

ORDINANCE 1997-3

AN ORDINANCE OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT
CALLING FOR AN ELECTION AND, IF THE VOTERS APPROVE THE BALLOT
MEASURE, IMPLEMENTING A SPECIFIC SEISMIC UPGRADE PROGRAM,
BORROWING FUNDS, AND AMENDING MCSD'S RULES AND REGULATIONS TO
INCREASE WATER RATES

- WHEREAS, McKinleyville is located in a hazardous seismic region with the potential for a 8.4 Richter magnitude earthquake off of Cape Mendocino and a 7.25 Richter magnitude earthquake along the Mad River Fault crossing underneath the community;
- WHEREAS, MCSD retained a Consulting Engineer, John Eidinger, to evaluate the vulnerability of MCSD's water and sewer works to seismic events;
- WHEREAS, Mr. Eidinger has determined that substantial damage would occur to specific facilities if a large earthquake occurred;
- WHEREAS, Such damage would result in severe personal, social and economic disruption to the community;
- WHEREAS, The severity of the damage could be significantly reduced if an effort is made to strengthen and augment these facilities;
- WHEREAS, The Board appointed a citizens committee comprised of eleven members to review the Consulting Engineer's recommendations;
- WHEREAS, This committee, after intensive review and debate, unanimously recommended a comprehensive program including retrofit upgrades, funding and rates (hereinafter defined as "Recommended Program" to minimize seismic damage to MCSD's systems and to shorten the recovery time after an earthquake;
- WHEREAS, No current MCSD funds are available to implement the Recommended Program;
- WHEREAS, The proposed rate increase is designed to cover the actual cost of implementing the Recommended Program, to equitably spread the added costs amongst rate payers, to encourage conservation, to simplify rates and to produce predictable future revenues;

WHEREAS, This ordinance guarantees that any funds borrowed by MCSD will only be used to implement the Recommended Program and that any unspent funds will be paid back to the lender to reduce principal;

WHEREAS, The Government Code of the State of California authorizes special districts to utilize tax exempt borrowing capacity to obtain funds at the lowest possible cost;

WHEREAS, The Election Code and the Government Code of the State of California authorize a special district to propose a ballot measure to determine the will of the electorate; and

WHEREAS, The Board believes that MCSD's voters should determine if they wish to pay increased water rates to implement the Recommended Program.

NOW, THEREFORE, THE BOARD OF DIRECTORS OF THE MCKINLEYVILLE COMMUNITY SERVICES DISTRICT DOES HEREBY:

1. Finds that the foregoing recitals are, and each of them is, true and correct;
2. Requests the County of Humboldt Elections Department to place the following ballot measure on the November 4, 1997 election:

"MEASURE S: Should the McKinleyville Community Services District borrow principal up to \$910,500 to fund the specific seismic upgrades listed in Ordinance 1997-3 so as to minimize seismic damage to MCSD's facilities, to shorten recovery time after an earthquake and to repay the resultant annual debt service cost with increased water rates as described in Ordinance 1997-3."

3. Requests the County of Humboldt Elections Department to consolidate this election with the general election; publish all required election materials; mail all required sample ballots; perform all actions necessary under law to tally the ballots; provide the District with the initial results of the election after the election; and provide the District with final results after the election is certified.
4. Should a majority of those that vote on the Ballot Measure vote "Yes" then:
 - A. MCSD shall borrow up to \$910,500 in principal along with up to \$57,400 in borrowing cost for implementation of the seismic upgrades described in Section 3B of this Ordinance.

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- B. MCSD shall spend up to \$910,500 to implement the following system upgrades together with the design and contingency costs. None of these funds shall be spent for any other purpose.

1. ALTERNATE SUPPLY - Construct two high production ground water wells as a second source of supply to augment the existing 18 " main from the Humboldt Bay Municipal Water District (HBMWD). These wells would supply water to MCSD should the existing main fail in an earthquake, should HBMWD not be able to deliver water or if HBMWD's water is too turbid to drink. These wells could also be used to supply water during peak summer demands so as to reduce the cost of buying HBMWD supply.

ENGINEER'S COST ESTIMATE: \$310,000.

2. EMERGENCY PLUMBING: Purchase up to 6,000 linear feet of 5" to 8" flex hose, hydrant couplings, spare parts and deployment trailers to bypass broken water mains. Evaluate the likely breakage zones across faults and install flanges and attachment points to expedite service reactivation.

ENGINEER'S COST ESTIMATE: \$174,000.

3. ANCHOR STORAGE TANKS: Retrofit the 1,000,000 gallon Cochran Road Tank; the 1,000,000 gallon three Norton Road Tank and the 250,000 Hilltop Tank that are projected to fail in the event of a moderate earthquakes by installing concrete retaining rings around the base of each tank and installing motorized shutoff valves on the Cochran Road Tank.

ENGINEER'S COST ESTIMATE: \$130,000.

4. REINFORCE CRITICAL BUILDINGS: Strengthen the Ramey Pump Station to withstand moderate to heavy earthquake shaking.

ENGINEER'S COST ESTIMATE: \$22,000.

5. EMERGENCY STORAGE/SUPPLY: Purchase and plumb storage tanks at three disaster shelters and fabricate up to ten hydrant supply manifolds to supply water to displaced residents and those with no running water.

ENGINEER'S COST ESTIMATE: \$23,000.

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6. EMERGENCY COMMUNICATIONS: Purchase and install a Ham Radio system including a fixed antenna to ensure coordination with emergency service providers.

ENGINEER'S COST ESTIMATE: \$1,500.

7. PLANNING, DESIGN, & INSPECTION: For each of the six components described above evaluate options, select a proposed project, conduct an environmental review, secure permits, finalize the design, secure a contractor/vendor, and implement.

ENGINEER'S COST ESTIMATE: \$85,000

8. CONTINGENCIES & ADDITIONAL WORK: The balance of the \$910,500 borrowing, \$165,000, is a contingency fund to cover unknown expenses on components one through six described above and if unneeded to purchase a shut off valve for the Norton Tank (\$50,000) and to retrofit the MCSD office and shop (\$70,000) to withstand a moderate earthquake.

ENGINEER'S COST ESTIMATE: \$165,000

- C. Borrow up to \$57,400 to cover the cost of borrowing the \$910,500 in principal.
- D. MCSD shall track the actual borrowed funds expended to maintain a cumulative total of expenditures and report the results to the customers in MCSD's quarterly News.
- E. After all upgrades are completed MCSD shall use any unspent funds to repay principal on the borrowing.
- F. MCSD shall increase water rates to cover the actual annual debt service on the borrowed funds with the rate increase specified in Section 4, 5 and 6 of this Ordinance and reduce rates correspondingly when the debt service has been retired.
5. Should a majority of those that vote on the Ballot Measure vote "Yes" then the third sentence of Section 16.01 of the MCSD Rules and Regulations shall be amended to read:
"Minimum charges per month for multiple living units: \$4.25 per living unit regardless of the meter size."

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- 6. Should a majority of those that vote on the Ballot Measure vote "Yes" then the fourth sentence of Section 16.01 of the MCSD Rules and Regulations shall be amended to read:
"Minimum charge per month for all other customers:

<u>METER SIZE</u>	<u>MONTHLY RATE</u>
5/8" x 3/4", 3/4" & 1"	\$4.25
1 1/2" & 2"	\$21.25
3" or larger	\$34.00"

- 7. Should a majority of those that vote on the Ballot Measure vote "Yes" then the fifth sentence of Section 16.01 of the MCSD Rules and Regulations shall be amended to read: "The consumption charge shall be calculated as a function of the actual amount of water consumed applied to the following schedule:

<u>AMOUNT OF WATER CONSUMED</u>	<u>CHARGE PER 100 CUBIC FEET</u>
100 to 500 Cubic Feet	\$.77
600 Cubic Feet and Over	\$1.00"

- 8. Staff is directed to provide the electorate with information on the ballot measure including a description of each upgrade proposed and the rationale for each upgrade. Such description shall include aspects of any of the upgrades which could be used for non-emergency purposes, particularly the non-emergency functions of the proposed ground water wells.
- 9. This ordinance is not adopted for the purpose of complying with the requirements of Proposition 218. Separate proceedings will be processed by the Board of Directors if it is subsequently determined that notice and hearing requirements of Proposition 218 must be met.

On the Motion of Director Shepherd and seconded by Director Harling, the foregoing ordinance is duly adopted this 10th day of July, 1997 by the following vote:

AYES: ESTES, HARLING, KLEIN, SHEPHERD

NOES: NONE

ABSENT: WALUND

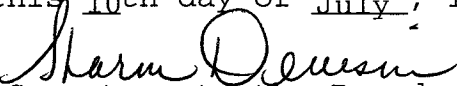
Edward E. Estes

Edward E. Estes, President,
Board of Directors McKinleyville
Community Services District

ATTEST:

Secretary, Board of Directors
McKinleyville Community Services District

I, Sharon Denison, Secretary to the Board of Directors of the MCKINLEYVILLE COMMUNITY SERVICES DISTRICT, hereby certify that the foregoing is a full, true, and correct copy of an ordinance duly adopted this 10th day of July, 1997.


Secretary to the Board of
Directors of McKinleyville
Community Services District

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