



**HUMBOLDT COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
REGULAR SCHEDULED MEETING**

AGENDA

DATE: Tuesday, February 22, 2022

TIME: 5:00 p.m.

LOCATION: *In accordance with AB 361 and HCSD Resolution 2022-02, HCSD Board of Directors shall conduct the District's business via teleconference.*

The open session segment(s) of the meeting, including Public Participation, may be joined through the Zoom Website (<https://zoom.us>) by clicking on "Join A Meeting" and entering the following Meeting ID then follow the prompts for Passcode and audio. Access may also be achieved by telephone only by dialing 1-669-900-9128 followed by the Meeting ID and Passcode below:

*Meeting ID: 858 2934 1562
Passcode: 284601*

Participation protocol:

- *Please use the MUTE function when not speaking*
- *Please use the "RAISE HAND" feature when wishing to be acknowledged for participation. Raise Hand feature is located in the lower right portion of the screen via the "REACTIONS" icon.*
- *Please do not speak out of turn; wait for the Board President to call upon you to share.*

A. CALL TO ORDER AND ROLL CALL

B. CONSENT CALENDAR

1. Approval of February 22, 2022 Agenda
2. Approval of Minutes of the Regular Meeting of February 8, 2022

*Pgs 1-2
Pgs 3-6*

C. REPORTS

1. General Manager
 - a) GM Report
2. Engineering
 - a) Engineering Update
3. Superintendent
 - a) January 2021 Operations/Maintenance Report

Pg 7

Pg 9

Pg 11

4. Finance Department

a) January 2022 Budgetary Report

Pgs 13-22

5. Legal Counsel

6. Director Reports

7. Other

D. PUBLIC PARTICIPATION **

**Members of the public will be given the opportunity to comment on items not on the agenda by way of a Zoom meeting. Please use the information set forth above to participate. The Board requests that speakers please state their name and where they are from, be clear, concise and limit their communications to 3 to 5 minutes. At the conclusion of all oral communications, the Board or staff may choose to briefly respond with information in response to comments; however, the Brown Act prohibits discussion of matters not on the published agenda. Matters requiring discussion, or action, will be placed on a future agenda.

E. NON-AGENDA

F. NEW BUSINESS

1. Consideration of Selecting Legal Counsel to Assist with Various Contract Negotiations

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G. OLD BUSINESS

H. ADJOURNMENT

Next Res: 2022-03

Next Ord: 2022-02

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Brenda Franklin at (707) 443-4558, ext. 210. Notification 48 hours prior to the meeting will enable the District to make reasonable arrangements to ensure accessibility to this meeting (28 CFR 35.102 – 35.104 ADA Title II).

Pursuant to §54957.5(a) of the California Government Code, any public record writings relating to an agenda item for an open session of a regular meeting of the Board of Directors, not otherwise exempt from public disclosure, are available for public inspection upon request at the District offices located at 5055 Walnut Drive, Monday through Friday (holidays excepted) during regular business hours.

DRAFT – MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
HUMBOLDT COMMUNITY SERVICES DISTRICT

The Board of Directors of the Humboldt Community Services District met in Regular Session at 5:00 p.m. on Tuesday, February 8, 2022, via tele/video conference in accordance with AB 361 and HCSD Resolution 2022-01.

A. CALL TO ORDER AND ROLL CALL

Present upon roll call were Directors Bongio, Gardiner, Hansen, and Matteoli. Director Benzonelli arrived at 5:02 p.m. Staff in attendance: General Manager Williams (GM), Superintendent Latham, Finance Manager Montag (FM), Assistant Engineer Adams (AE).

B. CONSENT CALENDAR

1. Approval of February 8, 2022 Agenda
2. Approval of Minutes of the Regular Meeting of January 25, 2022

DIRECTOR GARDINER MOVED, DIRECTOR HANSEN SECONDED, TO ACCEPT AND APPROVE THE FEBRUARY 8, 2022 CONSENT CALENDAR. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, BONGIO, GARDINER, HANSEN, MATTEOLI
NOES: NONE
ABSENT: NONE

C. REPORTS

1. General Manager

a) GM Report

Summarizing the February 4, 2022 report, the GM advised:

- South Broadway Force Main – The Public Comment period for the FEMA Supplemental Environmental Assessment and proposed Finding of No Significant Impact (FONSI) concludes February 18, 2022. Should there be no substantive comments received, the intention is to issue a FONSI and award funding for construction.
- Water and Sewer Rate Study – Staff is readying to meet with NBS to coordinate needed information to begin the study. Public workshops are anticipated for June and July.
- Hazard Mitigation Grant Program (HMGP) – Significant progress has been made toward developing detailed applications for submission by mid-March.
- Special Legal Counsel – Staff is currently reviewing potential counsel to assist with renegotiation of water and wastewater contracts with the City of Eureka. Recommendations for consideration will be brought to the Board at a future meeting.
- The District welcomed Hunter Rice as its new Construction Utility Worker on January 27.

2. Engineering

a) Engineering Update

AE reviewed his February 4, 2022 report summarizing:

- Park Street SMR – Completion of the project is anticipated within six weeks.
- Tank Cleaning – The District is awaiting detailed reports from their inspection at the end of January. Videos reviewed by staff reveal nothing out of the ordinary.
- Tower Lane SMR – The plan to dig under the existing culvert to replace the steel main has been accepted by the California Department of Fish and Wildlife and efforts will begin following completion of the Park Street SMR. CDFW has also principally permitted the plant to replace the culvert in-kind (meaning with the same slope, size, material etc. as what is currently in place) provided that inspection of the bottom by CDFW reveals the culvert requires replacement. This project has been delayed over two years because of the permitting for this private culvert crossing. District staff is considering this a win.
- Sea Ave. and Blackberry SLS – Staff are working with pump vendors to determine the most appropriate replacement pumps.
- Hidden Meadows SLS – Replacement of the existing wooden fence and swing gates with a sliding/rolling gate and privacy slat chain link fencing to improve access and site security is in process.

3. Superintendent

a) January 2022 Construction Operations Report

Superintendent reviewed the department's standard activities summarized in his February 3, 2022 Memorandum. Superintendent elaborated upon the Bailey SLS incident wherein a fallen tree downed the power lines creating a critical situation, and how all crew responded for several hours in the middle of the night to protect the station from an overflow.

4. Finance Department

a) January 2022 Check Register

FM reviewed the report without question. FM also advised that the District received \$146,000 through the California State Arrearages Program to apply to outstanding water bills from the period of March 2020 to June 2021. Funding for outstanding sewer charges is in process with distribution anticipated in April or May for a similar amount. In response to questions from the Board, FM elaborated that the program does not eliminate the entire debt for all customers, thus, letters offering payment plans are being sent to affected customers as a method to clear their debt.

E. PUBLIC PARTICIPATION

President Bongio invited the public to address the Board on any item not listed on the agenda or issues generally affecting District operations, which are within the jurisdiction of the Board. None.

F. NEW BUSINESS

1. Consideration of Resolution No. 2022-02 Making Findings Pursuant to Government Code Section 54953, as Amended by Assembly Bill 361, and Authorizing the Continued Use of Virtual Meetings

GM reviewed the requirement of establishing a resolution to enable virtual meetings for the next 30 days as stipulated by AB 361 on September 30, 2021.

Public Comment: None

GM further advised that equipment necessary to conduct hybrid meetings has been identified and an order placed. Upon receipt staff will initiate testing and hope to introduce the functionality at the next meeting wherein we would then potentially be able to conduct hybrid meetings beginning in March.

IT WAS THEN MOVED BY DIRECTOR GARDINER, SECONDED BY DIRECTOR BENZONELLI, TO ADOPT RESOLUTION 2022-02 MAKING FINDINGS PURSUANT TO GOVERNMENT CODE SECTION 54953, AS AMENDED BY ASSEMBLY BILL 361, AND AUTHORIZING THE CONTINUED USE OF VIRTUAL MEETINGS. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, BONGIO, GARDINER, HANSEN, MATTEOLI

NOES: NONE

ABSENT: NONE

2. Consideration of LAFCo Request for District Member Nominations

GM reviewed the LAFCo terms and process for the pending election to fill one Regular Member Special District seat and one Alternate Special District seat.

Public Comment: None

IT WAS THEN MOVED BY DIRECTOR HANSEN, SECONDED BY DIRECTOR BENZONELLI TO NOMINATE DIRECTOR HANSEN TO THE LAFCo SPECIAL DISTRICT REGULAR MEMBER SEAT AND DIRECTOR BENZONELLI TO THE

DRAFT – MINUTES OF THE REGULAR MEETING
OF THE BOARD OF DIRECTORS OF THE
HUMBOLDT COMMUNITY SERVICES DISTRICT
Continued; February 8, 2022

ALTERNATE MEMBER SEAT. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, BONGIO, GARDINER, HANSEN, MATTEOLI
NOES: NONE
ABSENT: NONE

G. OLD BUSINESS

1. Consideration of Ordinance 2022-01 Establishing an Informal Bidding Procedure; Public Hearing and Second Reading

GM advised this is the final step to adoption of an Informal Bidding Procedure for compliance with the California Uniform Construction Cost Accounting Act (CUPCCAA) that the District opted into at the December 14, 2021 meeting.

Public Hearing: Board President Bongio opened the session at 5:31 p.m. There being no comment, the Public Hearing closed at 5:32 p.m.

IT WAS THEN MOVED BY DIRECTOR MATTEOLI, SECONDED BY DIRECTOR GARDINER TO ADOPT ORDINANCE NO. 2022-01 ESTABLISHING AN INFORMAL BIDDING PROCEDURE. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, BONGIO, GARDINER, HANSEN, MATTEOLI
NOES: NONE
ABSENT: NONE

ADJOURNMENT

There being no further business, IT WAS MOVED BY DIRECTOR MATTEOLI, SECONDED BY DIRECTOR HANSEN, TO ADJOURN. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, BONGIO, GARDINER, HANSEN, MATTEOLI
NOES: NONE
ABSENT: NONE

THE BOARD ADJOURNED ITS REGULAR MEETING OF FEBRUARY 8, 2022 AT 5:34 P.M.

Submitted, Board Secretary

Humboldt Community Services District

Dedicated to providing high quality, cost effective water and sewer service for our customers

MEMORANDUM

TO: Board of Directors
FROM: Terrence Williams, General Manager
DATE: February 18, 2022
SUBJECT: General Manager Report for February 22, 2022 Board Meeting

A Brand-New Car!

On Saturday, February 12, 2022 Humboldt CSD's very own Will Paddock amazed onlookers when he sunk a 94-foot putt, the full length of the CalPoly Humboldt basketball court.

<https://lostcoastoutpost.com/2022/feb/14/video-mckinleyville-man-sinks-full-court-putt-cal/>

The result of this astonishing feat of physics; A BRAND-NEW CAR! Congratulations Will!

COVID

The State and County have lifted the mask mandate for updated vaccinated individuals in public places as of February 15, 2022. Among District staff, the updated vaccination rate is only about 50 percent, so many staff members will continue to wear masks indoors, when they are in vehicles with others and when close contact cannot be avoided outdoors.

The seven-day average COVID caseload in Humboldt County peaked on January 24, 2022 and has been declining since. This is good news regarding the Omicron surge. The current seven-day average is still three to four times what it was pre-Omicron so there is still significant community spread. I will be monitoring the caseload now that the masks are off and will be making a new plan regarding opening the office to the public.

We continue to work on a solution to allow for hybrid Board meetings. At this point, the earliest I expect to be able to return to in person meetings will be April 12 because some of the necessary components have exceptionally long lead times. When we do return to in person meetings, we will likely need to require that all participants wear masks to protect our staff and so we don't need to be the vaccination police.

South Broadway Forcemain

The public comment period for the South Broadway Forcemain project and Supplemental Environmental Assessment (SEA) closes on February 18, 2022. At the time of this writing, FEMA has not received any public comments regarding the South Broadway Forcemain Project and associated SEA. The next step is to publish a public notice starting a 15-day public comment period for FEMA's intent to fund the project. The public notice has been posted to the District's website (<http://humboldtcsd.org/public-notices>) and will appear in the Times Standard on February 22, 2022.

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Humboldt Community Services District

Dedicated to providing high quality, cost effective water and sewer service for our customers

Engineering Memorandum

TO: Board of Directors
FROM: Benjamin Adams, Assistant Engineer
DATE: February 18, 2022
SUBJECT: Engineering Dept. Status Report for February 22, 2022 Board Meeting

Capital Improvement Projects

Park Street SMR

The District's Park Street Steel Main Replacement Project is progressing as planned. Barring any emergency work, the project should complete in 4 weeks.

Bailey Sewer Lift Station

The General Managers report from the January 11th meeting stated an application to install a stationary generator at the Bailey sewer lift station was pre-approved for funding through FEMA's Hazard Mitigation Grant Program. District staff are developing the engineering design which will aide in the development of a detailed application for the project. The Bailey Street stationary generator project was approved for the FY 21-22 CIP.

Brier Lane Tank Pre-Engineering

Brier lane tank was constructed in 1982 of welded steel. It is 32 feet tall, and 52 feet in diameter with a capacity of approximately 500,000 gallons. Engineering work for the rehabilitation project will begin next week. A diving contactor will perform an inspection of the tank, and utilize information from the inspection to develop a bid package for the tank rehabilitation project. The tank rehabilitation is scheduled for FY 22-23.

Brier lane tank works in parallel with the Dana Lane tank to deliver water to the lower Pigeon Point, Mitchell Heights, and Freshwater areas. The system redundancy means we do not anticipate needing a temporary storage system in place to begin the tank rehab project.

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Humboldt Community Services District

Post Office Box 158 Cutten, CA 95503 (707) 443-4558 Fax (707) 443-1490

To: H.C.S.D. Board of Directors

Date: February 15, 2022

From: Tim Latham, District Superintendent TL

Subject: January 2022 Operations/Maintenance Report

The Operations/Maintenance Department was busy in January with a variety of projects. In addition to the standard operation and maintenance of District facilities, crews continued to do station maintenance and assisted with customer service. All of the stationary and portable generators were tested in order to insure proper operation in the time of need.

Sewer related business included cleaning 775 feet of sewer main line and filming 3,041 feet of sewer main line in Myrtle town, the installation of a new pump at the Hidden Meadows sewer lift station, replacing the electrical control panel supports at the King Salmon sewer lift station, monitoring the sewer collection system in the King Salmon area during the king tides and reviewing sewer filming reports.

Other business included responding to power outages at the Bailey sewer lift station and the Blue Spruce water booster station, taking required water samples at the South Bay well, training on the new Vac-con hydro cleaner, and monitoring the diving contractors on the inspection and cleaning of the Dana Lane, Pigeon Point, Lentell Road and Blue Spruce water storage tanks.

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HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
FOR ENTIRE DISTRICT

January 2022

	Budgeted 2020-21	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance	Note
OPERATING REVENUE							
Metered Water Sales	5,200,000	456,570	3,198,201	3,033,333	164,868	5.4	
Water Charges - Pass Through	-	(18)	17,150	-	17,150	-	
Sewer Service Charges	5,015,000	437,049	3,046,514	2,925,417	121,097	4.1	
Sewer Service Charges - Pass Through	1,447,800	132,016	869,007	844,550	24,457	2.9	
Water & Sewer Construction Fees	32,000	7,096	28,050	18,667	9,384	50.3	
Account Fees	140,000	14,142	87,864	81,667	6,198	7.6	
Reimbursable Maintenance Fees	1,000	-	476	583	(107)	(18.3)	1
Miscellaneous	2,000	4,395	5,517	1,167	4,351	372.9	1
TOTAL OPERATING REVENUE	11,837,800	1,051,250	7,252,781	6,905,383	347,398	5.0	
NON-OPERATING REVENUE							
Capital Connection Fees	180,000	10,052	94,944	105,000	(10,056)	(9.6)	1
Interest/General	42,000	-	-	24,500	(24,500)	(100.0)	1
Discounts Earned	2,000	99	1,068	1,167	(99)	(8.5)	
Sales:Fixed Assets/Scrap Metal	15,700	-	652	9,158	(8,507)	(92.9)	1
Bad Debt Recovery	10,000	504	2,898	5,833	(2,935)	(50.3)	
Property Taxes & Assessments	490,000	-	-	285,833	(285,833)	(100.0)	1
Insurance Rebate	20,000	-	-	11,667	(11,667)	(100.0)	
Other Non-Operating Revenue	6,500	-	-	3,792	(3,792)	(100.0)	
TOTAL NON-OPERATING REVENUE	766,200	10,655	99,562	446,950	(347,388)	(77.7)	1
TOTAL DISTRICT REVENUE	12,604,000	1,061,904	7,352,343	7,352,333	10	0.0	
OPERATING EXPENSES							
Wages Direct	1,510,000	117,673	851,377	880,833	29,456	3.3	
Benefits: PERS	460,000	37,402	263,317	268,333	5,016	1.9	
Group Ins	1,210,000	88,125	629,985	705,833	75,848	10.7	
Workers Comp Ins	23,000	4,884	14,839	13,417	(1,422)	(10.6)	
FICA/Medicare	117,000	9,053	65,402	68,250	2,848	4.2	
Misc Benefits	600	40	280	350	70	20.0	
Total Wages and Benefits	3,320,600	257,178	1,825,199	1,937,017	111,818		
Less: wages & ben charged to Capital Proj.	(166,000)	(7,749)	(88,931)	(96,833)	(7,903)	8.2	
Total Operating Wages and benefits	3,154,600	249,429	1,736,268	1,840,183	103,915		
Water Purchase HBMWD	1,075,000	87,271	629,202	627,083	(2,118)	(0.3)	
Water Purchase Eureka	810,000	64,286	478,650	472,500	(6,150)	(1.3)	
Sewage Treatment Operations & Maint.	1,465,000	122,104	854,728	854,583	(145)	(0.0)	
Water/Sewer Analysis	20,000	1,140	5,324	11,667	6,343	54.4	
Supplies/ Construction	134,000	13,241	91,489	78,167	(13,322)	(17.0)	2
Supplies/ Office-Administration	19,000	643	6,675	11,083	4,408	39.8	
Supplies/ Engineering	2,500	-	36	1,458	1,422	97.5	
Supplies/ Maintenance	97,500	8,021	64,390	56,875	(7,515)	(13.2)	2
Invoicing	52,476	4,348	33,849	30,611	(3,238)	(10.6)	3
Temporary Labor	25,600	3,740	18,951	14,933	(4,018)	(26.9)	4
Repairs & Maintenance/Trucks	55,000	5,971	37,252	32,083	(5,168)	(16.1)	5
Equipment Rental	5,000	-	-	2,917	2,917	100.0	
Building & Grounds Maintenance	32,000	2,678	17,171	18,667	1,496	8.0	
Electrical Power	295,800	22,437	162,649	172,550	9,901	5.7	
Street Lights	65,000	5,215	39,957	37,917	(2,040)	(5.4)	
Telephone	19,000	911	8,056	11,083	3,027	27.3	
Postage	3,000	-	-	1,750	1,750	100.0	
Freight	500	62	106	292	185	63.6	
Chemicals	12,000	876	4,831	7,000	2,169	31.0	
Liability Insurance	65,000	-	58,474	37,917	(20,557)	(54.2)	6

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
FOR ENTIRE DISTRICT

January 2022

	Budgeted 2020-21	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance	Note
Legal	30,000	160	2,295	17,500	15,206	86.9	
Accounting	15,000	-	2,321	8,750	6,429	73.5	
Engineering	1,000	-	526	583	58	9.9	9
Other Professional Services	38,000	1,485	2,185	22,167	19,982	90.1	
Bank Service Charges	35,000	1,746	16,246	20,417	4,171	20.4	3
Transportation	60,000	2,184	33,732	35,000	1,268	3.6	
Office Equip. Maintenance	14,000	217	1,594	8,167	6,573	80.5	
Computer Software Maintenance	45,000	464	26,942	26,250	(692)	(2.6)	
Memberships & Subscriptions	22,300	-	22,776	13,008	(9,768)	(75.1)	7
Bad Debts & Minimum Balance Writeoff	200,000	-	72	116,667	116,595	99.9	
Conference & Continuing Ed	20,000	427	1,310	11,667	10,357	88.8	
Certifications	5,400	120	757	3,150	2,393	76.0	
State/County & LAFCO Fees and Charges	50,000	-	9,637	29,167	19,530	67.0	
Hydraulic Water Model Maintenance	6,000	-	-	3,500	3,500	100.0	
Human Resources	20,000	116	3,431	11,667	8,236	70.6	
Miscellaneous	9,000	(2)	3,743	5,250	1,507	28.7	
Director's Fees	16,000	1,050	6,250	9,333	3,083	33.0	
TOTAL OPERATING EXPENSES	7,994,676	600,339	4,381,873	4,663,561	281,688	6.0	
LONG TERM DEBT PAYMENTS							
Safe Drinking Water Bond	177,429	-	88,715	103,500	14,786	14.3	8
2012 CIP & Refi.	227,100	-	113,550	132,475	18,925	14.3	8
Davis-Grunsky Loan	5,912	-	5,772	3,449	(2,323)	(67.4)	8
VacCon Truck Loan	117,441	-	117,441	68,507	(48,934)	(71.4)	8
2014 Wastewater Revenue Bonds	487,575	-	138,786	284,419	145,632	51.2	8
TOTAL LONG TERM DEBT PAYMENTS	1,015,457	-	464,264	592,350	128,086	21.6	8
CAPITALIZED EXPENDITURES							
Vehicles, Rolling Stock & Equipment	58,000	-	1,593	33,833	32,241	95.3	
Building, Yard & Paving Improvements	170,000	67	7,724	99,167	91,442	92.2	
Capital Improvements Water	1,260,000	17,104	662,335	735,000	72,665	9.9	
Capital Improvements Sewer	275,000	6,240	11,392	160,417	149,024	92.9	
Engineering & Studies	100,000	139	255	58,333	58,078	99.6	9
District Design Standards	-	-	1,036	-	(1,036)	-	
TOTAL CAPITAL EXPENDITURES	1,863,000	23,550	684,335	1,086,750	402,415	37.0	
OTHER							
City of Eureka Projects: Treatment Plant	1,336,000	-	-	779,333	779,333	100.0	
TOTAL City of Eureka Projects	1,336,000	-	-	779,333	779,333	100.0	
Interfund Transfers In	-	-	-	-	-	-	
Interfund Transfers Out	-	-	-	-	-	-	
BUDGET SURPLUS (DEFICIT)	394,867	438,015	1,821,871	230,339	1,591,532	(691.0)	

HUMBOLDT COMMUNITY SERVICES DISTRICT
SUMMARY BUDGETARY STATEMENT OF REVENUE AND EXPENSES
FOR ENTIRE DISTRICT

January 2022

	Budgeted 2020-21	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to Date	Y.T.D. Variance Actual to Budget	% Variance
OPERATING REVENUE & EXPENSES						
TOTAL OPERATING REVENUE	11,837,800	1,051,250	7,252,781	6,905,383	347,398	5.0
TOTAL OPERATING EXPENSES	(7,994,676)	(600,339)	(4,381,873)	(4,663,561)	281,688	6.0
NET SURPLUS/(DEFICIT) FROM OPERATIONS	3,843,124	450,911	2,870,909	2,241,822	629,086	28.1
NON-OPERATING REVENUE & EXPENSES						
TOTAL NON-OPERATING REVENUE	766,200	10,655	99,562	446,950	(347,388)	(77.7)
TOTAL LONG TERM DEBT SERVICE	(1,015,457)	-	(464,264)	(592,350)	128,086	21.6
SURPLUS/(DEFICIT) BEFORE CAPITAL EXPENDITURES	3,593,867	461,566	2,506,206	2,096,422	153,612	7.3
HCSD CAPITAL IMPROVEMENT EXPENDITURES	(1,863,000)	(23,550)	(684,335)	(1,086,750)	402,415	37.0
CITY of EUREKA PROJECT REIMBURSEMENT	(1,336,000)	-	-	(779,333)	779,333	100.0
NEW DEBT ISSUE						
NET INTERFUND TRANSFERS IN/OUT		-	-			
BUDGET SURPLUS (DEFICIT)	<u>394,867</u>	<u>438,015</u>	<u>1,821,871</u>	<u>230,339</u>	<u>1,591,532</u>	<u>(691.0)</u>

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
Water Fund

January 2022

	Budgeted 2020-21	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
OPERATING REVENUE						
Metered Water Sales	5,200,000	456,570	3,198,201	3,033,333	164,868	5.4
Water Pass Through	-	(18)	17,150	-	17,150	-
Water Construction Fees	20,000	7,096	23,350	11,667	11,684	100.1
Account Fees	79,800	8,061	50,083	46,550	3,533	7.6
Inspection Fees	-	-	-	-	-	-
Reimbursable Maintenance Fees	800	-	476	467	10	2.1
Miscellaneous	1,000	-	640	583	57	9.7
TOTAL OPERATING REVENUE	5,301,600	471,709	3,289,901	3,092,600	197,301	6.4
NON-OPERATING REVENUE						
Water Capital Connection Fees	90,000	7,094	46,615	52,500	(5,885)	(11.2)
Interest/General	32,966	-	-	19,230	(19,230)	(100.0)
Discounts Earned	1,280	56	609	747	(138)	(18.5)
Sales:Fixed Assets/Scrap Metal	8,844	-	371	5,159	(4,788)	(92.8)
Bad Debt Recovery	5,700	287	1,652	3,325	(1,673)	(50.3)
FW/MR Assessment	140,000	-	-	81,667	(81,667)	(100.0)
Other Non-Operating Revenue	2,200	-	-	1,283	(1,283)	(100.0)
TOTAL NON-OPERATING REVENUE	280,990	7,438	49,247	163,911	(114,664)	(70.0)
TOTAL DISTRICT REVENUE	5,582,590	479,146	3,339,148	3,256,511	82,637	2.5
OPERATING EXPENSES						
Wages Direct	709,700	52,874	402,909	413,992	11,083	2.7
Wages & Benefits: Allocated	593,250	45,514	325,974	346,063	20,088	5.8
Benefits: PERS	165,600	7,897	57,446	96,600	39,154	40.5
Group Ins	375,100	26,754	195,019	218,808	23,790	10.9
Workers Comp Ins	12,420	2,373	7,353	7,245	(108)	(1.5)
FICA/Medicare	54,990	4,031	30,723	32,078	1,355	4.2
Misc Benefits	-	-	-	-	-	-
Total Wages and Benefits	1,911,060	139,443	1,019,424	1,114,785	95,361	8.6
Less: wages & ben charged to Capital Proj.	(122,840)	(6,297)	(74,105)	(71,657)	2,448	(3.4)
Total Operating Wages and benefits	1,788,220	133,146	945,319	1,043,128	97,809	9.4
Water Purchase HBMWD	1,075,000	87,271	629,202	627,083	(2,118)	(0.3)
Water Purchase Eureka	810,000	64,286	478,650	472,500	(6,150)	(1.3)
Water Analysis	15,000	1,140	5,324	8,750	3,426	39.2
Supplies/ Construction	99,160	8,908	70,373	57,843	(12,530)	(21.7)
Supplies/Office-Administration	5,700	366	2,882	3,325	443	13.3
Supplies/ Engineering	1,425	-	-	831	831	100.0
Supplies/ Maintenance	48,750	3,551	24,483	28,438	3,954	13.9
Temporary Labor	11,544	2,132	10,802	6,734	(4,068)	(60.4)
Repairs & Maintenance/Trucks	30,800	3,286	20,466	17,967	(2,500)	(13.9)
Equipment Rental	3,700	-	-	2,158	2,158	100.0
Building & Grounds Maintenance	1,920	304	2,579	1,120	(1,459)	(130.3)
Electrical Power	162,690	12,153	99,049	94,903	(4,147)	(4.4)
Telephone	6,080	-	-	3,547	3,547	100.0
Postage	1,290	-	-	753	753	100.0
Freight	285	-	25	166	141	84.7
Chemicals	12,000	876	4,831	7,000	2,169	31.0
Engineering	390	-	526	228	(298)	(131.0)
Other Professional Services	7,600	-	-	4,433	4,433	100.0
Transportation	34,200	1,245	19,227	19,950	723	3.6
Office Equip. Maintenance	2,100	-	314	1,225	911	74.4
Computer Software Maintenance	21,600	-	14,702	12,600	(2,102)	(16.7)
Memberships & Subscriptions	1,338	-	1,384	781	(604)	(77.3)
Bad Debts & Minimum Balance Writeoff	114,000	-	41	66,500	66,459	99.9
Conference & Continuing Ed	7,000	300	750	4,083	3,333	81.6
Certifications	1,620	120	452	945	493	52.2
State/County & LAFCO Fees and Charges	17,000	-	3,706	9,917	6,210	62.6
Hydraulic Water Model Maintenance	6,000	-	-	3,500	3,500	100.0

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
Water Fund

January 2022

	Budgeted 2020-21	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
Human Resources	7,800	-	-	4,550	4,550	100.0
Miscellaneous	1,980	-	114	1,155	1,041	90.1
General & Admin Expense Allocation	217,981	7,948	103,099	127,156	24,056	18.9
TOTAL OPERATING EXPENSES	4,514,173	327,031	2,438,303	2,633,268	194,965	7.4
LONG TERM DEBT PAYMENTS						
Safe Drinking Water Bond	177,429	-	88,715	103,500	14,786	14.3
2012 CIP & Refi.	49,500	-	24,750	28,875	4,125	14.3
Davis-Grunsky Loan	5,912	-	5,772	3,449	(2,323)	(67.4)
					-	-
TOTAL LONG TERM DEBT PAYMENTS	232,841	-	119,237	135,824	16,587	12.2
CAPITALIZED EXPENDITURES						
Vehicles/Rolling Stock/Capital Equipment	-	-	-	-	-	-
Building & Yard Improvements	-	-	-	-	-	-
Capital Improvements Water	1,260,000	17,104	662,335	735,000	72,665	9.9
Engineering & Studies	-	139	255	-	(255)	-
TOTAL CAPITAL EXPENDITURES	1,260,000	17,243	662,590	735,000	72,410	9.9
INTERFUND TRANSFERS IN	-	-	-	-	-	
BUDGET SURPLUS (DEFICIT)	(424,424)	134,872	119,018	(247,581)	366,599	148.1

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
Sewer Fund

January 2022

	Budgeted 2020-21	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
OPERATING REVENUE						
Sewer Service Charges	5,015,000	437,049	3,046,514	2,925,417	121,097	4.1
Sewer Service Charges - Pass Through	1,447,800	132,016	869,007	844,550	24,457	2.9
Sewer Construction Fees	12,000	-	4,700	7,000	(2,300)	(32.9)
Account Fees	60,200	6,081	37,782	35,117	2,665	7.6
Inspection Fees	-	-	-	-	-	-
Reimbursable Maintenance Fees	200	-	-	117	(117)	(100.0)
Miscellaneous	1,000	-	483	583	(101)	(17.3)
TOTAL OPERATING REVENUE	6,536,200	575,146	3,958,486	3,812,783	145,702	3.8
NON-OPERATING REVENUE						
Sewer Capital Connection Fees	90,000	2,958	48,329	52,500	(4,171)	(7.9)
Interest/General	9,034	-	-	5,270	(5,270)	(100.0)
Discounts Earned	720	43	459	420	39	9.3
Sales: Fixed Assets/Scrap Metal	6,856	-	280	3,999	(3,719)	(93.0)
Bad Debt Recovery	4,300	217	1,246	2,508	(1,262)	(50.3)
Other Non-Operating Revenue	4,300	-	-	2,508	(2,508)	(100.0)
TOTAL NON-OPERATING REVENUE	115,210	3,217	50,315	67,206	(16,891)	(25.1)
TOTAL DISTRICT REVENUE	6,651,410	578,363	4,008,800	3,879,989	128,811	3.3
OPERATING EXPENSES						
Wages Direct	437,900	38,974	267,598	255,442	(12,156)	(4.8)
Wages & Benefits: Allocated	593,250	45,514	325,974	346,063	20,088	5.8
Benefits: PERS	105,800	5,600	38,670	61,717	23,047	37.3
Group Ins	229,900	22,728	139,063	134,108	(4,955)	(3.7)
Workers Comp Ins	7,590	1,881	5,639	4,428	(1,211)	(27.4)
FICA/Medicare	35,100	2,970	20,400	20,475	75	0.4
Misc Benefits	-	-	-	-	-	-
Total Wages and Benefits	1,409,540	117,668	797,345	822,232	24,887	3.0
Less: wages & ben charged to Capital Proj.	(43,160)	(1,385)	(6,447)	(25,177)	(18,729)	74.4
Total Operating Wages and benefits	1,366,380	116,283	790,897	797,055	6,158	0.8
Sewage Treatment: Operating & Maint.	1,465,000	122,104	854,728	854,583	(145)	(0.0)
Sewer Analysis	5,000	-	-	2,917	2,917	100.0
Supplies/ Construction	34,840	4,333	21,116	20,323	(792)	(3.9)
Supplies/ Office-Administration	5,700	276	2,174	3,325	1,151	34.6
Supplies/ Engineering	1,075	-	36	627	591	94.2
Supplies/ Maintenance	48,750	4,470	39,907	28,438	(11,470)	(40.3)
Temporary Labor	4,056	1,608	8,149	2,366	(5,783)	(244.4)
Repairs & Maintenance/Trucks	24,200	2,685	16,786	14,117	(2,669)	(18.9)
Equipment Rental	1,300	-	-	758	758	100.0
Building & Grounds Maintenance	1,600	229	1,945	933	(1,012)	(108.4)
Electrical Power	70,992	5,731	30,543	41,412	10,869	26.2
Telephone	3,040	-	-	1,773	1,773	100.0
Postage	960	-	-	560	560	100.0
Freight	215	-	19	125	106	84.7
Legal	-	-	-	-	-	-
Engineering	100	-	-	58	58	100.0
Other Professional Services	7,600	1,485	1,485	4,433	2,948	66.5
Transportation	25,800	939	14,505	15,050	545	3.6
Office Equip. Maintenance	1,540	-	237	898	662	73.6

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
Sewer Fund

January 2022

	Budgeted 2020-21	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
Computer Software Maintenance	16,200	-	11,091	9,450	(1,641)	(17.4)
Memberships & Subscriptions	892	-	1,044	520	(524)	(100.7)
Bad Debts & Minimum Balance Writeoff	86,000	-	31	50,167	50,135	99.9
Conference & Continuing Ed	8,800	-	-	5,133	5,133	100.0
Certifications	1,242	-	135	725	589	81.3
State/County & LAFCO Fees and Charges	9,000	-	5,546	5,250	(296)	(5.6)
Human Resources	5,800	-	-	3,383	3,383	100.0
Miscellaneous	1,440	-	85	840	755	89.8
General & Admin Expense Allocation	217,981	7,948	103,099	127,156	24,056	18.9
TOTAL OPERATING EXPENSES	3,415,503	268,093	1,903,561	1,992,377	88,816	4.5
LONG TERM DEBT PAYMENTS						
2014 Wastewater Revenue Bonds	487,575	-	138,786	284,419	145,632	51.2
2012 CIP & Refi.	177,600	-	88,800	103,600	14,800	14.3
VacCon Truck Loan	117,441	-	117,441	68,507	(48,934)	(71.4)
Debt Service: Allocated	-	-	-	-	-	-
TOTAL LONG TERM DEBT PAYMENTS	782,616	-	345,027	456,526	111,499	24.4
CAPITALIZED EXPENDITURES						
Vehicles/Rolling Stock/Capital Equipment	-	-	-	-	-	-
Building, Yard & Paving Improvements	-	-	-	-	-	-
Capital Improvements Sewer	275,000	6,240	11,392	160,417	149,024	92.9
Engineering & Studies	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURES	275,000	6,240	11,392	160,417	149,024	92.9
OTHER						
City of Eureka Projects:						
Treatment Plant	1,336,000	-	-	779,333	779,333	100.0
Martin Slough	-	-	-	-	-	-
TOTAL OTHER	1,336,000	-	-	779,333	779,333	100.0
BUDGET SURPLUS (DEFICIT)	842,291	304,031	1,748,820	491,336	1,257,483	(255.9)

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
General Fund

January 2022

	Budgeted 2020-21	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
OPERATING REVENUE						
Interest (will be allocated to w/s @ y/e)	-	-	-	-	-	-
Miscellaneous	-	4,395	4,395	-	4,395	-
TOTAL OPERATING REVENUE	-	4,395	4,395	-	4,395	-
NON-OPERATING REVENUE						
Property Taxes	350,000	-	-	204,167	(204,167)	(100.0)
Insurance Rebate	20,000	-	-	11,667	(11,667)	(100.0)
Miscellaneous Income	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUE	370,000	-	-	215,833	(215,833)	(100.0)
TOTAL DISTRICT REVENUE	370,000	4,395	4,395	215,833	(211,439)	(98.0)
OPERATING EXPENSES						
Wages Direct	362,400	25,826	180,871	211,400	30,529	14.4
Benefits: PERS	188,600	23,904	167,201	110,017	(57,184)	(52.0)
Group Ins	605,000	38,643	295,903	352,917	57,014	16.2
Workers Comp Ins	2,990	629	1,846	1,744	(102)	(5.9)
FICA/Medicare	26,910	2,052	14,278	15,698	1,419	9.0
Misc Benefits	600	40	280	350	70	20.0
Total Wages and Benefits	1,186,500	91,095	660,379	692,125	31,746	4.6
Less: wages & ben charged to Capital Proj.	-	(67)	(8,379)	-	8,379	-
Less: Allocated to Water and Sewer Funds	(1,186,500)	(91,027)	(651,948)	(692,125)	(40,177)	5.8
Total Unallocated Wages and Benefits	-	-	52	-	(52)	-
Supplies/ Construction	-	-	-	-	-	-
Supplies/ Administration	6,400	-	1,618	3,733	2,115	56.7
Supplies/ Engineering	-	-	-	-	-	-
Supplies/ Maintenance	-	-	-	-	-	-
Invoicing	52,476	4,348	33,849	30,611	(3,238)	(10.6)
Web Payment Portal	-	-	-	-	-	-
Temporary Labor	10,000	-	-	5,833	5,833	100.0
Repairs & Maintenance/Trucks	-	-	-	-	-	-
Equipment Rental	-	-	-	-	-	-
Building & Grounds Maintenance	28,480	2,145	12,646	16,613	3,967	23.9
Electrical Power	62,118	4,553	33,056	36,236	3,179	8.8
Street Lights	65,000	5,215	39,957	37,917	(2,040)	(5.4)
Telephone	9,880	911	8,056	5,763	(2,293)	(39.8)
Postage	750	-	-	438	438	100.0
Freight	-	62	62	-	(62)	-
Liability Insurance	65,000	-	58,474	37,917	(20,557)	(54.2)
Legal Services	30,000	160	2,295	17,500	15,206	86.9
Accounting	15,000	-	2,321	8,750	6,429	73.5
Engineering	510	-	-	298	298	100.0
Other Professional Services	22,800	-	700	13,300	12,600	94.7
Bank Service Charges	35,000	1,746	16,246	20,417	4,171	20.4
Transportation	-	-	-	-	-	-
Office Equip. Maintenance	10,360	217	1,043	6,043	5,000	82.7
Computer Software Maintenance	7,200	464	1,148	4,200	3,052	72.7
Memberships & Subscriptions	20,070	-	20,348	11,708	(8,641)	(73.8)
Bad Debts & Minimum Balance Writeoff	-	-	-	-	-	-
Conference & Continuing Ed	4,200	127	560	2,450	1,890	77.2
Certifications	2,538	-	170	1,481	1,311	88.5

HUMBOLDT COMMUNITY SERVICES DISTRICT
BUDGETARY STATEMENT OF REVENUES AND EXPENSES
General Fund

January 2022

	Budgeted 2020-21	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
State/County & LAFCO Fees and Charges	24,000	-	384	14,000	13,616	97.3
Elections Expense	-	-	-	-	-	-
Human Resources	6,400	116	3,431	3,733	302	8.1
Miscellaneous	5,580	(2)	3,543	3,255	(288)	(8.9)
Director's Fees	16,000	1,050	6,250	9,333	3,083	33.0
General & Admin Expense Allocation	(434,762)	(15,897)	(206,199)	(253,611)	(47,412)	18.7
TOTAL OPERATING EXPENSES	65,000	5,215	40,009	37,917	(2,092)	(5.5)
LONG TERM DEBT PAYMENTS						
2014 PGE Energy Efficiency Loan	-	-	-	-	-	-
2012 CIP & Refi	-	-	-	-	-	-
Less: Allocated to Water & Sewer Funds	-	-	-	-	-	-
TOTAL LONG TERM DEBT PAYMENTS	-	-	-	-	-	-
CAPITALIZED EXPENDITURES						
Vehicles/Rolling Stock/Capital Equipment	58,000	-	1,593	33,833	32,241	95.3
Building, Yard & Paving Improvements	170,000	67	7,724	99,167	91,442	92.2
Engineering & Studies	100,000	-	-	58,333	58,333	100.0
District Design Standards	-	-	1,036	-	(1,036)	-
TOTAL CAPITAL EXPENDITURES	328,000	67	10,353	191,333	180,981	
INTERFUND TRANSFER OUT		-	-	-		
BUDGET SURPLUS (DEFICIT)	(23,000)	(887)	(45,967)	(13,417)	(32,550)	242.6

**Humboldt Community Services District
Notes
January 2022**

Note 1 - Non Operating and Miscellaneous Revenue

Most non-operating and Miscellaneous income occurs occasionally throughout the year, or at the very end of the fiscal year.

Note 2 - Supplies - Construction and Supplies - Maintenance

Supplies for construction and maintenance were higher than expected primarily due to two unexpected necessary expenditures: Hot asphalt paving was an unplanned construction expense due to a large water main break on Lucia Ave, and the Pine Hill pump was an unplanned maintenance expense due to pump failure.

Note 3 - Invoicing and Bank Service Charges

Invoicing costs have increased in the current fiscal year due in part to a 7.25% increase in postage prices, as well as additional services allowing District ratepayers to easily view their bills online. These cost increases have been fully offset by reductions in payment processing fees, as shown in the Bank Service Charges expense line.

Note 4 - Temporary labor

The district has had to utilize the services of temporary labor provided through an employment agency due to staff shortage in the Maintenance department. This Temporary labor expense has been offset by reduction in regular wage expenses.

Note 5 - Repairs and Maintenance: Trucks

Higher than normal expenses due to unexpected repairs needed on units #1, Unit #18, and Unit #15, In addition to normal expected maintenance expenses.

Note 6 - Liability Insurance

Insurance premiums are paid on an annual basis. There are two primary insurance premiums which are both paid annually, at different times of the year. The total annual expense is expected to be in line with budgeted amount.

Note 7 - Memberships & Subscriptions

Annual dues to ACWA paid in October. Very little additional expenses expected to Memberships & Dues for remainder of FY.

Note 8 - Loan Payments

Loan payments occur periodically throughout the year. Payments for the full year will match budgeted amount for the full year.

Note 9 - Engineering

Engineering Expense - a/c 6810 - Operating Expense	Jan 2022	YTD
Water Fund		
Compaction Testing		
SHN Consulting Engineers	-	526
Total posted to 6810	-	526
<hr style="border-top: 3px double #000;"/>		
Engineering & Studies - a/c 9040 - Capital Improvement Projects		
Non Engineering Costs Posted to 9040		
Eitzen Annexation	-	116
Grand Total posted to 9040	-	116
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Humboldt Community Services District

Dedicated to providing high quality, cost effective water and sewer service for our customers

AGENDA REPORT

For HCSD Board of Directors Regular Meeting of: February 22, 2022

AGENDA ITEM: F.1 (New Business)

TITLE: Consideration of Selecting Legal Counsel to Assist with Various Contract Negotiations

PRESENTED BY: Terrence Williams, General Manager

Recommendation:

Discussion followed by direction from the Board

Summary:

The District purchases drinking water and wastewater treatment services under two separate agreements with the City of Eureka. Both of these contracts contain language indicating that they shall be renegotiated periodically. The drinking water purchase agreement was originally signed in 1981. That agreement was extended indefinitely on a month-to-month basis by way of a letter from the then General Manager Tom Cooke dated June 2003. The wastewater agreement was last updated in May of 2011 by way of a formal renegotiation. Both agreements are significantly out of date and need to be renegotiated.

Staff and the Board have previously agreed that using outside legal counsel to assist with these negotiations would be prudent considering the fact that the Mitchell Law Firm (District General Counsel) represents many local public agencies including the City of Eureka for unrelated items.

District staff has researched many legal firms and requested proposals from several including McMurchie Law, Colantuono, Highsmith & Whatley, PC and Clapp Moroney, Vucinich, Beeman & Scheley (the firm that assisted with the Martin Slough Interceptor conflict). Clapp Moroney, Vucinich, Beeman & Scheley specialize in civil litigation not transactional/contract formation and declined to submit a proposal. Both McMurchie Law and Colantuono Highsmith and Whatley, PC are extremely well qualified firms; their proposals are included in this Board Packet. Both come with very strong recommendations from their respective clients; clients that I know personally.

Based on the proposals and interactions I have had with both firms I am currently leaning toward Colantuono, Highsmith & Whatley, PC because they have a history advising the District on other matters and a broader experienced staff that appears to be able to respond more quickly to requests. As it is customary for the Board to designate legal counsel representing the District, this matter is before you to issue directive to

proceed with Colantuono, Highsmith & Whatley, PC, or at the Board's pleasure instruct the GM to arrange for Zoom interviews with either or both firms.

Fiscal Impact:

The cost of legal assistance with contract should be weighed against the ongoing costs associated with not updating these contracts as well as the potential costs of not utilizing legal assistance to renegotiate these contracts.

COLANTUONO
HIGSMITH
WHATLEY, PC

MICHAEL G. COLANTUONO | (530) 432-7359 | MCOLANTUONO@CHWLAW.US

Our File No. 38007.0002

January 26, 2022

VIA ELECTRONIC MAIL

President Bongio and Members of the Board of Directors
Humboldt Community Services District
c/o Brenda K. Franklin, Administrative Services Manager
5055 Walnut Drive
Eureka, CA 95503

Re: **Proposal to Represent Humboldt CSD in Negotiations with the City of Eureka for Wastewater Treatment Services**

Dear President Bongio and Members of the Board:

As Ms. Franklin requested, I write to propose our firm's services in the District's upcoming negotiations with the City of Eureka for a renewed regional wastewater treatment relationship. We have been honored to assist the District with related issues since 2009 and would be pleased to continue our relationship with you.

EXPERIENCE. We have represented a number of wastewater agencies in contracting, litigating, settling and further contracting to share the benefits and burdens of shared regional wastewater treatment plants. We focus on solving problems, avoiding litigation whenever possible, and winning it if we need to.

Significant projects include a long-running dispute among the three agencies which formed the Sewer Authority Mid-Coastside, a JPA which serves our client, the City of Half Moon Bay, and two sanitary districts in San Mateo County. We await a decision on cross-motions for summary judgment in a case we filed to clarify responsibility under the JPA for a \$20m project to rebuild a regional pipeline which serves the two districts, but not the City. In the course of 5 years of work to solve this problem, we negotiated a nearly successful settlement (one district got cold feet at the last minute) which involved

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comprehensively rewriting the JPA agreement to clarify long-standing ambiguities and to reframe the three-agency partnership on more productive terms.

We also represent the City of Lincoln in a dispute with Placer County over the contract by which the City provides wastewater treatment service to the County's sewer utility. Among the proposals to resolve this dispute is a new JPA to formalize the partnership. Earlier, we represented the City of Auburn in purchasing an option to participate in the regional plant by paying to upsize the regional line which delivers wastewater from the County unincorporated area of North Auburn to Lincoln's plant, a line which will serve Auburn should it choose to give up its stand-alone plant and join the regional venture.

We have represented the City of Ukiah for several years with respect to its contract relationship with the Ukiah Valley Sanitary District, which overlaps the City and relies on the City's wastewater treatment plant. Those discussions have involved litigation, contract negotiations, and a LAFCO proposal to detach from the District its which overlaps the City so the City may serve that area directly, rather than by contract.

We have represented the City of Lathrop for more than 20 years as it acquired a private, inadequate wastewater treatment plant, resolved outstanding RWQCB compliance issues, contracted with real estate developers to fund, develop and allocate capacity in a replacement plant, obtain a long-denied RWQCB permit to drain that plant to the San Joaquin River (previously, Lathrop was required to use the effluent to grow alfalfa), and to contract for capacity in the City of Manteca's plant.

We represented the County of Nevada in the negotiations by which it acquired a developer's failed package treatment plant, established a financing district, and provided for operation of that plant by a contractor.

We have represented a number of sanitation agencies in a range of other issues, including Goleta West Sanitary District (property tax allocations), Delta-Diablo Sanitary District (ratemaking), and Cambria Community Services District (ratemaking).

Our expertise with regional cooperation — and lack of it — includes representing the City of Ventura's water utility in a long-standing dispute with the groundwater conservation agency which supplies some of Ventura's water. We took that case to the California Supreme Court and it is now on its second round in the Court of Appeal. Similarly, we represented the City of Belmont in periodic disputes with the City of San

Humboldt Community Services District

January 26, 2022

Page 3

Carlos regarding their shared fire department. We successfully mediated those disputes, writing and rewriting the JPA for many years. Ultimately, however, we helped dissolve the JPA and each agency has contracted with others for fire service.


We have very deep experience that can aid you in negotiations with Eureka. We are familiar with the City and your District, too, having assisted you in ratemaking since 2009.

PROPOSED TEAM AND RATES: I will lead this effort, with support by Amy Sparrow on any rate-making issues and Ephraim Margolin on the contracting work. Although our rates range up to \$550 per hour, as a courtesy to you, we will cap our rates at \$350 per hour for advisory work and, should litigation arise, at \$375 for litigation. These will be my and Amy's rates. Ephraim's rate will be \$270 per hour.

You may view our firm profile here: <https://chwlaw.us/firm-profile/>. My resume and those of Amy and Ephraim appear here: <https://chwlaw.us/attorneys/>.

CONCLUSION. Thank you for the opportunity to propose our services. If I can provide any further information to assist your review of this proposal, please let me know.

Very truly yours,



Michael G. Colantuono

MGC:mgc

OUR CORE COMMITMENT

Our core commitment is to provide advice our clients find helpful, understandable, and fairly priced.

Q Search

FIRM PROFILE

(530) 432-7357 - Grass Valley
(213) 542-5700 - Pasadena
(916) 400-0370 - Sacramento
(858) 682-3665 - Solana Beach
(707) 986-8091 - Sonoma

info@chwlaw.us

ABOUT CHW LAW

Colantuono, Highsmith & Whatley is a municipal law firm with offices in Pasadena, Grass Valley, Sacramento, Solana Beach, and Sonoma that represents public and private clients throughout California in municipal law, including public revenues, land use, elections, labor and employment, post-redevelopment, housing, public works contracting, utility services, the California Environmental Quality Act (CEQA), the Cortese-Knox-Hertzberg Act regarding Local Agency Formation Commissions, sex offender and marijuana regulation and related public safety topics, and associated litigation. Our core commitment is to provide advice our clients find helpful, understandable, and fairly priced.

The firm was recognized as one of California's Top Ranked Law Firms by Martindale-Hubbell in 2014 and Michael Colantuono, Terri Highsmith, Jenni Pancake, Michael Allderdice and Scott Howard have each achieved the highest AV rating from Martindale-Hubbell. Michael (2011-2013) and Holly Whatley (2013) have been listed as among the Top Municipal Lawyers in California by the Daily Journal newspaper. Michael was awarded the 2010 Public Lawyer of the Year Award by the California State Bar, is a former President of the City Attorneys Department of the League of California Cities, former President and Chair of the Board of Trustees of the State Bar, and Secretary/Treasurer of the California Academy of Appellate Lawyers—a prestigious organization of about 100 of the most respected appellate advocates in our State. Michael is also certified as an Appellate Specialist by the California State Bar's Board of Legal Specialization.

Our firm includes California's leading experts on local government revenues, including Propositions 13, 62, 218 and 26 and our attorneys have argued 10 government revenue cases in the California Supreme Court since 2004. Our litigators have broad experience in public-sector litigation and such private-sector topics as general commercial litigation, labor and employment, unfair competition and intellectual property. We have especially deep experience in class action challenges to local government revenue measures of all types. We are handling challenges to water, electric and gas rates for cities, counties and special districts around California.

The firm serves as general counsel or city or town attorney of the cities of Auburn, Barstow, Calabasas, Chico, Grass Valley, Lakeport, Ojai, Sierra Madre, South Pasadena, Weed, the Town of Yountville, and the Successor Agencies to the Auburn, Barstow, Sierra Madre and South Pasadena Redevelopment Agencies, to Oversight Boards for Successor Agencies in Huntington Park, Pomona, Rialto, San Bernardino, San Gabriel and Temple City, the Garden Valley, Higgins, Ophir Hill, North San Juan, Penn Valley, and Rough & Ready Fire Districts, the Orangeline Development Authority, the SELACO Workforce Investment Board, the Calaveras, San Diego and Yuba County LAFCOs, the Oak Tree Park and Recreation District, the Pine Grove, and Peninsula Community Services Districts, the Tahoe Forest Hospital District, the First Five Yuba Commission, and Upper Valley Waste Management Agency.

The firm serves as special counsel to local governments throughout California. Present and recent clients include the cities of Anaheim, Belmont, Berkeley, Brentwood, Burbank, Cerritos, Chula Vista, Concord, Culver City, Cupertino, Fremont, Fresno, Glendale, Lakewood, Lathrop, Livermore, Lodi, Long Beach, Los Angeles, Monterey, Morgan Hill, Mountain View, Newport Beach, Oakland, Oxnard, Pacific Grove, Palo Alto, Paramount, Pasadena, Pico Rivera, Redding, Redondo Beach, Rialto, Richmond, Riverside, Sacramento, Salinas, San Diego, San Jose, San Luis Obispo, San Mateo, Santa Ana, Santa Clara, Santa Fe Springs, Santa Maria, Santa Rosa, Sausalito, Simi Valley, South Lake Tahoe, Sunnyvale, Torrance, Tracy, Tulare, Vallejo, Ventura, Vernon, and Vista; the counties of Marin, Mariposa, Riverside, San Benito and Solano; the Goleta Water District, the Montecito Water District, the Newhall Water District, the Pajaro Valley Water Management Agency and the Monterey Peninsula Water Management Agency; Monterey Regional Water Pollution Control Authority and the Goleta West Sanitary District; the McKinleyville and Santa Lucia Community Services Districts; the Plumas Hospital District; the Los Angeles and San Diego Tourism Marketing District Corporations and the Calaveras, Monterey, Orange, San Bernardino, San Diego, San Luis Obispo and Yolo County LAFCos. The firm has previously represented the cities of Irvine, Oakland, San Bernardino, and San Francisco.

COLANTUONO HIGHSMITH WHATLEY, PC



MICHAEL G. COLANTUONO

(530) 432-7357

mcolantuono@chwlaw.us

Michael has specialized in municipal law since 1989. He is certified by the California State Bar as a Specialist in Appellate Law and is also First Vice President of the California Academy of Appellate Lawyers, an association of a bit more than 100 of the most distinguished appellate lawyers in California. He is an Elected Member of the American Law Institute, the leading independent organization in the United States producing scholarly work to clarify, modernize, and otherwise improve the law. He has argued 14 cases in the California Supreme Court and appeared in all six of the California District



Courts of Appeal, as well as trial courts around the State. He serves on the California Judicial Council's Appellate Advisory Committee.

Michael has expertise in a broad range of areas of concern to local governments in California, including constitutional law, land use regulation, open meetings, elections, municipal litigation, conflicts of interest, public utilities, LAFCO issues, inverse condemnation, cannabis regulation, and a wide range of public finance issues involving taxes, assessments, fees and charges.

Michael is perhaps California's leading expert on the law of local government revenues, briefing 18 cases on that subject in the California Supreme Court since 2004. The Daily Journal named him a California Lawyer of the Year in inverse condemnation law for his win in *City of Oroville v. Superior Court* (2019) 7 Cal.5th 1091, government's first win in that court in this subject area in decades. California Chief Justice Ronald M. George presented him with the 2010 Public Lawyer of the Year Award on behalf of the California State Bar. Two successive Speakers of the California Assembly appointed him to the Board of Trustees of the California Bar, the state agency which regulates the practice of law in California. His fellow Trustees elected him Treasurer and President of the Bar and the California Supreme Court appointed him as Chair of its Board of Trustees.

Michael currently serves as City Attorney for the City of Grass Valley and General Counsel for the Grass Valley Redevelopment Agency Successor Agency, the Calaveras County LAFCO, the Eden Health District, the Oak Tree Park and Recreation District, the Peardale-Chicago Park, Higgins, Ophir Hill, Penn Valley, and Rough & Ready Fire Districts and the Camarillo Healthcare District. He previously served as City Attorney of Auburn (2005-2019), Barstow (1997-2004), Calabasas (2003-2012), Cudahy (1994-1999), La Habra Heights (1994-2004), Monrovia (1999-2002), and Sierra Madre (2004-2006), as General Counsel to the Auburn (2005-2019), Barstow (1997-2004) and Sierra Madre (2004-2006) Redevelopment Agencies, and as General Counsel of the Big Bear City Community Services District (1994-2001).

Michael assisted the Legislative Analyst's Office in the impartial analysis of Proposition 218 and co-chaired the committee which drafted what became the Proposition 218 Omnibus Implementation Act of 1997. He also chaired the committees which drafted the League of California Cities' Prop. 26 and 218 Implementation Guide.

Michael was elected by his peers to serve as President of the City Attorneys' Department of the League of California Cities in 2003-2004. He now represents the Department on Cal Cities' Board of Directors.

Michael was appointed by the Rules Committee of the California State Assembly to the Commission on Local Governance in the 21st Century. The Commission was formed to study the Cortese-Knox-Hertzberg Local Government Reorganization Act and the bulk of its recommendations became law. Michael was deeply involved in drafting both the committee report and the statute.

Michael graduated *magna cum laude* from Harvard University (BA 1983) and received his law degree from University of California, Berkeley School of Law (JD 1988), graduating first in his class. While in law school, he was an Articles Editor of the California Law Review and became a member of the Order of the Coif upon graduation. Michael was law clerk to the Honorable James R. Browning, Judge of the United States Court of Appeals for the Ninth Circuit, in 1988-1989.

He taught Administrative Law as an adjunct Professor of Law at the University of California, Berkeley School of Law in 1995 and is a frequent speaker and trainer on a wide range of public law topics.

Michael comments on local government and municipal finance topics on Twitter (@MColantuono) and LinkedIn (Michael Colantuono). He blogs at www.CaliforniaPublicLawReport.com.

Practice Areas:

- Appellate Advocacy
- Complex Litigation
- Conflicts of Interest
- Constitutional Law
- Election Law
- Inverse Condemnation
- Local Agency Formation Commission (LAFCO) Law
- Land Use, Planning and CEQA
- Municipal Revenues (Taxes, Assessments, Fees and Charges)
- Public Law
- Public Safety Defense Litigation
- Public Utilities

Michael's Significant Appellate Representations



AMY C. SPARROW

(213) 542-5716

asparrow@chwlaw.us

Amy Sparrow is Senior Counsel in the firm's litigation and municipal advisory practices, and she has 25 years of experience in international, domestic, federal, and state and local public finance issues, in both litigation and advisory roles.

Her advisory experience includes review of utility rate-making analyses for water, sewer, solid waste, and electric utilities throughout California, along with rate studies for groundwater and stormwater fees, focusing on compliance with Propositions 218 and 26. She also advises on property-related assessments, transactions and use tax, transient occupancy tax, franchise fees, impact fees for new development under the Mitigation Fee Act, fees imposed by tourism improvement districts under the Property and Business Improvement Law of 1994, special taxes imposed under the Mello-Roos Community Facilities Act of 1982, assessments imposed by Geologic Hazard Abatement Districts, and other municipal revenues. Her background in mathematics allows her to effectively communicate with both engineering consultants and public agency staff, refining rate studies to achieve transparency and compliance with legal requirements.



While serving as an Assistant Attorney General in Arizona, she drafted the Arizona Attorney General's opinion on the taxation of medical marijuana sales and advised the Arizona Department of Revenue on the impact of school tax credit legislation.

Amy's California litigation experience includes Propositions 218 and 26 utility rate and assessment disputes, along with property tax, sales tax, utility users tax, and contract controversies. She has represented public agencies before administrative tribunals, trial courts, courts of appeal, and the California Supreme Court. Amy drafted a winning brief before the California Supreme Court in *Ardon v. City of Los Angeles*, a class action challenge to the taxation of charges for telecommunication services that settled before a ruling on class certification. Her Proposition 218 litigation experience includes defense of a writ challenge to the taxation of cellular service charges in *AB Cellular LA v. City of Los Angeles*, in addition to *Howard Jarvis Taxpayers Association v. City of Fresno*, a utility user fee controversy, and *Beutz v. County of Riverside*, a landscaping and lighting assessment dispute.

Amy also defended numerous cities sued in *Sipple v. City of Hayward*, a quasi-class refund claim for allegedly overpaid telephone taxes, drafted portions of a successful demurrer without leave to amend in *Green Valley Landowner Association v. City of Vallejo*, a case seeking to compel subsidized water rates in violation of Proposition 218, and drafted a successful appellate brief in *Griffith v. Pajaro Valley Water Management Agency*, a Proposition 218 challenge to groundwater augmentation charges. She was represented the City of Redding in *Citizens for Fair REU Rates v. City of Redding*, a Proposition 26 case in which the California Supreme Court upheld a transfer from an electric utility to a city's general fund, because wholesale revenues were sufficient to fund the transfer.

She represented the Arizona Department of Revenue in a dispute involving the appropriate tax treatment of emerging VoIP technology and in property tax litigation involving the valuation of airline property, an electric generation facility, and environmental technology at an Arizona copper mine.

Amy's pre-trial practice has included motions to compel and amicus briefing on behalf of the League of California Cities in support of a successful motion to quash a third-party subpoena, based upon novel issues of work product privilege in the context of list-serve communications among hundreds of attorneys representing public agencies throughout California.

Amy received her J.D. from U.C. Berkeley School of Law in 1997, where she received two American Jurisprudence awards and three Prosser Prizes for academic excellence, in addition to a Moot Court award for best brief. While at Boalt, she served as co-president of the Boalt Hall Parents' Association, an organization providing support to students like herself balancing the demands of law school and parenting.

She received her bachelor's degree in Mathematics from U.C.L.A. in 1987, where she received a faculty-nominated Award for Excellence in Mathematics and Honorary Mention in a National Science Foundation Scholarship Competition.

Practice Areas:

- Public Law
- Tax
- Municipal Finance
- Public Utilities
- Telecommunications
- Constitutional Law (First Amendment, Equal Protection, Due Process and Commerce Clause)
- Property Valuation



EPHRAIM S. MARGOLIN

213-600-2102

emargolin@chwlaw.us

Ephraim (“Eppi”) is an associate with Colantuono, Highsmith & Whatley’s municipal advisory practice group and resident in our Pasadena office.

Eppi advises our municipal agency clients on public law issues, including the Public Records Act, land use, conflicts of interest, elections, public works and public contracting.



Before joining the Firm, Ephraim completed a one-year fellowship at a Central Coast firm which serves as the City Attorney for the City of Santa Cruz and as counsel for other public entities.

While in law school, Ephraim worked for several federal and local agencies including the Oakland City Attorney’s Office, the Enforcement Division of the Securities and Exchange Commission, and completed an externship at the 9th Circuit Court of Appeals. He also served as the Publishing Editor of the Berkeley Journal of Entertainment & Sports Law.

Ephraim graduated from Berkeley Law with a Juris Doctor, receiving an American Jurisprudence Award and a Prosser Prize for academic excellence. Ephraim graduated magna cum laude from University of California, Los Angeles, with a Bachelor’s degree in Philosophy.



P.O. Box 1846, Folsom, CA 95630 [916] 214-2244

DAVID W. McMURCHIE
dmcmurchie@mcmurchie.com

February 2, 2022

Humboldt Community Services District
Attention: General Manager Terrence Williams
5055 Walnut Drive
Eureka, CA 95503

**Re: Proposal to Provide Legal Services
for Humboldt Community Services District**

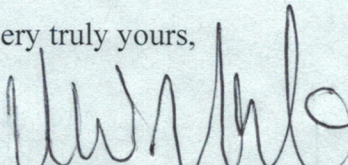
Dear Mr. Williams,

The attached Proposal is submitted in response to your request for information regarding my firm. It is my understanding from talking with your office that the District may desire to retain District Legal Counsel to advise the District, its Board of Directors and staff on anticipated contract negotiations with the City, postential formation of a joint powers authority with the City, and other legal issues as they may arise.

As the owner of McMurchie Law I have 44 years of experience providing a wide variety of legal services to various types of special districts and joint powers authorities throughout the state. These qualifications and experience are described in the firm's Proposal, which is attached.

Please let me know if you have any questions or require additional information from me. Thank you for your consideration.

Very truly yours,



DAVID W. McMURCHIE

1. Background in Public Entity Law and Statement of Experience

I formed my own firm specializing in public agency law with an emphasis on legal issues encountered by special districts, joint powers authorities, and non-profit corporations consisting of public agency members in January 2006. , Prior to January 2006, I provided legal services to the same clients while employed with the firm of McMurchie, Weill, Lenahan, Lee, Slater & Pearse for twenty-eight years, twenty-five years as a partner, and two years as managing partner.. I have represented special districts and other public entities for forty-four years.

Currently, I provide legal services for fire protection districts, recreation and park districts, community services districts, water districts of various types, sanitation districts, public utility districts, road districts, cemetery districts, and joint powers authorities.

I also represent three (3) state-wide non-profit corporations that are associations of California member special districts and/or other public agencies which provide membership programs, education programs and legislative advocacy services to those public agency members. Those three non-profit associations are the California Special Districts Association (“CSDA”), the Fire Districts Association of California (“FDAC”), and the California Association of Joint Powers Authorities (“CAJPA”), which are discussed below.

I have served as General Counsel for CSDA since 1985, which is a non-profit corporation consisting of over one thousand (1,000) member special districts of various types located throughout the state formed for the purpose of providing legislative advocacy services, financial services and educational programs to member districts. I serve as General Counsel to the CSDA and provide advice on its corporate operations and membership programs. I also analyze all legislation potentially impacting special districts and advise CSDA Legislative Advocacy staff on the legal implications of such proposed legislation on the operations of California special districts. As General Counsel, I also provide legal consultation to member districts through the CSDA Member District Legal Services Program which affords all member districts one hour of free legal consultation per year on a wide variety of legal issues impacting those member districts.

I have also been instrumental in the formation and administration of the California Special Districts Association Finance Corporation. I currently serve as General Counsel to the California Special Districts Association Finance Corporation, which is a non-profit corporation which has been assisting special districts in financing their capital improvement projects at attractive interest rates by means of several lease financing programs since 1988. I also assisted in the formation and serve as General Counsel to the WaterReuse Finance Authority, a joint powers authority which operates a similar lease financing program targeting public agency infrastructure projects which promote water reclamation, water recycling and water reuse. I also formed and serve as General Counsel to the California Transit Finance Corporation which operates similar lease financing programs for the benefit of transit agencies which are members of the California Transit Association. Through this experience I have developed contacts with bond counsel, underwriters, financial advisers and their respective legal counsel throughout the state, which contacts can be of benefit to the District in analyzing its financial options and planning for the future.

I also currently serve as General Counsel to the Fire Districts Association of California, ("FDAC"), a state-wide non-profit association consisting of fire protection districts in California, which provides membership programs, education, and legislative advocacy services before the Legislature to fire protection districts. I provide advice on its corporate operations and membership programs. I also analyze legislation potentially impacting fire districts and advise FDAC staff regarding the legal implications of such proposed legislation on the operations of California fire districts and joint powers authorities.

Finally, I currently serve as General Counsel to the California Association of Joint Powers Authorities ("CAJPA"), a statewide non-profit association of California JPA's comprised of public agency members such as cities, special districts, and school districts, which operate pooled risk sharing programs which self-insure their worker's compensation and general liability exposures. I provide CAJPA legal advice regarding its membership programs. I also analyze pending legislation for its potential effects on the risk sharing programs operated by CAJPA members, and on proposed changes in the underlying legal principles of local government tort liability and worker's compensation liability which can significantly impact the health of such risk management pools.

I have also been active in the development, administration and legal representation of several state-wide joint powers authorities ("JPA's") among special districts and other public agencies formed for a variety of purposes. In the past, I have served as General Counsel for the California Association for Park and Recreation Insurance (CAPRI), now known as the California Association for Park and Recreation Indemnity, which operates a general liability and a worker's compensation pooled risk sharing program for the benefit of California recreation and park districts. I also served as General Counsel to, and the Administrator of the Special Districts Workers' Compensation Authority (SDWCA) from 1991-2001, which was a pooled risk sharing pool for workers' compensation benefits serving members of CSDA. SDWCA was consolidated into the Special District Risk Management Authority (SDRMA), another JPA comprised of CSDA members, in 2001.

I also currently serve as General Counsel to two other state-wide JPA's. First, I formed and have served as General Counsel to the Fire Districts Association of California Employment Benefits Authority ("FDAC EBA"), since its inception in 2005. The FDAC EBA is a California joint powers authority established for the purpose of providing medical insurance together with affiliated insurance programs with respect to life insurance, vision insurance, dental insurance, etc., to California fire protection districts and other public agencies with the power to provide fire suppression or emergency response services.. The FDAC EBA provides medical insurance and affiliated insurance benefits to employees and Board members of California fire protection public agencies, as well as to retirees. I advise the joint powers authority regarding its operations, develop operational policies which govern its operations, and draft all contracts between the joint powers authority and the various consultants required to operate group health and affiliated insurance programs such as brokers, actuaries, insurers, etc.

Second, I also have served as General Counsel to CalTrust from 2013 to the present, a California JPA consisting of over 140 California cities, counties and special districts of various types, which operates a variety of pooled investment programs for the benefit of its members. I

advise CalTrust regarding JPA operational issues as well as legal issues involving the design, operations, and revisions to CalTrust's investment programs.

The firm has one office in Folsom, California from which it services all of its clients. David W. McMurchie will be responsible for providing legal services to the Authority as requested. David W. McMurchie is the contact person for this Proposal as the owner of McMurchie Law and is authorized to answer all questions and bind the firm to the promises and covenants contained in this Proposal

2. Experience Providing Requested Services

A. Statement of Qualifications and Scope of Work.

I have represented special districts and JPA's and provided legal advice and consultation on a wide variety of issues including, but not limited to the following:

(1) Advice and consultation regarding open meeting, notice, agenda, and closed session requirements of the Brown Act;

(2) Advice and consultation regarding the provisions of and means of compliance with the requirements of the Public Records Act;

(3) Advice and consultation regarding the requirements of the Political Reform Act of 1974 as it applies to special districts including regulations on conflict of interest and mass mailings, including economic disclosure requirements and Government Code section 1090 contract conflicts of interest;

(4) A wide variety of employment law problems including the hiring, firing, and discipline of personnel; the drafting of complete policy and procedure manuals for personnel matters; conducting employment discrimination and harassment investigations; participating in MOU negotiations with employee representatives; defense of wrongful termination claims; defense of complaints of harassment and discrimination in violation of the Fair Employment and Housing Act before the Fair Employment and Housing Commission and the Equal Opportunity Employment Commission; the defense of workers' compensation claims, Labor Code section 132(a) discrimination claims and serious and willful misconduct claims against public entity employers;

(5) The drafting of legal agreements and contracts including operational policy and procedure manuals; financial policies; employment contracts; construction contracts; architectural services contracts; engineering contracts; landscape maintenance contracts; bid instructions and specifications; independent contractor consultant agreements; fire, park, water, and sewer ordinances, fee ordinances, encroachment ordinances; development agreements; annexation agreements; concessionaire agreements; agreements for purchase and sale of real and personal property; easements, licenses, and rights of way; municipal financing documents.

(6) Construction contract consultation and litigation including issues such as contractor breach, prevailing wage requirements, bid requirements of the Public Contract Code, alternative bid procedures available through the Uniform Public Construction Cost Accounting Act, architect errors and omissions, and liabilities and obligations of bond sureties upon contract abandonment;

(7) Reorganization proceedings including annexations, detachments, and consolidations, including appearances before LAFCO, city councils, and Boards of Supervisors;

(8) Consultation regarding formation and operation of a variety of assessment districts, the implications of Proposition 218 with respect to assessment district administration, and assessment backed public works financing alternatives;

(9) Consultation regarding the implications of Proposition 218 on property related fees such as water, sewer and garbage fees and charges, the process for property owner approval of such fees, and public works financing alternatives secured by a pledge of rate revenues;

(10) Consultation on issues regarding the enactment, scope, and enforcement of developer impact fees, standby and capacity charges, and user fees;

(11) Consultation regarding the implications of the provisions of Proposition 26 on various types of fees levied by special districts;

(12) Trial, appellate court experience and administrative hearing experience with respect to CEQA issues, employment harassment and discrimination claims, construction contract and architect's errors and omissions issues, workers' compensation, Labor Code section 132a discrimination claims, serious and willful misconduct claims;

(13) Advice regarding eminent domain procedures and litigation;

(14) Formation and administration of assessment districts pursuant to the Fire Protection District Law and the Landscaping and Lighting Act of 1972, and special tax districts pursuant to the Mello-Roos Community Facilities District Act;

(15) Familiarity with state legislation and budget processes impacting special districts through experience reviewing, analyzing and drafting legislation of interest to the membership of the California Special Districts Association, the Fire District Association of California, and the California Association of Joint Powers Authorities;

(16) Advice regarding the requirements and provisions of the Quimby Act providing for dedication of land or payment of in lieu fees to public agencies providing recreation and park services to new subdivisions;

(17) Advice regarding the application of the Uniform District Election Law to the elections conducted by the District;

(18) Advice and consultation regarding insurance coverage issues and claims procedures applicable to the filing of third party claims against the District including the scope of coverage and defense obligations afforded by the District's general liability and workers' compensation coverage memoranda;

(19) Drafting and amending joint powers agreements, and joint use agreements between the Authority and other public agencies regarding the terms and conditions of providing shared public services; and

(20) Consultation regarding communications with, and Notices of Violations from Regional Water Quality Control Boards, including drafting of relevant documents and experience in conducting settlement negotiations with the Regional Boards.

I have also conducted seminars, trainings, and have addressed various local community groups as well as the membership of the California Special Districts Association, the California Association of Recreation and Park Districts, The California Association of Public Cemeteries, and the Fire Districts Association of California on recent developments in these areas of the law, most notably the Brown Act, the Public Records Act, and the various statutory provisions regarding conflicts of interest and capital improvement financing alternatives available to special districts.

I have also offered specialized intensive training sessions for Board members and staff on issues such as AB 1234 ethics training, sexual harassment training, Board member liability training, and conflict of interest training.

License to Practice in California

The firm consists of myself, David W. McMurchie, a sole proprietorship in which I am the sole Owner. I am licensed to practice law in the State of California, State Bar Number 078865 and have no record of any disciplinary proceedings or complaints before the State Bar of California.

3. Independence and Conflicts of Interest

McMurchie Law is a sole proprietorship owned by David W. McMurchie, has no prior business relationship with the District and is independent of the District. Neither the firm nor I have ever made a political contribution of money, in-kind services or loans to members of the Board of Directors of any public agency, including the District. My review of my List of Public Agency Clients reveals no existing nor potential conflicts of interest to this firm in providing legal representation to both the District and any of our existing clients.

I have no present existing or contemplated commitments which would interfere with my availability to provide legal services to the District as described in this Proposal.

4. Insurance Requirements

A. The firm maintains the following insurance coverages:

(1) Errors and Omissions coverage covering the performance of the work by this firm and the provision of legal services with limits of not less than one million dollars (\$1,000,000) per occurrence combined single limit..

(2) Automobile Liability and Property Damage Insurance including hired and non-owned automobiles used in connection with performance of the work with limits of not less than five hundred thousand dollars (\$500,000) per person/per occurrence.

5. **References**

As business references, the firm provides the following contact information for four (4) public agency clients for which the firm has provided general legal services:

Neil McCormick, CEO
California Special Districts Association
1121 I Street Suite 200
Sacramento, CA 95814
877-924-2732
neilm@csda.net

Catherine Smith, Executive Director
Fire Districts Association of California
and
Fire Districts Association of California Employment Benefits Authority
808 R Street, Suite 209
Sacramento, CA 95811
916.231.2143
casmith@firebenefits.org

Karen Moonitz, General Manager
Cameron Estates Community Services District
P.O. Box 171
Shingle Springs, CA 95682
cecsd@att.net

6. **Cost Proposal and Additional Services**

A. **Compensation and Reimbursements.**

My firm is willing to provide all legal services required by the District on a time and expense basis which includes services specified in the RFP as Basic Services and Special Services, services specified in Section 2 of this Proposal, and any other legal services specifically requested by the District. The work will be performed by myself. The standard hourly rate for

all of these services is \$275.00 (Two Hundred Seventy-Five Dollars) per hour. We will advance all expenses including printing, photocopying, postage, and Federal Express. Charges for photocopying and/or reproduction of documents are \$0.25 cents per page. Larger reproduction projects will be sent to an outside provider and those costs will be billed to the District at cost with no markup. We also invoice Federal Express charges incurred at cost with no markup

The firm uses the computerized eBillity Time Tracker Program for billing of legal services rendered. Time is billed in one-tenth hour increments for each attorney working on the file in accordance with the hourly rates specified above. If you wish the firm to prepare separate invoices for each subject matter worked on by the firm, the program is capable of providing separate invoices.

12. Conclusion

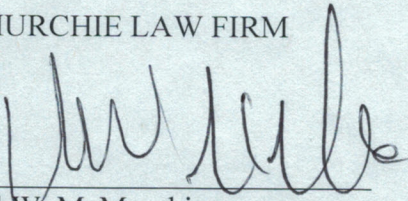
I believe that my experience providing General Counsel and Special Counsel services to a wide variety of special districts and JPA's throughout the state, as well as my long term involvement with several statewide associations of special districts and other public agencies including the California Special Districts Association, the California Association of Recreation and Park Districts, the Fire Districts Association of California, and the California Association of Joint Powers Authorities provides my firm unique expertise with which to provide legal advice, consultation and representation to the Humboldt Community Services District.

Finally, and perhaps most importantly, the firm is committed to the growth and development of the special district and JPA forms of government and has been actively involved on a local and statewide basis in promoting the interests of special districts and JPA's such as yours for many years.

I would be happy to answer any questions regarding this Proposal and would welcome an opportunity to meet personally with the Board of Directors and answer any questions or address any concerns which they may have about my firm, its background and experience, or this Proposal.

Respectfully submitted

MCMURCHIE LAW FIRM



David W. McMurchie