising awareness and building partnerships to accomplish this through its special studies, programs, and actions.

The CKH Act outlines requirements for preparing Municipal Service Reviews (MSRs) for periodic Sphere of Influence (SOI) updates. MSRs and SOIs are tools created to empower LAFCo to satisfy its legislative charge of "discouraging urban sprawl, preserving open space and prime agricultural lands, efficiently providing government services, and encouraging the orderly formation and development of local agencies based upon local conditions and circumstances" (§56301). CKH Act Section 56301 further establishes that "one of the objects of the commission is to make studies and to obtain and furnish information which will contribute to the logical and reasonable development of local agencies in each county and to shape the development of local agencies so as to advantageously provide for the present and future needs of each county and its communities." SOIs therefore guide both the near-term and long-term physical and economic growth and development of local agencies, and MSRs provide the relevant data to inform LAFCo's SOI determinations.

### 1.2 Purpose of Municipal Service Reviews

As described above, MSRs are designed to equip LAFCo with relevant information and data necessary for the Commission to make informed decisions on SOIs. The CKH Act, however, gives LAFCo broad discretion in deciding how to conduct MSRs, including geographic focus, scope of study, and the identification of alternatives for improving the efficiency, cost-effectiveness, accountability, and reliability of public services. The

purpose of a MSR in general is to provide a comprehensive inventory and analysis of the services provided by local municipalities, service areas, and special districts. A MSR evaluates the structure and operation of the local municipalities, service areas, and special districts and discusses possible areas for improvement and coordination. While LAFCo has no direct regulatory authority over cities and special districts, MSR's provide information concerning the governance structures and efficiencies of service providers – and may also serve as the basis for subsequent LAFCo decisions. The MSR is intended to provide information and analysis to support a sphere of influence update. A written statement of the study's determinations must be made in the following areas:

- (1) Growth and population projections for the affected area
- (2) Location and characteristics of any disadvantaged unincorporated communities within or continuous to the sphere of influence
- (3) Present and planned capacity of public facilities, adequacy of public services, and infrastructure needs or deficiencies.
- (4) Financial ability of the agency to provide services.
- (5) Status of and opportunities for shared facilities
- (6) Accountability for community service needs, including governmental structure and operational efficiencies.
- (7) Any other matter related to effective or efficient service delivery, as required by Commission policy.

This MSR is organized according to these determinations listed above. Information regarding each of the above issue areas is provided in this document.

### **1.3 Purpose of Spheres of Influence**

In 1972, LAFCos were given the power to establish SOIs for all local agencies under their jurisdiction. As defined by the CKH Act, “‘sphere of influence’ means a plan for the probable physical boundaries and service area of a local agency, as determined by the commission” (§56076). All boundary changes, such as annexations, must be consistent with an agency's sphere of influence with limited exceptions.

Pursuant to Humboldt LAFCo policy, a MSR is conducted prior to or in conjunction with its mandate to review and update each local agency's sphere of influence every five years or as necessary. The municipal service review process is intended to inform the Commission as to the availability, capacity, and efficiency of local governmental services prior to making sphere of influence determinations.

LAFCo is required to make five written determinations when establishing, amending, or updating an SOI for any local agency that address the following (§56425(c)):

- (1) The present and planned land uses in the area, including agricultural and open space lands.

- (2) The present and probable need for public facilities and services in the area.
- (3) The present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.
- (4) The existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.
- (5) For an update of an SOI of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere of influence.

Service reviews may also contain recommendations for sphere of influence or government structure changes needed to implement positive service changes. Where more detailed analysis of service options is necessary, service reviews may contain recommendations for special studies where there is the potential to reduce service gaps and improve service levels.

## **1.4 Disadvantaged Unincorporated Communities**

SB 244 (Chapter 513, Statutes of 2011) made changes to the CKH Act related to “disadvantaged unincorporated communities,” including the addition of SOI determination number 5 listed above. Disadvantaged unincorporated communities, or “DUCs,” are inhabited territories (containing 12 or more registered voters) where the annual median household income is less than 80 percent of the statewide annual median household income.

Humboldt LAFCo has adopted DUC policy, which identifies 31 inhabited unincorporated “legacy” communities for purposes of implementing SB 244. These legacy communities were defined as part of the Humboldt County 2014 Housing Element for areas not located within the sphere of influence of a city. Therefore, additional review is needed to determine “disadvantaged unincorporated communities” within and adjacent to city spheres of influence.

CKH Act Section 56375(a)(8)(A) prohibits LAFCo from approving a city annexation of more than 10 acres if a DUC is contiguous to the annexation territory but not included in the proposal, unless an application to annex the DUC has been filed with LAFCo. The legislative intent is to prohibit selective annexations by cities of tax-generating land uses while leaving out under-served, inhabited areas with infrastructure deficiencies and lack of access to reliable potable water and wastewater services. DUCs are recognized as social and economic communities of interest for purposes of recommending SOI determinations pursuant to Section 56425(c).

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## 2.0 MCKINLEYVILLE COMMUNITY SERVICES DISTRICT

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### 2.1 Agency Overview

The McKinleyville Community Services District (MCSD) extends north from the Mad River to Patrick Creek and east from the Pacific Ocean to the foothills bordering the community of Fieldbrook. The District is located along Highway 101 approximately 12 miles north of the City of Eureka and 5 miles south of the City of Trinidad. The District primarily provides water, wastewater, and parks and recreation services. Additional services include street lighting and library facilities.

McKinleyville is located in an area that was historically inhabited by the Wiyot whose territory extended from Little River near Trinidad in the north, to Bear River Ridge in the south. The Wiyot people called this area Goudi'ni, meaning "over in the woods". They worked with the natural bounty of the bay, ocean, forests, and rivers to provide sustenance for themselves. However, an influx of white settlers eventually led to an end of the Wiyots native way of life.

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### 2.2 Principal Act for Community Services Districts

The CSD principal act is the Community Services District Law (Government Code §61000, et seq.) which authorizes CSDs to provide up to 31 types of governmental services within their boundaries. Services, facilities, functions or powers enumerated in the District's principal act but not identified in the formation resolution or later activated, are considered "latent," meaning that they are authorized by the principal act under which the District is formed but are not being exercised. Latent powers and services activation require LAFCo authorization in accordance with Government Code §56824.10 et seq.

### 2.3 Formation and Development

McKinleyville CSD was formed on April 21, 1970, after a special election was held within the area proposed for district formation<sup>1</sup>. The district was formed as an independent special district organized pursuant to section 61000 et seq. of the California Government Code. Although the district now provides several services, it was originally formed to provide a community water supply system only. Within three months of the District's formation, residents voted to add wastewater disposal authority to the list of activated

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<sup>1</sup> Humboldt County Board of Supervisors Resolution No. 70-36.



powers. Later residents voted to add street lighting powers in 1972, park and recreation powers were added in 1984, and most recently, library powers were activated in 1995.

### **Latent Powers**

In an effort to better identify the current and potential future services provided by MCSD, the District conducted a Latent Powers Study in 2020-21. The District sought input from LAFCo on several service items including library, police, reclamation, parks, and social services which was included as part of the report.

Based on the report, which primarily discussed the services listed above, several recommendations were made to the District's Board including:

- 1) Authorize General Manager to request copy of or new certification for activation of library powers vote from 1995. Subsequently move forward with "Library Powers" Ordinance to strengthen and clarify the District's powers.
- 2) Move forward with a resolution detailing the District's powers related to law enforcement with input from the County Sheriff, County Board of Supervisors, and Firth District Supervisor.
- 3) Move forward with a resolution reiterating the Parks and Recreation Powers including development and management of Community Forests.
- 4) Move forward with an ordinance delineating the District's ability to provide reclamation services under current water, wastewater, and park services.
- 5) Create a policy statement detailing the limitations of the District in the area of homelessness and how the District may provide support to other entities for this cause.
- 6) Formalize support for McKinleyville Municipal Advisory Committee (MMAC) in the form of regular meetings, an annual stipend of in kind services, providing a meeting space, providing letters of support for grant applications, and establishing an annual joint meeting between MMAC and MCSD Boards.

LAFCo currently recognizes the following active powers for MCSD: water, wastewater, parks and recreation (including open space management), street lighting, and library facilities (based on previous LAFCo approval and Humboldt County election records<sup>2,3</sup>). All other powers are considered latent at this time and would require activation by LAFCo before provision of such services began. All active services will be discussed further under Section 2.8 – Municipal Services.

### **Homelessness**

Discussion of disadvantaged unincorporated communities typically focuses on the provision of vital services to the community including water, wastewater, and fire/emergency response. However, low to mid income communities, especially those in

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<sup>2</sup> Humboldt LAFCo, Resolution 95-02: Approving the Activation of Library Powers for the McKinleyville Community Services District. Adopted April 26, 1995.

<sup>3</sup> Humboldt County Office of Elections, Elections Summary: District Elections on November 7, 1995. McKinleyville CSD Measure J passed with 78.65% Yes and 21.35% No.

more populated areas along transit corridors, also often experience a high level of homelessness.

The Humboldt Housing and Homeless Coalition takes part in the biennial Point-in-Time count which seeks to identify the number of homeless persons in the County on a single night in January. The last count identified a total of 1,470 unsheltered people within the county of which, 121 were located in McKinleyville<sup>4</sup>. Based on the transient nature of homeless persons and the limitations of the count based on volunteer availability and safety, the actual number of unsheltered homeless persons could be much higher. However, this does indicate that at on any given night there are over 100 persons seeking shelter, typically on public and open space lands such as parks, forested areas, shopping centers, and the like.

MCSD is aware of the need for additional support services to address homelessness in the community. While the District is unable to directly provide social services and aid to homeless persons, it can offer the use of facilities to third parties that are authorized and experienced in providing these services. MCSD has established Rule 68.03 – Services for Those Experiencing Homelessness, which outlines the limitations and abilities of the District on this issue.

## **2.4 Boundary and Sphere of Influence**

McKinleyville CSD is the largest district of its type in Humboldt County, covering roughly 12,600 acres, or approximately 19.7 square miles. When formed, the District had a land area of 19 square miles or 12,160 acres. The Azalea Park Annexation in 1973 added approximately a half square mile or 320 acres (MCSD Resolution No. 89), and the Hunt Annexation in 1986 added approximately 30 acres along Hunts Drive in southern McKinleyville (LAFCo Resolution No. 86-5).

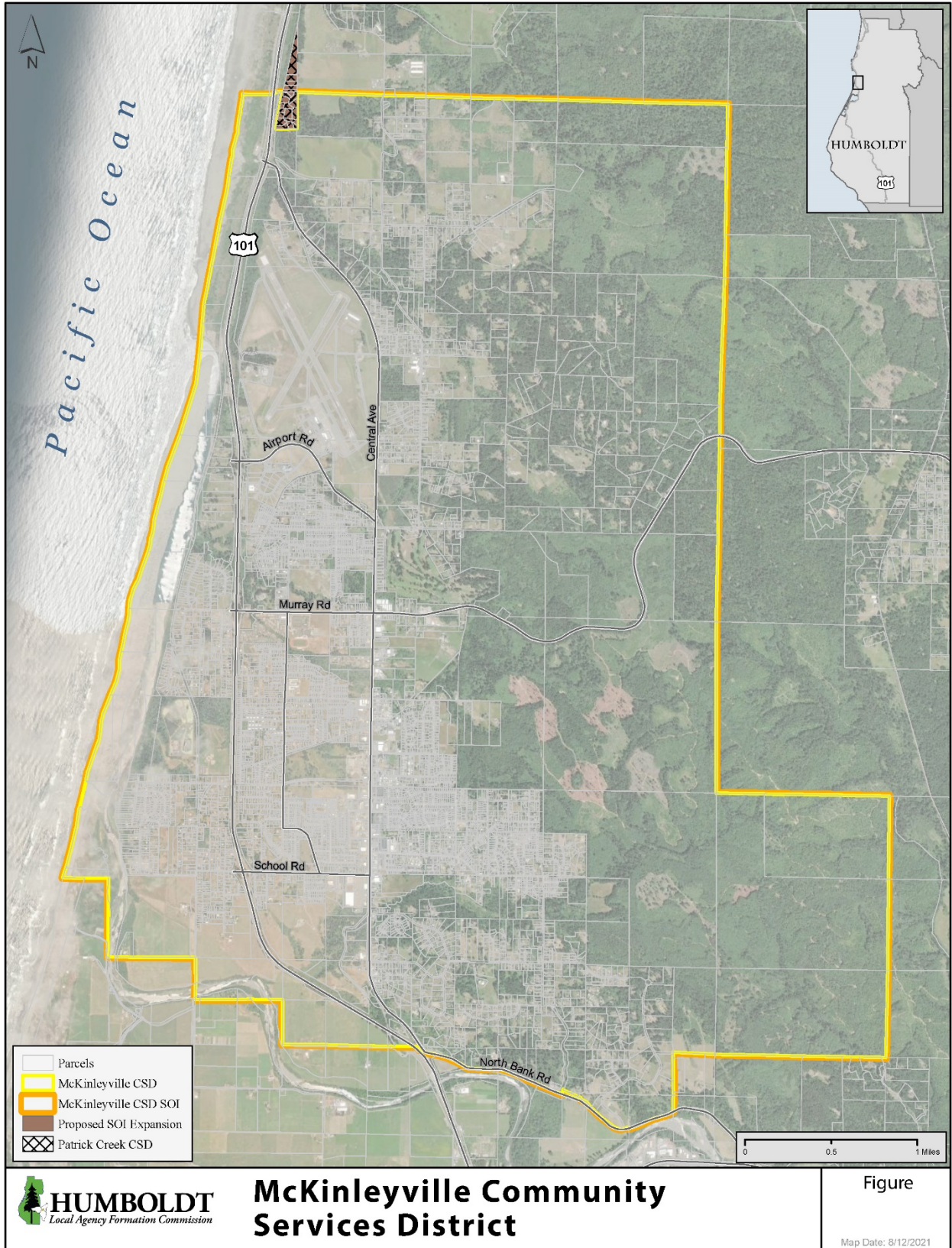
Currently, the District's SOI is coterminous with its boundary. However, MCSD provides water directly to Patrick Creek CSD through a water services agreement established in 1973. As such, it is recommended that MCSD's SOI be expanded to include the Patrick Creek CSD area in northern McKinleyville. While consolidation of the two districts is not likely at this time since it would require activation of road maintenance powers by MCSD and the Patrick Creek CSD Board has indicated they do want to consolidate, it could be a feasible option in the future if both districts agree.

MCSD's SOI also includes large areas of timber and natural resource land that is not provided municipal services by the District. These include forested areas east of Central Avenue and beach areas along the Pacific Ocean. An exception to this includes the timber resource areas adjacent to residential areas between Murray Road and Hunts Drive. MCSD has entered into negotiations to acquire this property for management as a community forest as part of their parks and recreation program.

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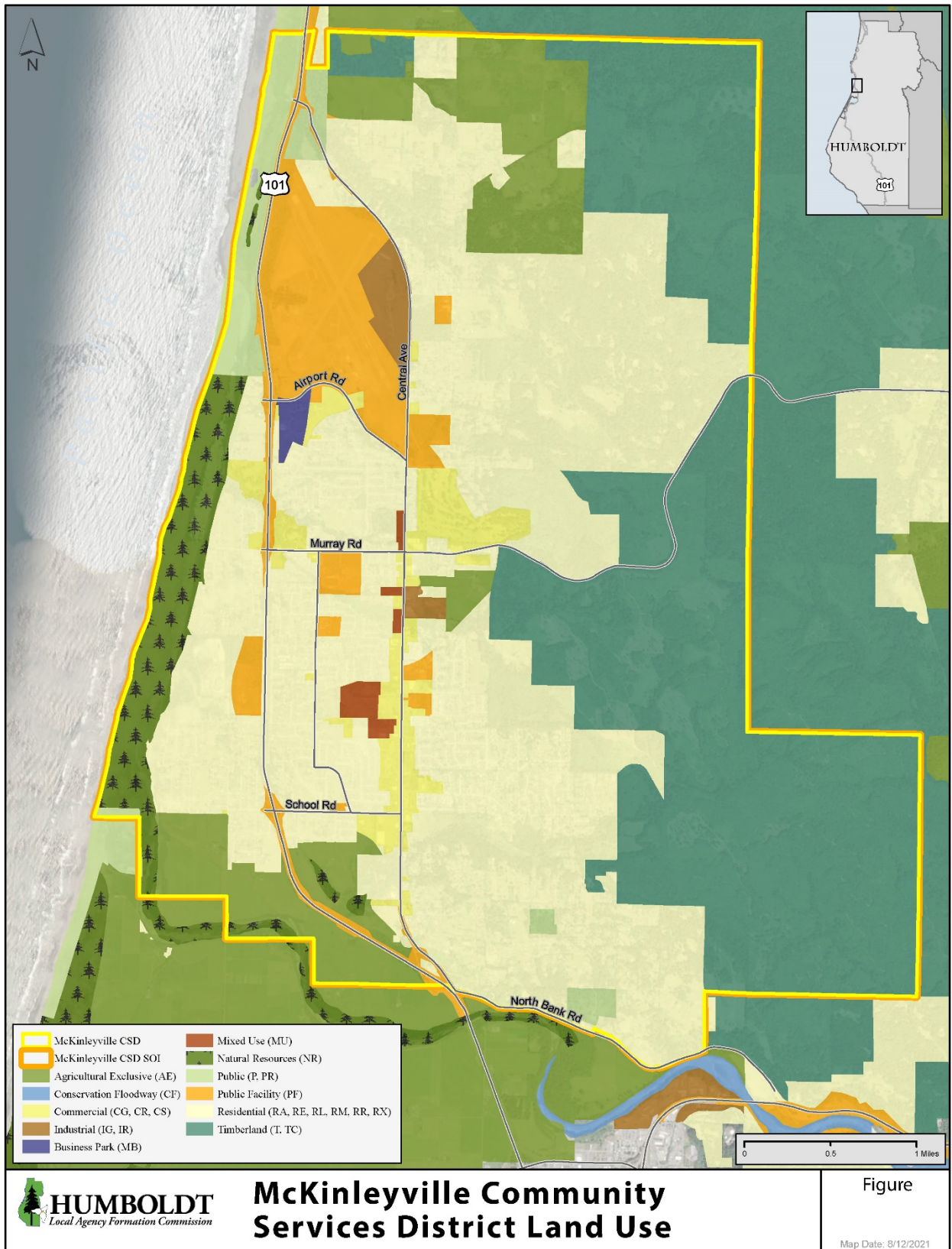
<sup>4</sup> Humboldt Housing and Homeless Coalition, Press Release - Unsheltered Point-in-Time Count Numbers Finalized. February 20, 2019.

Figure 1: McKinleyville CSD Boundary and SOI





**Figure 2: McKinleyville CSD Land Use Designations**



The District also owns several properties outside of its boundary along the Mad River. This includes property south of North Bank Road and on the west side of Fisher Avenue. Figure 1 shows the existing and recommended SOI for the District.

## 2.5 Land Use and Zoning

Land uses within the District are currently subject to the Humboldt County General Plan, McKinleyville Community Plan, McKinleyville Area Local Coastal Plan (for coastal portions), and Zoning Regulations (Humboldt County Code Title III, Division 1). The McKinleyville Community Plan (adopted in 2002 and amended in 2017) includes the developed McKinleyville area and the surrounding watersheds as well as the Dows Prairie area. Most of the developed area of McKinleyville is mapped as an Urban Development Area and the Dows Prairie, Beau Pre Heights, and areas off Azalea Avenue are mapped as Urban Expansion Area.

McKinleyville's economic base is primarily that of a residential "bedroom community" with local and some regional commercial services along a centralized strip. Limited agricultural production, including timber production, and light manufacturing is also pursued in the area. McKinleyville is the site of the County's only regional airport facility, the California Redwood Coast – Humboldt County Airport (ACV). The adjacent Airport Business Park encompasses an approximate 53 acre site. The Business Park provides land for light manufacturing, regional visitor serving facilities, and commercial-industrial opportunities for the community<sup>5</sup>.

Under the Humboldt County General Plan, land uses within the District are primarily Residential Agriculture (RA), Residential Low Density (RL), and Timberland (T) (see Table 1). Other land uses include Agricultural Exclusive (AE), Commercial Services (CS), Commercial Recreation (CR), Public Facility (PF), Residential Estates (RE), Residential Medium Density (RM), Mixed Use (MU), Natural Resources (NR), Timberland Commercial (TC), and Industrial General (IG)<sup>6</sup>. The surrounding area is predominantly AE and T which are both low density, growth limiting designations.

Under Humboldt County Zoning Regulations, zoning within the District is a mix of Agriculture General (AG), Agriculture Exclusive (AE), Natural Resources (NR), Business Park (MB), Public Facilities (PF), Timberland Production (TPZ), Residential Suburban (RS), Residential One-Family (R-1), Community Commercial (C-2), Airport (AV), and Unclassified (U)<sup>7</sup>. Zoning outside of the District's boundary is primarily TPZ and AE. These zoning designations indicate low density development and limited growth.

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<sup>5</sup> Humboldt County General Plan – Community Area Plans: McKinleyville Community Plan. Adopted December 10, 2002 and amended October 23, 2017 by Resolution 17-96.

<sup>6</sup> Humboldt County Web GIS, Jurisdiction Boundaries & Land Use, Planning Layers, Current General Plan Land Use. Accessed January 14, 2021.

<sup>7</sup> Humboldt County Web GIS, Jurisdiction Boundaries & Land Use, Planning Layers, Zoning. Accessed October 19, 2020.

**Table 1: MCSD Land Use Summary**

General Plan Land Use	MCSD Boundary	
	Acres	% of Total
Residential Agricultural	1590	13 %
Residential Estates	1282	10 %
Residential Low Density	2414	19 %
Residential Medium Density	192	2 %
Mixed Use	56	<1 %
Commercial Services	285	2 %
Commercial Recreation	152	1 %
Industrial General	120	1 %
Public Facility	885	7 %
Agricultural Exclusive	1081	9 %
Natural Resources	747	6 %
Timberland	3584	28 %
Timberland Commercial	34	<1 %
Other	178	1 %
<b>Total</b>	<b>12,600</b>	<b>100.0%</b>

## 2.6 Growth and Population

McKinleyville is the most populated unincorporated area in Humboldt County and is one of the fastest growing communities in the county. MCSD is located within the McKinleyville Census Designated Place (CDP), which has a population of approximately 17,208 according to the 2019 American Community Survey 5-year Estimates. This is an increase of 760 persons from the 2014 estimate<sup>8</sup>. However, the District Boundary is smaller than that of the census boundary, therefore the District population is likely smaller.

The District estimates that it currently serves a population of 17,190<sup>9</sup>. McKinleyville can be expected to grow at a similar rate as the County if not more<sup>10</sup>. The growth rate could further be impacted by people seeking to move out of densely populated areas in the Bay Area and Central Valley regions to more rural areas due to the Covid-19 pandemic, wildfires, and climate change. The District estimates an annual growth rate of 0.74% based on the previous rate of service connections. With this growth rate, there could be approximately 18,400 residents by 2030<sup>11</sup>.

<sup>8</sup> US Census, American Community Survey 5-year Estimates, McKinleyville Census Designated Place, Table S0101 for 2014 and 2019.

<sup>9</sup> MCSD, Draft Urban Water Management Plan 2020. Section 3.4: Service Area Population and Demographics.

<sup>10</sup> Estimated growth rate for the County is approximately 0.62% according to the 2017 Humboldt County General Plan Update.

<sup>11</sup> MCSD, Draft UWMP 2020.

## 2.7 Disadvantaged Unincorporated Communities

Disadvantaged unincorporated communities, or “DUCs,” are inhabited territories (containing 12 or more registered voters) where the annual median household income (MHI) is less than 80 percent of the statewide annual median household income.

The estimated 2019 MHI for McKinleyville CDP is \$54,614.<sup>12</sup> This is 77 percent of the estimated California MHI of \$71,228<sup>13</sup> which means the District qualifies as a DUC. McKinleyville and the nearby communities of Westhaven, Fieldbrook, and Glendale are also considered legacy communities which are disadvantaged communities not within the SOI of an incorporated City<sup>14,15</sup>. As such, special consideration will be given to the provision of water, wastewater, and fire services in the area.

## 2.8 Climate Change

The effects of climate change can vary greatly from region to region. Most notably in California there has been a shift to longer dryer summer months resulting in less precipitation and higher wildfire danger. Along the California coastline, climate change may result in lower water availability and groundwater recharge and sea level rise.

### Drought

Long term droughts occur from prolonged periods of limited water availability. This is typically caused but limited precipitation and runoff in a region. Located on the Pacific Ocean coastline, McKinleyville has historically experienced cooler temperatures, and frequent fog and precipitation. While previous drought conditions throughout the state have had a limited impact on MCSD<sup>16</sup>, it is unknown how future drought conditions may ultimately impact the region. In an effort to promote water conservation practices and help prevent a future water emergency, MCSD has developed a Water Shortage Contingency Plan that is meant to prepare for and respond to any water shortages<sup>17</sup>.

### Sea Level Rise

Sea level rise refers to an increase in the average sea level over time. Sea level rise is anticipated to affect the Northern California coastline in some way over the next 50 to 100 years with the most recent projections estimating three to seven feet in rise<sup>18</sup>. The most notable effects will likely occur in and around Humboldt Bay. More information on this can be found in the Sea Level Rise Adaptation Plan for Humboldt Bay/Eureka Slough Area.

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<sup>12</sup> US Census, ACS 2019 5-year Estimates, Table S1903 for McKinleyville Census Designated Place. Accessed January 14, 2021.

<sup>13</sup> US Census, ACS 2018 5-year Estimates, State of California, Table S1903. Accessed April 7, 2020.

<sup>14</sup> Humboldt LAFCo, Boundary Change Policies and Procedures. Adopted May 16, 2018. Chapter 7 – Disadvantaged Unincorporated Communities: Section 7.2(2).

<sup>15</sup> Humboldt County General Plan 2017. Appendix F – Map Book. Unincorporated Legacy Communities.

<sup>16</sup> The severe drought that ended in 1977 only resulted in a water emergency for the region. MCSD UWMP Appendix D – Humboldt Bay Municipal Water District Water Shortage Contingency Plan Draft 2020.

<sup>17</sup> MCSD, Urban Water Management Plan – Section 8: Water Shortage Contingency Planning. August 2021.

<sup>18</sup> GHD, Sea Level Rise Adaptation Plan for Transportation Infrastructure and other Critical Resources in the Eureka Slough Hydrographic Area. Section 1.7: Sea Level Rise Projections. March 2021.



McKinleyville sits atop a coastal bluff and is unlikely to be significantly impacted by sea level rise. The most vulnerable locations are low lying areas along the Mad River. In particular, six feet of sea level rise could inundate District properties along Fischer Avenue<sup>19</sup>. However, this area is currently uninhabited and used primarily for grazing. The only potentially significant impact would be potential inundation of Fischer Avenue which is utilized as part of the Hammond Trail between Arcata and McKinleyville.

## 2.9 Municipal Services

### Water Services

MCSD purchases water wholesale from the Humboldt Bay Municipal Water District (HBMWD) which it then provides to the communities of McKinleyville and Patrick's Creek. HBMWD is a water wholesaler that serves a large part of the County including McKinleyville, Arcata, the Samoa Peninsula, and Eureka. The source of HBMWD's water is several wells located along the Mad River which flows out of Ruth Reservoir located approximately 79 miles to the east. The wells are approximately 60 to 90 feet deep which provides for natural filtration. MCSD currently has a peak demand allocation of 2.6 million gallons per day (MGD)<sup>20</sup>.

The District receives water from HBMWD by way a single 18" transmission line that is buried under the Mad River<sup>21</sup>. Due to the proximity of several fault lines in the area, the line is at risk from severe ground shaking and could rupture in the event of a large earthquake. The District is aware of this risk and is working on developing additional emergency storage.

The District currently maintains approximately 88 miles of distribution mains over four pressure zones<sup>22</sup> (Figure 3). The distribution system is in generally good condition. However, approximately half of the system was installed in the 1970's and is nearing the end of its useful life. In order to address this, the District has been working on a Water Main Line Replacement and Rehabilitation Master Plan. The plan takes a comprehensive look at the existing water system and identifies necessary steps and timelines for replacement of aging infrastructure. According to the plan, the District will need to spend approximately \$1 million every year on water main replacements in order to achieve 80% system replacement over the next 100 years<sup>23</sup>. By taking steps to plan for infrastructure updates early on, the District is able to better identify necessary rate increases and other funding mechanisms to ensure continued fiscal stability.

MCSD reports overall very good water quality for the District based on regular water quality testing and the most recent consumer confidence reports<sup>24</sup>. Average daily demand for the District was approximately 1.1 MGD in 2019 based on a total

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<sup>19</sup> National Oceanic and Atmospheric Administration, Sea Level Rise Viewer: 6 feet. Accessed October 14, 2021, from <https://coast.noaa.gov/digitalcoast/tools/slr.html>.

<sup>20</sup> MCSD, 2020 Urban Water Management Plan – Section 6.3 Surface Water. August 2021.

<sup>21</sup> Kennedy Jenks, 4.5MG Water Reservoir Preliminary Design Report – Section 1.1. January 2021.

<sup>22</sup> MCSD, 2020 UWMP – Section 3.1 General Description.

<sup>23</sup> GHD, MCSD Water Main Replacement and Rehabilitation Master Plan Phase 2. January 2019.

<sup>24</sup> MCSD, Consumer Confidence Report 2020.



consumption of 405.3 MG (see Table 2). Reported water demand for 2020 was slightly higher at 450MG or 1.23 MG average daily demand<sup>25</sup>. This is approximately 47% of the Districts allocation from HBMWD and indicates there is enough water to meet current and future demands.

MCSD currently has six storage tanks at three sites totaling 5.25MG. This equals approximately two days of emergency water supply for the community<sup>26</sup>. However, due to the seismic vulnerability of the main transmission line from HBMWD, the District seeks to have five days of emergency water supply and is therefore in the process of preliminary design and permitting for a new 4.5MG water reservoir off of Cochran Road. The addition of this tank would provide another two days of emergency water supply.

**Table 2: 2019 Water Demand**

Million Gallons Per Month			
Month	Residential	Commercial	Total
January	25.528	3.953	29.481
February	23.769	3.217	26.986
March	25.814	3.996	29.81
April	25.106	3.384	28.49
May	26.687	3.735	30.422
June	28.274	3.647	31.921
July	36.757	7.16	43.917
August	39.067	4.52	43.587
September	37.981	4.661	42.642
October	32.104	4.068	36.172
November	26.997	3.761	30.758
December	27.396	3.724	31.12
<b>Total</b>	<b>355.48</b>	<b>49.826</b>	<b>405.306</b>

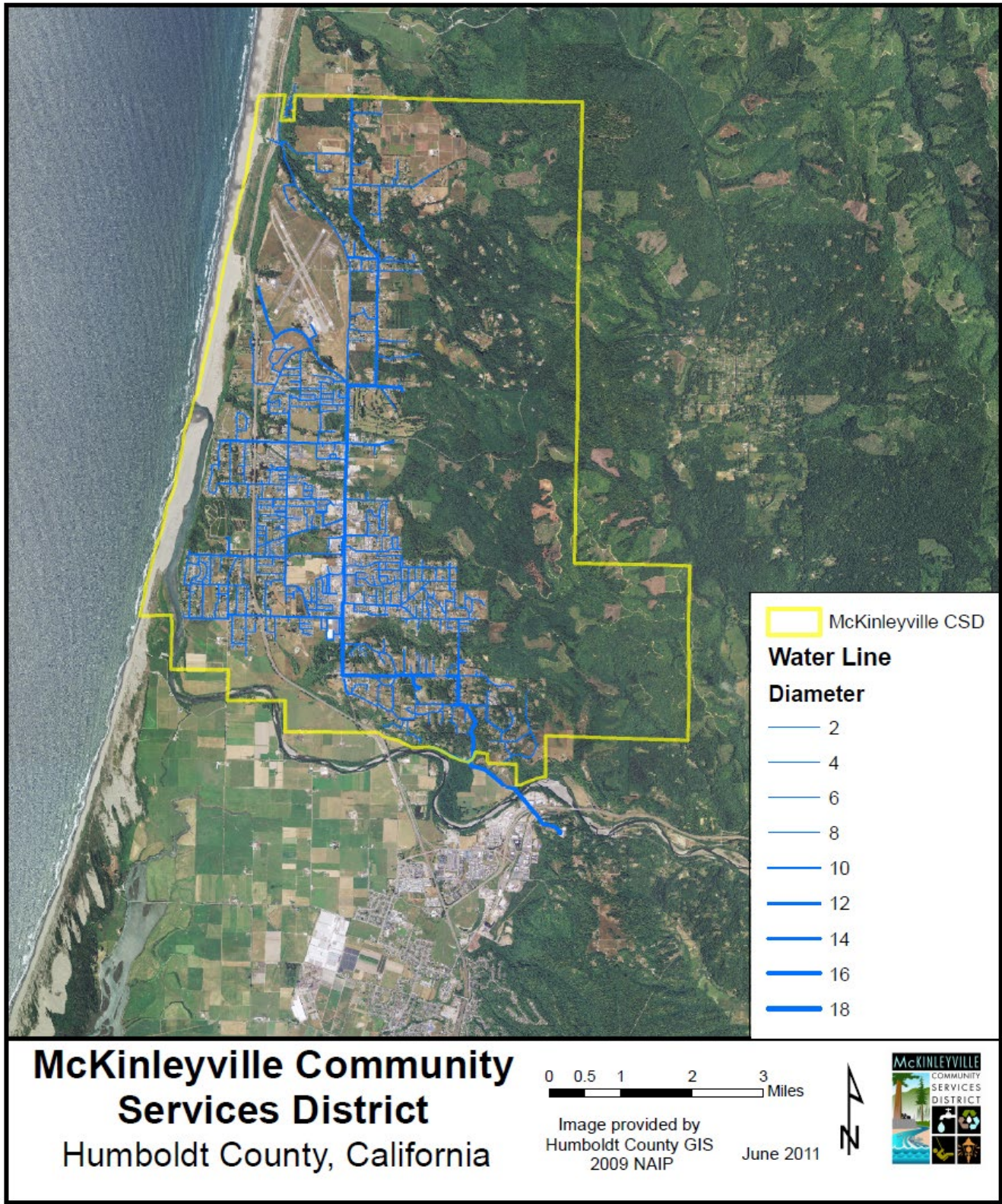
The District also maintains an emergency intertie with the City of Arcata that was installed in 2013. In the event of an emergency, the intertie can be activated to provide water between the two systems. The water in the intertie has the potential to become stagnant. However, in order to prevent the water from becoming stagnant and to maintain a chlorine residual, a metered bypass was installed and a minor flow of water is continually passed through the pipe. The City of Arcata pays the District for the water that is used<sup>27</sup>.

<sup>25</sup> MCSD, 2020 UWMP – Section 4.2.

<sup>26</sup> Kennedy Jenks, 4.5MG Water Reservoir Preliminary Design Report. January 2021.

<sup>27</sup> MCSD, 2020 UWMP – Section 4.2: Past, Current, and Project Water Use by Sector (Transfers to Other Agency).

Figure 3: Water Lines





## Water Rates

Water rates in the District are calculated based on meter size and water use. Customers are charged a base rate every month based on the size of the meter at the property and then charged a use fee based for every 100 cubic feet of water<sup>28</sup>. The District currently uses a tiered system so that the more water is used, the more it will cost per 100 cubic feet. The District has set annual rate increases that will take place until FY 2023 at which point the rates will be reassessed.

**Table 3: MCSD Water Base Rates**

Meter Size*	FY 2021	FY 2022	FY 2023
5/8 Inch	\$ 18.68	\$ 19.80	\$ 20.39
¾ Inch	\$ 26.71	\$ 29.11	\$ 30.59
1 Inch	\$ 42.59	\$ 47.52	\$ 50.98

\* MCSD has meters ranging from 5/8 inch up to 8 inches.

**Table 4: MCSD Water Use Rates**

Use Level (per 100 cu.ft.)	FY 2021	FY 2022	FY 2023
Block 1: 0 to 8 CCF	\$ 1.78	\$ 1.89	\$ 1.95
Block 2: Over 8 CCF	\$ 4.45	\$ 4.73	\$ 4.88

## Out of Agency Service Connections

MCSD has several legacy connections within the City of Arcata's SOI on the south bank of the Mad River. The District provides water services to several industrial customers, including Eureka Ready Mix in the Boyd Road area. However, according to a Memorandum of Understanding between the District and the City, the City will take on water service for the Eureka Ready Mix property in the event that Eureka Ready Mix wishes to further subdivide its property. MCSD is also not allowed to install any additional water service connections or meters to the Eureka Ready Mix property, or otherwise expand or enlarge the Eureka Ready Mix water service<sup>29</sup>.

MCSD also has an existing agreement to supply water to the Patrick Creek CSD located at the northern edge of McKinleyville off of Little River Drive. When the Patrick Creek CSD was originally formed, they relied on wells within their District to serve the small community there. However, the system proved difficult to maintain and was transferred to MCSD in 1973. Customers in Patrick Creek CSD purchase water directly from MCSD as established by a Joint Powers Agreement between the two districts which sunsets in June 2033<sup>30</sup>.

Due to potential development at the Trinidad Rancheria located just south of the city of Trinidad, HBMWD has begun discussion with MCSD regarding "wheeling" of water

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<sup>28</sup> 100 cubic feet of water equals approximately 748 US liquid gallons.

<sup>29</sup> McKinleyville CSD and City of Arcata, Memorandum of Understanding Pertaining to the Annexation of the Eureka Ready Mix Parcel, March 7, 2016. Mutually agreed terms Item #2.

<sup>30</sup> Joint Powers Agreement for Provision Water Services to Patrick Creek Community Services District. Signed February 27<sup>th</sup>, 1973.

through the MCSD system for a mainline extension up to the Trinidad area<sup>31</sup>. While the project is still within early stages of planning and development, should it move forward, it would require additional agreements between MCSD and HBMWD.

#### Services Included Under Water Powers

In accordance with GC §61100(a), a CSD may “supply water for any beneficial uses, in the same manner as a municipal water district, formed pursuant to the Municipal Water District Law of 1911, Division 20 (commencing with Section 71000) of the Water Code”. This allows the District to conduct a wide range of activities related to the development and sale of water. According to Water Code §71610:

*“. . . a district may acquire, control, distribute, store, spread, sink, treat, purify, recycle, recapture, and salvage any water, including sewage and storm waters, for the beneficial use or uses of the district, its inhabitants, or the owners of rights to water in the district”.*

Based on the above language, the District is lawfully able to recycle wastewater for irrigation as it does at the Fischer property and capture stormwater for groundwater recharge.

#### **Wastewater Services**

The District provides wastewater services to approximately 6,280 ‘service units’ which includes residences (including individual apartments), as well as business and commercial units. Wastewater is transported through 73 miles of sewer mains to a wastewater treatment plant located in between Hiller Park and the Mad River off of Fischer Avenue<sup>32</sup> (Figure 4). The facility was last upgraded in 2017 and has a current dry weather capacity of 1.37 MGD, wet weather capacity of 1.69 MGD, and peak capacity of 3.08 MGD.

Demand can vary throughout the year based on weather conditions with the highest demand typically in the wet weather months of February, March, and April. In 2019 the plant treated a total of 356.7 MG of influent (Table 5). The highest reported month was March with a total of 41.023 MG or approximately 1.3 MGD which is below the wet weather design capacity and less than half of its peak capacity. This indicates that there is sufficient capacity to manage current and future demand.

Like the water system, approximately half of the sewer force mains are from the 1970’s and nearing the end of their useful life. While much of the system is still in good condition there are a couple areas of concern. There are existing capacity issues with the middle and southern Highway 101 crossings in the District and a portion of the main along Central Avenue has been severely corroded by sewer gas and will need to be replaced in the next five to ten years<sup>33</sup>.

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<sup>31</sup> Wheeling water refers to conveying water through the unused capacity in a pipeline by another water provider. In this instance, water intended for the Trinidad Rancheria would be passed through the MCSD system in order to reach the proposed main line extension from Clam Beach.

<sup>32</sup> GHD, MCSD Sanitary Sewer Main Line Replacement and Rehabilitation Master Plan – Section 1.2. January 2019.

<sup>33</sup> GHD, Sanitary Sewer Line Master Plan – Section 1.2.



Figure 4: Wastewater System

Sewer Main Line  
TYPE  
— Gravity  
- - Pressure



**Table 5: Influent Treated in 2019**

<b>Month</b>	<b>Influent (MG)</b>
January	29.994
February	37.085
March	41.023
April	35.358
May	30.449
June	26.802
July	26.073
August	26.201
September	25.459
October	24.917
November	24.495
December	28.827
<b>Total</b>	<b>356.683</b>

In an effort to better identify and plan for necessary repairs, the District has developed a Sanitary Sewer Main Line Replacement and Rehabilitation Master Plan. Phase I of the plan took a comprehensive look at the existing infrastructure including sizing, useful life of materials, and other factors to determine the timeline of repairs for the system. Phase II discusses the different types of replacement methods and costs. Based on the plan, the District will need to begin investing approximately \$1 million per year for sewer line replacements in order to maintain an adequate level of service and prevent major system issues<sup>34</sup>.

Due to the systems overall good condition groundwater and stormwater typically does not impact influent volume. Based on wet weather flow monitoring performed by the District, infiltration and inflow (I/I) into the District's sanitary sewer system is below what would typically be expected for a system of this age<sup>35</sup>.

#### Sewer Rates

Sewer rates are calculated on a monthly basis and are based on the total amount of water delivered to the property. Each customer pays a base charge of \$33.58 and then a volumetric charge of \$1.01 to \$16.86 per 100 cubic feet depending on the use of the property. The MCSD Board has set rate increases that will take effect until FY2023 at which point rates will be reassessed. A small list of common use types and charges are listed below.

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<sup>34</sup> GHD, Sanitary Sewer Line Master Plan – Section 3.1.

<sup>35</sup> MCSD General Manager Pat Kaspari, PE. Personal Communication (Email). October 14, 2021.

**Table 6: MCSD Sewer Rates**

Use	FY 2021	FY 2022	FY 2023
Base Charge	\$ 33.58	\$ 34.59	\$ 35.63
Apartment/ Multi-Unit	\$ 2.81	\$ 2.89	\$ 2.98
Market	\$ 11.18	\$ 11.56	\$ 11.92
Motel/ Hotel	\$ 7.33	\$ 7.37	\$ 7.45
Restaurant/ Tavern	\$ 12.79	\$ 13.81	\$ 14.90
Single Family Residential	\$ 2.81	\$ 2.89	\$ 2.98

Services Included Under Wastewater Powers

In accordance with GC §61100(b), a CSD may “Collect, treat, or dispose of sewage, wastewater, recycled water, and storm water, in the same manner as a sanitary district, formed pursuant to the Sanitary District Act of 1923, Division 6 (commencing with Section 6400) of the Health and Safety Code”. This allows the District to provide a wide range of services related to wastewater. The following Health and Safety Code (HSC) sections are applicable to current district operations:

HSC §6512: *[The District] A district may acquire, plan, construct, reconstruct, alter, enlarge, lay, renew, replace, maintain, and operate garbage dumpsites and garbage collection and disposal systems, sewers, drains, septic tanks, and sewerage collection, outfall, treatment works and other sanitary disposal systems, and storm water drains and storm water collection, outfall and disposal systems, and water recycling and distribution systems, as the board deems necessary and proper. . .*

HSC §6520.7: *[The District] may sell, or otherwise dispose of, any water, sewage effluent, fertilizer, or other byproduct resulting from the operation of a sewerage system, sewage disposal plant, refuse disposal plant or process, or treatment plant, and construct, maintain, and operate such pipelines and other works as may be necessary for that purpose.*

HSC §6520.9: *[The District] may construct, maintain, and operate such pipelines or other works as may be necessary to conserve and put to beneficial use any water or recycled effluent recovered from the operation of the wastewater system, plant, or works, by sale or disposition for agricultural or industrial purposes, or by discharging or spreading the water or recycled effluent in such a manner as to percolate into the underground gravels and replenish the natural water resources.*

Based on the above language, the District is lawfully able to construct and utilize recycled water systems and produce biosolids from wastewater treatment systems. Additionally, the application of treated wastewater to agricultural fields is a common practice and has been utilized by the District since the 1980's.



### Street Lighting Services

The District currently owns and maintains 400+ streetlights in over 95 different lighting zones. District residents pay a monthly surcharge based on what zone they are in to fund electricity charges, annual maintenance of the system, and any necessary replacements. In FY21/22, the District budgeted \$40,000 to continue with pole inspection and reporting that will identify and prioritize replacement needs. An additional \$7,000 has been set aside for photocell (light) replacement<sup>36</sup>.

### Recreation Services

MCSD is able to provide a range of recreation and open space opportunities to area residents (Figure 5). These include recreation facilities and programs, parks, and trails. Many of the District's facilities and parks can be rented for both private and public events which helps cover the costs of operations and maintenance. These services complement other park and recreation facilities in the area such as the Mad River Bluff Trail system managed by the McKinleyville Land Trust.

**Table 7: MCSD Recreation Services**

Parks	Facilities
<ul style="list-style-type: none"> <li>• Hiller Park</li> <li>• Hiller Sports Complex</li> <li>• Pierson Park</li> <li>• Larissa Park</li> </ul>	<ul style="list-style-type: none"> <li>• Azalea Hall</li> <li>• McKinleyville Activity Center</li> <li>• McKinleyville Teen &amp; Community Center</li> <li>• McKinleyville Library</li> <li>• Law Enforcement Facility</li> </ul>
Trails	Programs
<ul style="list-style-type: none"> <li>• Hiller Park Loop Trails</li> <li>• Mid Town Trail</li> <li>• School Road Trail</li> </ul>	<ul style="list-style-type: none"> <li>• Summer Kids Camp</li> <li>• Paint Classes</li> <li>• Birthday Parties</li> <li>• Chalk the Town</li> <li>• School Break Camps</li> <li>• Youth Sports</li> <li>• Virtual Recreation and Wellness</li> </ul>

MCSD maintains a Parks and Recreation Advisory Committee which is discussed further in Section 2.9: Organizational Structure. This community driven committee provides feedback to the District on parks and recreation needs. Currently the Committee is overseeing planning for a BMX and skate park and a community forest<sup>37</sup>.

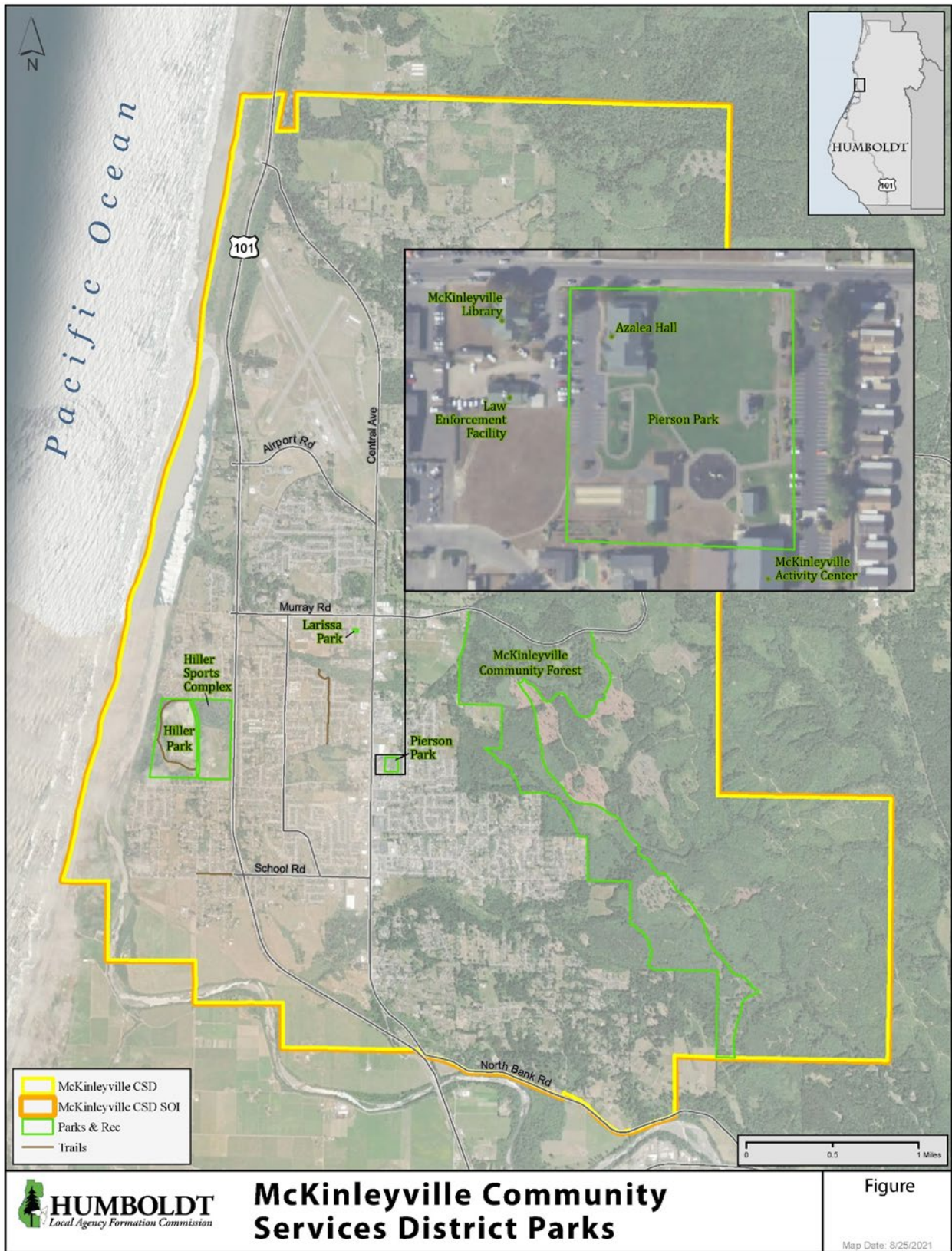
In addition to general parks and recreation facilities, the District owns the McKinleyville Library and Law Enforcement Facility. The library is home to the McKinleyville branch of the Humboldt County Public Library system. The county operates the library while the District maintains the building and grounds. The Law Enforcement Facility is located adjacent to the library and is operated by the Humboldt County Sheriff's Department.

<sup>36</sup> MCSD, Approved Budget for FY2021-22: Exhibit 11. Adopted June 2, 2021.

<sup>37</sup> MCSD, Parks and Recreation Committee (PARC) Meeting Minutes for June 17, 2021.



Figure 5: MCSD Recreation Facilities



In 1995, the District conducted proceedings for activation of library powers. This included working through the LAFCo process and holding an election which received 78.65% voter approval. As such, LAFCo considers library powers to be active for the district. While the District does not directly provide these services, they do work with the County to ensure that adequate library services are provided to the community. The District also recently passed Ordinance 2021-05 which further establishes and clarifies their library powers<sup>38</sup>.

Due to the COVID-19 Pandemic, Parks & Recreation is only running one program-an afternoon recreation program for elementary school children. When state and county guidelines allow, we will return to offering youth and adult sports programs as well as leisure classes, playgroups and day camps.

### Community Forest

As mentioned above, the District is in the process of establishing a community forest. In 2020 the Trust for Public Lands (TPL) was informed of the intent to be awarded \$3.8 million by the California Natural Resources Agency for the acquisition of land to create the McKinleyville Community Forest. TPL will be purchasing 550+ acres of forest property from Green Diamond Resource Company that is located on the eastern edge of town<sup>39</sup>, and transfer it to the District. The District will be responsible for the management of the forest and the development of trails and other recreation opportunities. There is also an opportunity for the District to actively manage timber for sales which could help offset costs of managing recreational access.

### Services Included Under Park Powers

In accordance with GC §61100(e), the District may "Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, in the same manner as a recreation and park district formed pursuant to the Recreation and Park District Law. . .". Applicable Public Resources Code (PRC) includes:

*PRC §5786: (a) Organize, promote, conduct, and advertise programs of community recreation, including, but not limited to, parks and open space, parking, transportation, and other related services that improve the community's quality of life.*

*(b) Establish systems of recreation and recreation facilities, including, but not limited to, parks and open space.*

*(c) Acquire, construct, improve, maintain, and operate recreation facilities, including, but not limited to, parks and open space, both inside and beyond the district's boundaries.*

Based on the above language the District is lawfully able to improve parcels and take on construction activities for maintenance and operation of recreation and open space

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<sup>38</sup> MCSD, Ordinance 2021-05: Adding Section 68.04 to Regulation 68, Latent Powers of Article VI: Miscellaneous, Addressing Library Powers of the MCSD Rules and Regulations. Adopted July 7, 2021.

<sup>39</sup> MCSD, Community Forest Press Release. December 17, 2020.

facilities. This includes all property owned by the District and any that is jointly managed with other entities such as the future Community Forest, Mad River access, and beach access.

### Other Service Providers

In addition to MCSD, a number of other entities provide vital services to the McKinleyville community. Other local government agencies that provide services within the boundaries of the MCSD include:

- Humboldt Bay Municipal Water District (wholesale drinking water provider)
- Humboldt Bay Harbor Conservation and Recreation District (countywide service provider of harbor management and Humboldt Bay resource conservation)
- Humboldt County Resource Conservation District (countywide service provider of soil conservation, agricultural services support, habitat conservation)
- North Coast Emergency Medical Services Authority (regional emergency medical services system manager including first responder and ambulance service-ambulance services provided by Arcata-Mad River Ambulance Service)
- Humboldt County (countywide provider of general government, roads, drainage, law enforcement)

A more detailed description of fire and law enforcement services is described below.

#### Fire Protection and Emergency Response

Fire protection and emergency response services are provided by the Arcata Fire Protection District (AFPD). The AFPD is an independent special district that serves the communities of Arcata, McKinleyville, Manila, Bayside, and Jacoby Creek. Within their 62 square mile boundary they operate three fire stations that are staffed with a minimum of two on-duty firefighters. In 2020 they responded to over 3,000 service calls including 57 structure fires, 79 vehicle accidents, and over 1,500 medical incidents<sup>40</sup>. More information can be found in the 2017 Humboldt Bay Regional Fire Services MSR.

#### Law Enforcement

As mentioned previously, the Humboldt County Sheriff's Office is responsible for providing law enforcement services in and around McKinleyville. In 2020, the McKinleyville substation responded to over 13,000 calls for service, conducted 217 arrests, and filed 295 felony and 572 misdemeanor reports. This accounts for approximately 21% of total service calls in 2020<sup>41</sup>.

The Sheriff's Office also operates the Humboldt County Animal Shelter located at 980 Lycoming Avenue in McKinleyville. The shelter provides medical care for rehoming for stray and abandoned animals throughout the county. In 2020 the shelter also assisted

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<sup>40</sup> Humboldt County Fire Chiefs' Association. Draft 2020 Annual Report.

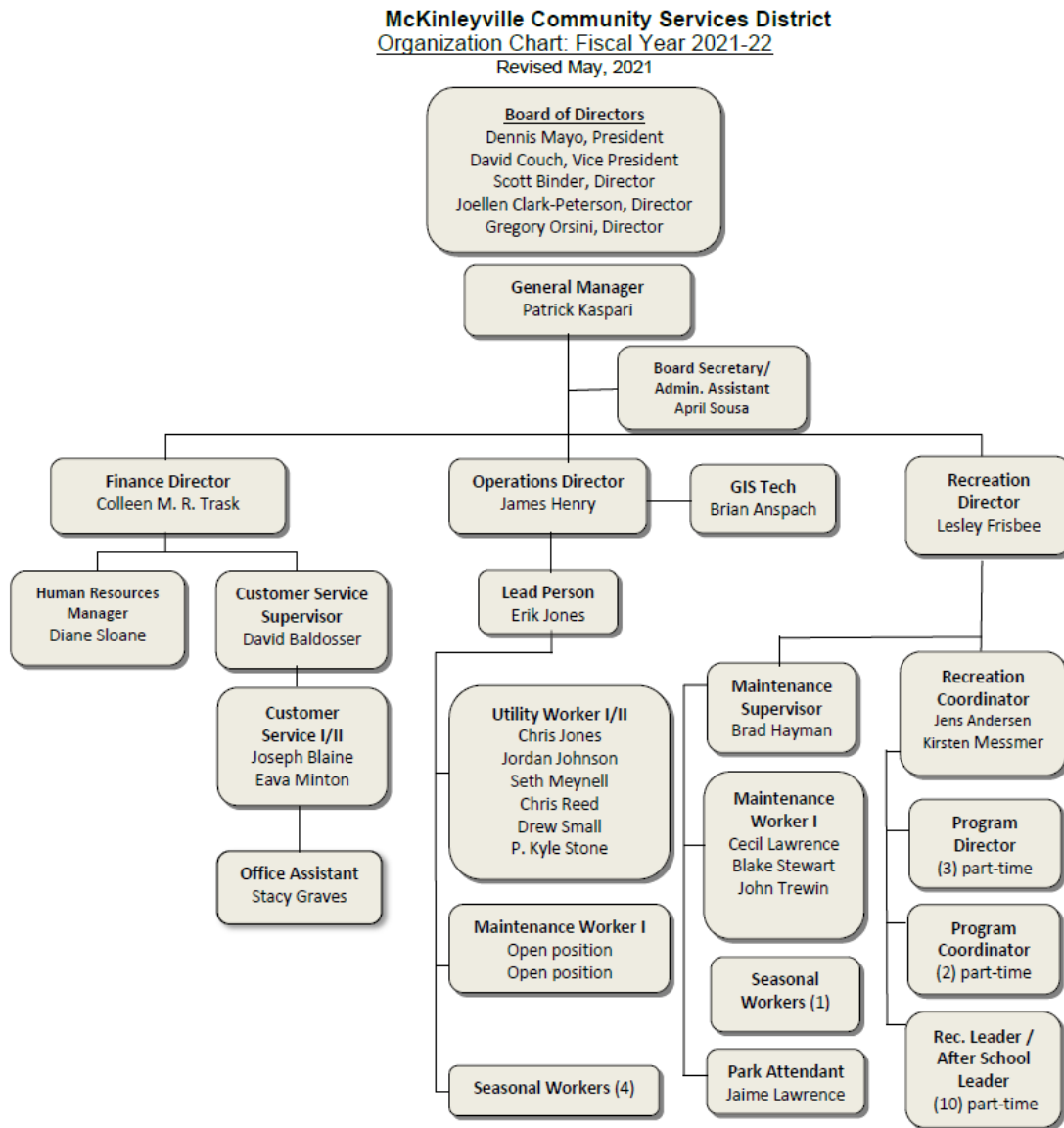
<sup>41</sup> Humboldt County Sheriff's Office. 2020 Annual Report. Accessed from <https://humboldt.gov.org/2637/Annual-Report> on October 14, 2021.

with wildfire evacuation efforts by providing a regional wildfire evacuation shelter for small to large animals and the Humboldt County Fairgrounds<sup>42</sup>.

## 2.10 Organizational Structure

MCSD is governed by a five-member Board of Directors that are elected to staggered four year terms. Board meetings are typically held on the first Wednesday of the month at 7:00pm at Azalea Hall unless otherwise noticed. Board members receive \$125 per meeting up to a maximum of \$750 per month (six meetings)<sup>43</sup>.

**Figure 6: Organizational Chart**



<sup>42</sup> HCSO, 2020 Annual Report.

<sup>43</sup> MCSD Ordinance 2012-01. An Ordinance of the McKinleyville community Services District Amending the Board Policy Manual to Revise the Board of Directors Compensation Rate. Adopted April 4, 2012.



**Table 8: MCSD Board of Directors**

<b>Board Member</b>	<b>Title</b>	<b>Term Expiration</b>
<b>Dennis Mayo</b>	President	December 2022
<b>David Couch</b>	Vice President	December 2022
<b>Scott Binder</b>	Member	December 2024
<b>Joellen Clark-Peterson</b>	Member	December 2022
<b>Greg Orsini</b>	Member	December 2024

MCSD also maintains a Parks and Recreation Advisory Committee that provides input on District owned and operated recreation facilities as well as the needs and desires of the community for updated or expanded facilities. This unique committee is made up of nine members, of which two may be high school students. Committee composition includes one McKinleyville Area Fund representative, one MCSD Board representative, and seven public members with two alternates. The committee typically meets every third Thursday at 6:30pm at the MCSD conference room unless otherwise noticed.

This District currently maintains 29.5 full time equivalent employees in both full-time and part-time positions. These include the District Manager, department directors, and support staff.

### **McKinleyville Municipal Advisory Committee**

The McKinleyville Municipal Advisory Committee (MMAC), formed by the Humboldt County Board of Supervisors in 2012, is comprised of eight voting members including three members appointed by the 5<sup>th</sup> District Supervisor, three members appointed by the full Board of Supervisors, and two members representing MCSD (i.e., a Board Member and the General Manager). The committee provides recommendations to the County on the need for and adequacy of services provided by the County and also has the ability to provide input on land use and zoning updates in the McKinleyville area<sup>44</sup>. Most recently, MMAC has been reviewing and providing input on the McKinleyville Town Center Master Plan.

MCSD and MMAC have recently started working more closely together on services planning for the area. The MCSD General Manager, Board President, MMAC Chair, and 5<sup>th</sup> District Humboldt County Supervisor are to meet monthly and a joint meeting of the MCSD Board and MMAC is scheduled to occur annually. MCSD is also providing support though in kind services for MMAC including providing a regular meeting space for the committee and letters of support for grant funding<sup>45</sup>.

### **McKinleyville Incorporation**

As one of the largest and most populated areas of Humboldt County, McKinleyville is considered a candidate for potential incorporation. Incorporation is defined as the

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<sup>44</sup> Humboldt County, Boards and Commissions, McKinleyville Municipal Advisory Committee. Accessed July 29, 2021 from <https://humboldt.gov/org/238/McKinleyville-Municipal-Advisory-Committ>.

<sup>45</sup> MCSD, Resolution 2021-07: Revising the Board Policy Manual, Appendix A, to Formalize Support for the MMAC and Clarify the Board's Role and Responsibilities. Adopted April 7, 2021.

creation or establishment of a new city with corporate powers. At least 500 registered voters must reside within the proposed territory. Most cities incorporate to gain local control of land use decisions and to access new revenues to support local services. Incorporation shifts local government responsibility for an unincorporated area under the jurisdiction of a county board of supervisors to a newly established city council. City incorporation requires LAFCo approval and majority voter approval as part of an election. The long-term financial viability of a city is key to LAFCo approval of an incorporation proposal, including requiring revenue neutrality<sup>46</sup>, a comprehensive fiscal analysis, and a plan for services. While the idea has been discussed several times in the past, there has been no major community support that has led to a preliminary feasibility study for McKinleyville incorporation and MCSD remains neutral on the topic.

## 2.11 Accountability and Transparency

The District maintains a website in compliance with SB929. Board agendas and notices are posted at least 72 hours in advance of scheduled Board meetings in accordance with the Ralph M. Brown Act and meeting minutes are posted on the District's website when available. The District office located at 1656 Sutter Road is also open to the public Monday through Friday. District staff are available to take account payments, assist with recreation program registrations, and answer general questions.

Financial documents including budgets and audits are prepared on an annual basis in accordance with CSD law. Annual budgets are submitted to the County Auditor/Controller once approved and financial information is regularly submitted to the State Controller's office<sup>47</sup>.

## 2.12 Financial Overview

### Fees for Services

The District budgeted for gains in the past five financial years. Water and wastewater revenues and expenses account for a majority of the budget. The most recent rate study was completed in 2018. The District did anticipate a loss of revenue from the Covid-19 pandemic, most notably in Parks and Recreation. The reduction was primarily due to the cancellation of programs and the closing of facilities for public meetings, gatherings etc. The District was able to adjust expenditures in personnel costs by redistributing workloads to other departments and using fewer part-time and seasonal employees. Revenues are expected to rebound throughout FY21/22 but will likely remain lower than pre-covid amounts.

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<sup>46</sup> Revenue Neutrality (GC 56815) - Any proposal that includes an incorporation should result in a similar exchange of both revenue and responsibility for service delivery among the county, the proposed city, and any other subject agencies.

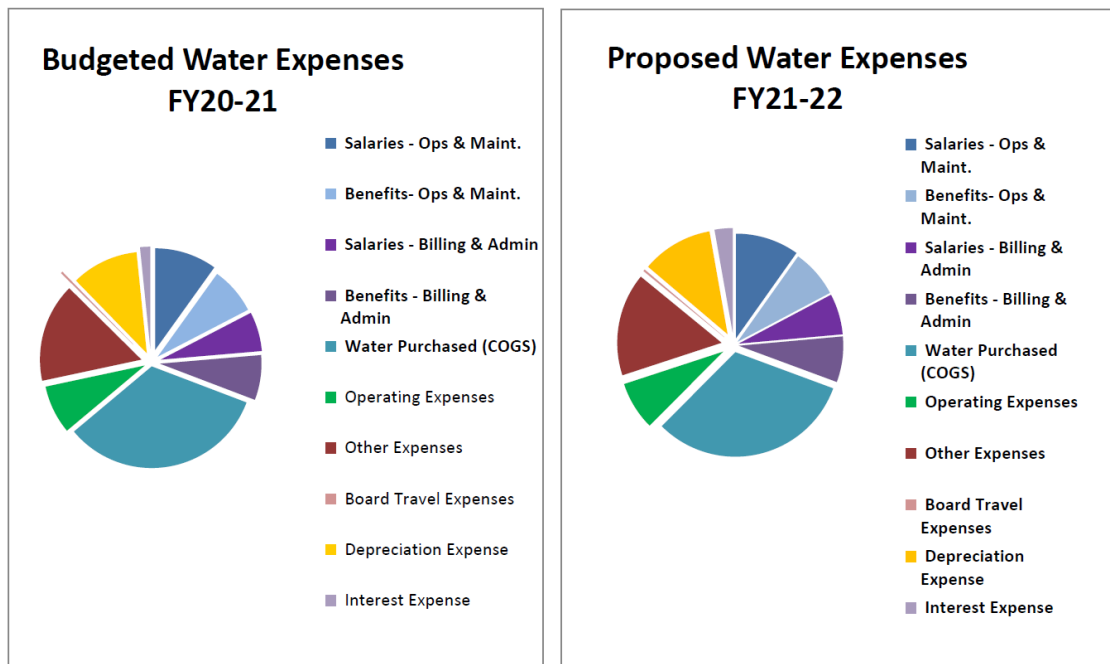
<sup>47</sup> California State Controller's Officer, By the Numbers: Special Districts Financial Data. Accessed July 29, 2021 from [https://districts.bythenumbers.sco.ca.gov/#!/year/2019/revenue/0/district\\_type/Independent/0/activity/Community+Services/0/county/Humboldt/0/entity\\_name/McKinleyville+Community+Services+District/0/category](https://districts.bythenumbers.sco.ca.gov/#!/year/2019/revenue/0/district_type/Independent/0/activity/Community+Services/0/county/Humboldt/0/entity_name/McKinleyville+Community+Services+District/0/category).

**Table 9: MCSD Annual Budget Summary**

Category	FY 17-18	FY 18-19	FY 19-20	FY 20-21	FY 21-22
Water	4,044,493	4,142,409	4,041,697	4,488,043	6,175,268
Recreation	1,433,910	1,295,612	1,322,896	1,094,628	1,250,216
Lighting	101,250	107,416	112,270	116,818	119,435
Wastewater	3,822,457	4,099,852	4,255,674	6,240,769	6,486,869
Measure B	-	210,000	212,512	224,332	225,004
<b>Revenues</b>	<b>9,402,110</b>	<b>9,855,289</b>	<b>9,945,049</b>	<b>12,164,590</b>	<b>14,256,792</b>
Water	2,828,439	2,829,489	3,234,714	3,390,101	3,625,938
Recreation	1,469,393	1,294,964	1,300,634	1,089,509	1,244,475
Lighting	101,076	104,136	101,844	90,826	136,676
Wastewater	3,205,046	2,709,535	3,404,813	3,536,184	3,777,967
Measure B	-	209,799	212,124	223,361	224,499
<b>Expenditures</b>	<b>7,571,848</b>	<b>7,147,923</b>	<b>8,254,129</b>	<b>8,329,981</b>	<b>9,009,555</b>
<b>Gain/ (Loss)</b>	<b>\$1,830,262</b>	<b>\$2,707,366</b>	<b>\$1,690,920</b>	<b>\$3,834,609</b>	<b>\$5,247,237</b>

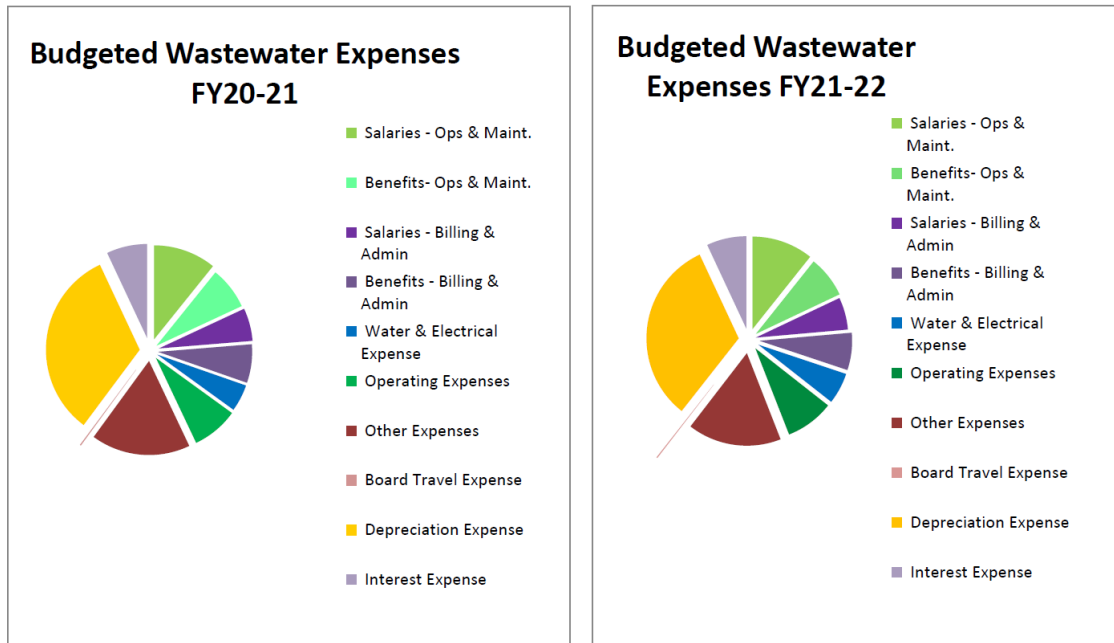
The charts below show the major expense categories for water and wastewater services. The largest expense is salaries and benefits for District personnel that keep things running smoothly and ensure the water stays on. The next largest expense is generally depreciation of assets such as pipelines and equipment.

**Figure 7: Water Expenses**



Source: MCSD FY2021-22 Approved Budget

**Figure 8: Wastewater Expenses**



Source: MCSD FY2021-22 Approved Budget

**District Audits**

MCSD contracts for annual audits with an impartial third party accounting firm. The last audit available is for FY19/20 and was conducted by Fedak & Brown LLP. Over the last five fiscal years the District has shown an increase in overall net position of more than \$3 million. This indicates the District has sound financial planning and is able to grow its net position over time. This will allow the District to plan for increasing expenses and large capital outlays.

**Table 10: MCSD Audit Summary**

Category	FY 15-16	FY 16-17	FY 17-18	FY 18-19	FY 19-20
District Revenues	8,609,252	8,631,360	9,285,671	10,689,551	10,800,937
District Expenses	5,890,969	6,259,333	7,455,068	7,984,112	8,474,980
Total <b>Gain/ (Loss)</b>	<b>2,718,283</b>	<b>2,372,027</b>	<b>1,830,603</b>	<b>2,705,439</b>	<b>2,326,257</b>
<b>Net Position Year End</b>	<b>\$27,586,386</b>	<b>\$29,958,413</b>	<b>\$26,021,854</b>	<b>\$28,727,293</b>	<b>\$31,053,550</b>

District revenues are primarily from fees for services including water and wastewater service charges and recreation program fees. In FY19/20, the District reported over \$8 million in fees for services accounting of approximately 75% of total revenues. Additional revenue comes from grants, property taxes, and voter approved special assessments including Measure B for parks, open space, and recreational facilities, which was renewed for 20 years in FY2012/13.



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## 3.0 MCKINLEYVILLE MSR DETERMINATIONS

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As set forth in Section 56430(a) of the CKH Act- In order to prepare and to update the SOI in accordance with Section 56425, the commission shall conduct a service review of the municipal services provided in the county or other appropriate area designated by the commission. The commission shall include in the area designated for a service review the county, the region, the sub-region, or any other geographic area as is appropriate for an analysis of the service or services to be reviewed, and shall prepare a written statement of its determinations with respect to each of the following:

**(1) Growth and population projections for the affected area**

- a) The District estimates a total population of 17,190. With an estimated growth rate of 0.74%, there could be 18,400 residents in the District by 2030.
- b) As the largest unincorporated community in Humboldt County, McKinleyville is expected to grow at the same rate if not faster than other unincorporated areas.

**(2) The location and characteristics of any disadvantaged unincorporated communities within or contiguous to the sphere of influence**

- a) McKinleyville Census Designated Place had a 2019 estimated MHI that is 77% of the State MHI which qualifies it as a DUC. The MCSD adequately provides water and wastewater services to the community and fire protection services are provided by the Arcata Fire Protection District.
- b) The communities of Westhaven to the north and Fieldbrook and Glendale to the east are also considered DUCs. Both of these communities are served by separate CSDs (i.e., Westhaven CSD and Fieldbrook-Glendale CSD).

**(3) Present and planned capacity of public facilities and adequacy of public services, including infrastructure needs or deficiencies.**

- a) The District currently uses approximately 47% of its allocation from HBMWD which indicates there is enough water supply to meet current and future demands.
- b) The current transmission line from HBMWD is susceptible to failure from seismic activity. In the event of a break in this line, the District currently has 5.25MG of water storage which is the equivalent of two days of emergency supply. The District is currently working on development of an addition 4.5MG water reservoir in order to increase emergency backup supply.
- c) The District's wastewater treatment facility was upgraded in 2017 and has a peak demand capacity of 3.08MGD. Based on peak usage in 2019 (1.3MGD) there is adequate capacity to meet current and future demand.
- d) The District has completed an assessment of both their water and wastewater distribution systems which will need to be continuously upgraded to prevent pipeline failures. A plan has been put in place to ensure there are enough reserve funds to take on yearly replacement projects and ensure continued service to the community.

- e) The District provides a wide range of park and recreation activities for the community and is continuing coordination with outside entities on development of a community forest.
- f) The District currently maintains over 400 streetlights and has been working on inspections to prioritize pole replacement needs. Additional funding has also been set aside for light replacement when needed.

**(4) Financing ability of agencies to provide services.**

- a) The District adopts an annual budget in accordance with CSD law and conducts regular audits which are made available to the public on their website.
- b) Over the last five fiscal years, the District has budgeted for a net gain in revenues. This will allow the District to build up funds to support major capital outlay projects.
- c) The District's overall position has increase by approximately 12% over the last five fiscal years from \$27.6 million in FY2015/16 to \$31.1 million in FY2019/20. This indicates the District is in good standing and is able to adequately cover annual expenses.

**(5) Status of and, opportunities for, shared facilities**

- a) MCSD currently leases out buildings to both the Humboldt County Library and Sheriffs Department for provision of services to the community.
- b) MCSD maintains an emergency intertie with the City of Arcata and has worked on upgrading the intertie to ensure high quality water can be delivered when needed.
- c) MCSD provides water directly to the Patrick Creek CSD though an existing services agreement. Residents in Patrick Creek are directly billed by the District and the District is responsible for maintaining pipelines in the area.

**(6) Accountability for community service needs, including governmental structure and operational efficiencies.**

- a) The District is governed by a five-member Board of Directors elected to staggered four-year terms. It also facilitates a Parks and Recreation Advisory Committee that is made up of local community members that provide guidance on recreation needs and opportunities.
- b) MCSD provides in kind support for the McKinleyville Municipal Advisory Committee and regularly attends meetings in order to provide updates on the District and provide input on community needs.

**(7) Any other matter related to effective or efficient service delivery.**

- a) Due to potential development at the Trinidad Rancheria located just south of the city of Trinidad, HBMWWD has begun discussion with MCSD regarding "wheeling" of water through the MCSD system for a mainline extension up to the Trinidad area. While the project is still within early stages of planning and development, should it

move forward, it would require additional agreements between MCSD and HBMWD.

- b) Currently, MCSD's SOI is coterminous with its boundary. However, MCSD provides water directly to Patrick Creek CSD through a water services agreement established in 1973. As such, it is recommended that MCSD's SOI be expanded to include the Patrick Creek CSD area in northern McKinleyville. While consolidation of the two districts is not likely at this time since it would require activation of road maintenance powers by MCSD and the Patrick Creek CSD Board has indicated they do want to consolidate, it could be a feasible option in the future if both districts agree.

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## 4.0 MCKINLEYVILLE SOI DETERMINATIONS

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In order to carry out its purposes and responsibilities for planning and shaping the logical and orderly development of local governmental agencies to advantageously provide for the present and future needs of the county and its communities, the commission shall develop and determine the sphere of influence of each city, as defined by G.C. Section 56036, and enact policies designed to promote the logical and orderly development of areas within the sphere. In determining the sphere of influence of each local agency, the commission shall consider and prepare a written statement of its determinations with respect to the following:

**(1) Present and planned land uses in the area, including agricultural and open-space lands.**

- a) Under the Humboldt County General Plan, land uses within the District are primarily Timberland (28%), Residential Low Density (19%), Residential Agricultural (13%), and Residential Estates (10%).

**(2) Present and probable need for public facilities and services in the area.**

- a) McKinleyville is the largest unincorporated community in Humboldt County and continues to experience growth and development. As such, there is expected to be a continued need for water, wastewater, and other services for the foreseeable future.
- b) MCSD also has an existing agreement to supply water to the Patrick Creek CSD located at the northern edge of McKinleyville off of Little River Drive. Customers in Patrick Creek CSD purchase water directly from MCSD as established by a Joint Powers Agreement between the two districts.

**(3) Present capacity of public facilities and adequacy of public services that the agency provides or is authorized to provide.**

- a) The District currently has ample water supply to meet current and future demand and is working on additional storage to the District to ensure continued service in emergency situations.
- b) The District has additional capacity at their wastewater treatment plant to support future growth in the area.
- c) Additional park and recreation services are being explored to meet the growing demands of the Community. This includes development of a Community Forest and construction of a skate/ BMX park.

**(4) Existence of any social or economic communities of interest in the area if the commission determines that they are relevant to the agency.**

- a) The City of Arcata located south of the District provides additional employment, recreation, retail, and other services for area residents. It is also the location of

Humboldt State University which is attend by students from all over the county, state, and country.

b) The surrounding communities of Fieldbrook, Glendale, and Westhaven have limited options for retail and employment services. It is likely that residents from these areas frequent McKinleyville for everyday needs.

**(5) For an update of a sphere of influence of a city or special district that provides public facilities or services related to sewers, municipal and industrial water, or structural fire protection, the present and probable need for those public facilities and services of any disadvantaged unincorporated communities within the existing sphere.**

a) Unincorporated territory surrounding the District qualifies as disadvantaged. Should future annexations or service extensions be proposed, special consideration will be given to any DUCs affected by the annexation consistent with GC §56375(8)(A) and LAFCo policy.