

McKINLEYVILLE



COMMUNITY SERVICES DISTRICT



BUDGET

For the Fiscal Year Ending June 30, 2027

Adoption Date: June 3, 2026

MCSO BOARD OF DIRECTORS

Dennis Mayo, President
David Couch, Vice President
Gregory P. Orsini, Director
Scott Binder, Director
James Biteman, Director

**McKINLEYVILLE COMMUNITY SERVICES DISTRICT
1656 Sutter Road
McKinleyville, CA 95519
Capital and Operating Budget**

For the Fiscal Year Ending June 30, 2027

INTRODUCTION AND BUDGET GUIDE

This budget is intended to serve as a management tool for the operation of the McKinleyville Community Services District (MCSD) during fiscal year July 1, 2026 through June 30, 2027. The Budget sets forth goals and priorities for staff to accomplish during the year in the four district operating departments. This budget is dynamic in that it can be amended as the Board adds goals and changes priorities.

- Page 3 includes information about McKinleyville and the McKinleyville Community Services District.
- The Mission Statement, estimated Full-Time Employee Equivalents for the fiscal year, and the Organizational Chart are included beginning at Page 5.
- Budgets and accompanying graphs for the Governmental Funds & the Enterprise Funds are shown beginning at Page 8. Detailed line-item budgets are available for review by the Board and the public but are not included in this policy-level document.
- Historical Data is presented beginning at Page 15.
- MCSD's Capital Improvement Program Budgets, Exhibit 11, start on Page 19. Narratives are shown in Appendix A, beginning at Page 28.
- A summary of the MCSD's Board current Strategic Plan 2024-2029 is shown in Appendix B, beginning at Page 33
- The Appropriations Limit calculations required by law for the Fiscal Year 2026-27 are included in Appendix C, starting on Page 44.

DESCRIPTION OF THE COMMUNITY

McKinleyville is an unincorporated community of Humboldt County in the north coastal region of California 300 miles north of San Francisco. McKinleyville has an approximate population of 16,262 according to 2020 data from the U. S. Census Bureau. It is the third largest community population area in Humboldt County behind Eureka (26,512) and Arcata (18,857). McKinleyville borders the Pacific Ocean and has a mild climate year-round with frequent fog and moderate to heavy precipitation mainly between October and April. Because of the combination of coastal, mountain and valley areas, residents have the opportunity for a wide range of recreational activities. Just minutes from McKinleyville, you can surf, fish for salmon and steelhead, hike underneath the world's tallest trees and bike the Pacific Coast Trail.

The original settlers of McKinleyville were the Wiyot Indians who occupied the area for hundreds of years before the first white settlers arrived. Historian Edie Neilson estimates that there were three thousand Wiyots in the vicinity when the first white settlers arrived in the 1850s; by 1900, there were only 150 Wiyots left. Joseph Dow built his cabin in 1862 on the high prairie area near the future site of the Humboldt County Airport. For many years the area from the Mad River to the Little River was known as Dow's Prairie.

Dow's Prairie was isolated from the rest of the north coast communities by the bridgeless rivers to the north and south and the dense forest to the east. When passable, fording the Mad River to get supplies in Arcata was a two-day trip. In 1897, Arcata businessman Isaac Minor built a general store with a post office, a hotel and a creamery here. The general store quickly became the social center for the community and the people decided to call their town Minor in his honor. When President William McKinley was assassinated in 1901, Isaac Minor and the townspeople agreed to change the name of the community to McKinleyville.

The McKinleyville Union School District was founded in 1948 and includes Dow's Prairie School, McKinleyville Middle School and Morris School. MUSD is McKinleyville's largest employer with an average annual payroll of \$6.6 million. Graduates of MUSD attend McKinleyville High School, which was opened for the fall 1961 school year. Mack High is one of three high schools in the Northern Humboldt Union High School District.

Opportunities for higher education are nearby. Arcata's Cal Poly Humboldt, a four-year college with a full spectrum of curriculum and graduate programs, is a 10-minute drive from McKinleyville. Eureka, located 20 minutes south of McKinleyville, is the largest city and county seat of Humboldt County. The main branch of College of the Redwoods, a community college system offering comprehensive programs in many academic and technical fields, is located in Eureka.

DESCRIPTION OF THE DISTRICT

McKinleyville Community Services District (MCSD) was created on April 14, 1970 when McKinleyville's residents voted 592 "yes" against 154 "no" to form the District. Initially, the District had authority to serve water and treat sewer waste. In 1972 the voters added street lighting powers. In 1985 the voters added recreational powers and in 1995 the voters authorized construction of the McKinleyville Library. The District boundaries encompass 12,140 acres ranging from North Bank Road on the south to Patrick Creek on the north. MCSD is an independent governmental unit organized under the Community Services District Law, pursuant to Title 6 Division 3 of the Government Code Section 61000, et seq. A five-member Board of Directors elected to four-year rotating terms in even-numbered years governs the District. The Directors meet on the first Wednesday of each month at Azalea Hall, 1620 Pickett Road, to set policy, consider projects and oversee the District's operations and management. The District office is located at 1656 Sutter Road, just east of Central Avenue.

MCSD's principal activities include water, sewer, parks, recreation, street lighting and open space maintenance services. In recent years, the District has dramatically expanded its recreational services by developing approximately 44 acres of community parks: Hiller Park Playground and Picnic Area, Hiller Park Loop Trails, Hiller Sports Complex, Pierson Park and Larissa Park. In addition, the District has constructed state-of-the-art buildings to provide indoor sports and recreation (McKinleyville Activity Center), a community activities center (Azalea Hall), a Teen and Community Center, and a library (a branch of the Humboldt County Library). In 1999, the Mad River Rotary Club completed the fund-raising and construction of a Law Enforcement Facility on District land adjacent to the Library and Azalea Hall. The facility was then donated to the District and is leased to the Humboldt County Sheriff's Department. In January 2024 the District closed escrow on 599 acres of timberland that is now the McKinleyville Community Forest and in 2025 MCSD began construction of its BMX Track and Park.

MCSD purchases its wholesale water supply from the Humboldt Bay Municipal Water District, which diverts water from its million-gallon tank on Essex Hill under the Mad River to MCSD's Grant A. Ramey Pump Station at North Bank and Azalea Roads. Water is then pumped to storage tanks at McCluski Hill, Cochran Road and Norton Road; MCSD's seven storage tanks have a combined capacity of 9.75 million gallons, approximately a 90-hour supply for our 5,850 water customers.

All sewage for MCSD's 5,200 customers is treated at the Wastewater Management Facility at Hiller Park. MCSD maintains approximately 73 miles of sewer mains. MCSD recycles treated wastewater for agricultural irrigation at the Fischer Irrigation Site, Pjalorsi Irrigation Site, and at Hiller Park. With a major upgrade of the Wastewater Management Facility completed in 2019, MCSD is committed to maintaining its sewage collection, treatment and disposal systems as a model for other communities.

Additional information and photographs of MCSD facilities are available on MCSD's website (www.mckinleyvillecsd.com). District staff and Directors can be reached by e-mail at mcsd@mckinleyvillecsd.com.

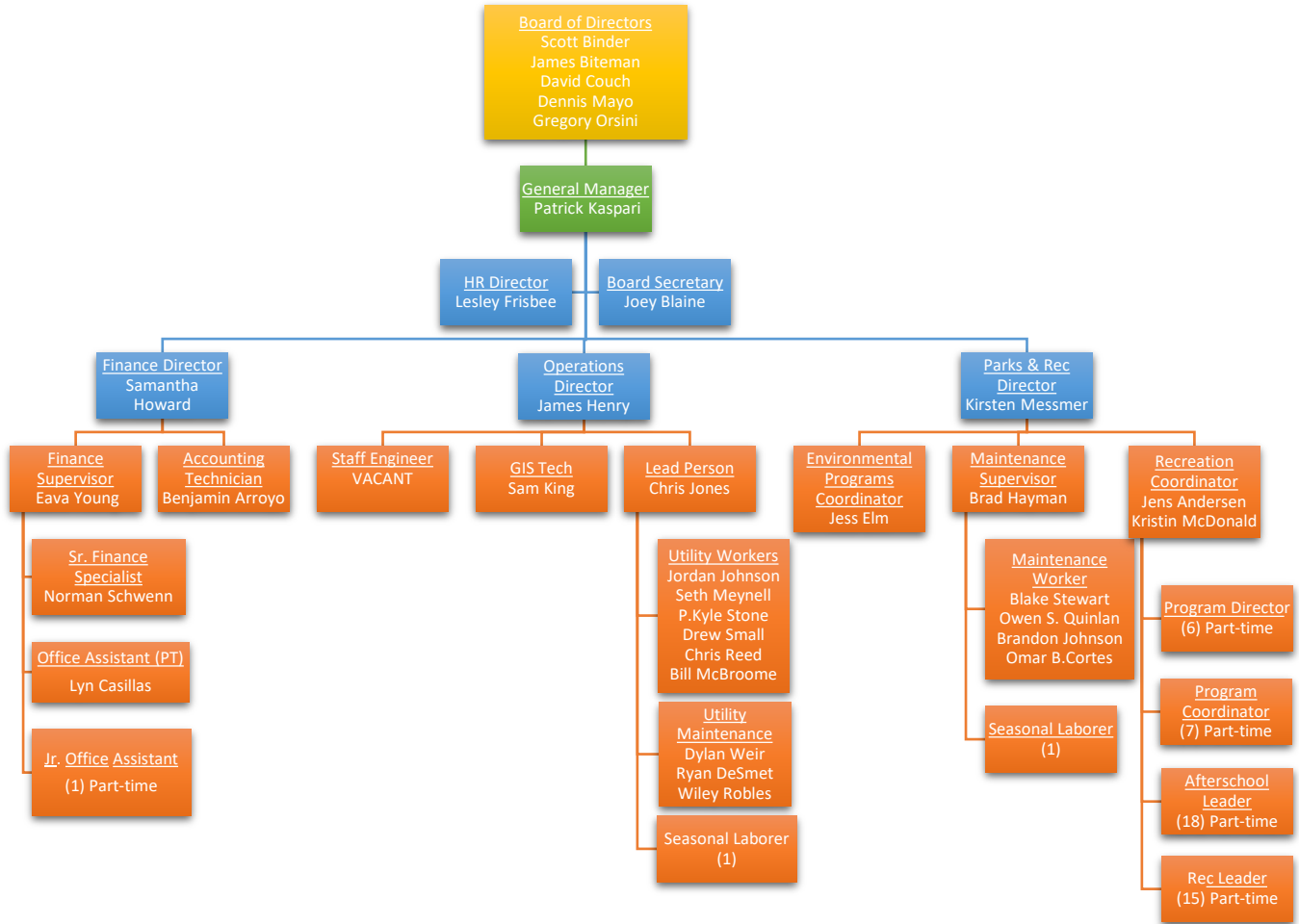
**McKINLEYVILLE COMMUNITY SERVICES DISTRICT
MISSION STATEMENT**

McKinleyville Community Services District provides authorized services fundamental to the health and well-being of the community.

**Estimated Employee Full Time Equivalents
For the Fiscal Year ending June 30, 2026**

	Full-Time Benefitted	Part-Time & Seasonal
General Manager	1	0
Finance & Administration	6	2
Operations	14	1
Parks & Recreation	9	47
Total	30	50

McKinleyville Community Services District
Organization Chart: Fiscal Year 2025-26
 Revised May 2025



McKinleyville Community Services District
Exhibits of Financial Information
Budget for the year ending June 30, 2026

Table of Contents

<i>Page 08</i>	<i>Exhibit 1 – Fund Budget Summary and Projected Fund Balance</i>
<i>Page 10</i>	<i>Exhibit 2 – Budget & Graphs, Water Fund</i>
<i>Page 11</i>	<i>Exhibit 3 – Budget & Graphs, Wastewater Fund</i>
<i>Page 12</i>	<i>Exhibit 4 – Budget & Graphs, Streetlights Fund</i>
<i>Page 13</i>	<i>Exhibit 5 – Budget & Graphs, General/Parks Fund</i>
<i>Page 14</i>	<i>Exhibit 6 – Budget & Graphs, Measure B Fund</i>
<i>Page 15</i>	<i>Exhibit 7-10 – Historical Data</i>
<i>Page 19</i>	<i>Exhibit 11 – 10 Year Capital Improvement Plans</i>
<i>Page 28</i>	<i>Appendix A – Capital Expenditures Overview and Narratives</i>
<i>Page 33</i>	<i>Appendix B – Strategic Plan Summary 2024-2029</i>
<i>Page 44</i>	<i>Appendix C – Appropriations Limit Calculations</i>

McKinleyville Community Services District
Budget Summary: Net Position - All Funds
FY2026-27

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the District, total assets and deferred outflows of resources are projected in the budget to exceed liabilities and deferred inflows of resources by \$70,692,339.25 as of June 30, 2027.

The District's total net position is made up of three components: (1) net investment in capital assets such as construction of capital projects, (2) restricted net position per the District's Reserve Policy, and (3) unrestricted net position, or liquid cash reserves.

At the end of the current Fiscal Year, June 30, 2026, the net position of the District is projected to increase from the FY24-25 by 3.21%, or \$1,794,935.47, for a total of \$55,901,857.00. An increase of approximately 23%, or \$12,995,546.78, is budgeted for FY26-27 which will result in a total net position of \$70,692,339.25.

A 6.03%, or \$1,057,779.15, decrease in total revenues is projected for the end of the current year, FY25-26, for a total of \$16,473,033.85 from all revenue sources. This compares to an increased projected revenue for the upcoming budget year, FY26-27, of 20.13%, or \$3,316,655.79, for a total of \$19,789,689.64.

Total expenditures are projected to increase at the end of the current year by 38.52%, or \$3,789,205.81, for a total of \$13,624,972.81 for all expenditure types. The overall increase projected for the coming budget year is much more mild, at 1.44%, or \$195,908.63, for a total of \$13,820,881.43 projected budgeted expenditures for FY26-27.

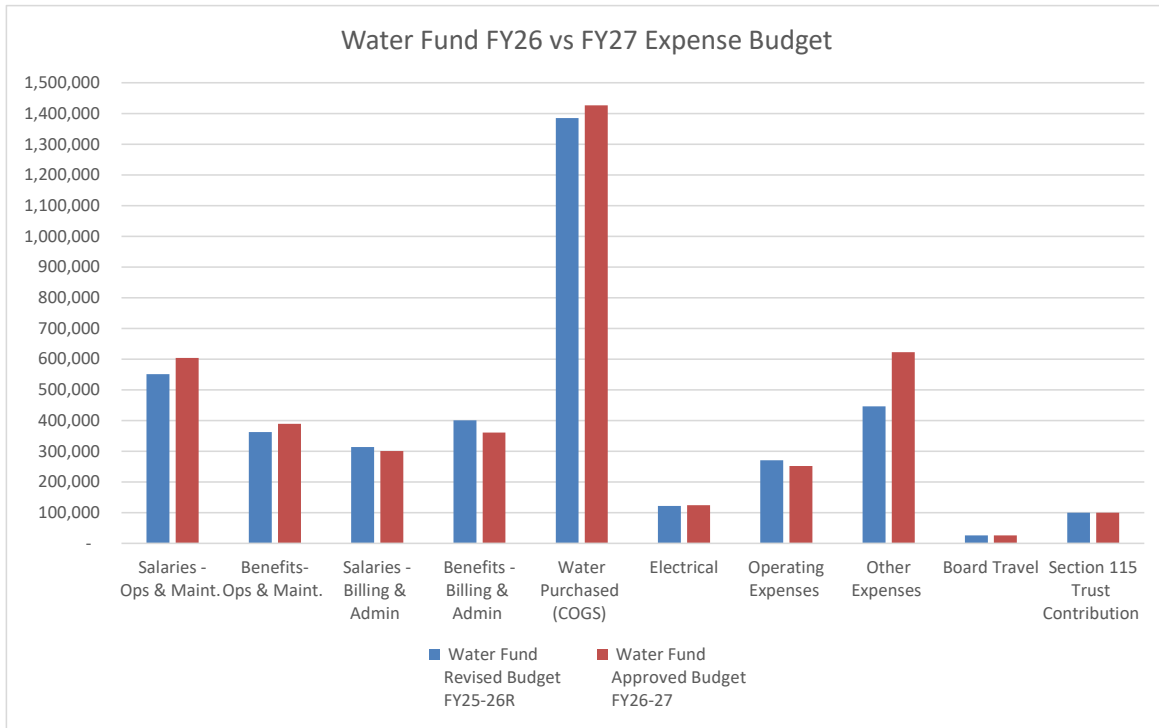
Overall net position is projected to change positively in the current fiscal year. In the Enterprise Funds, both the Water and the Sewer Funds are seeing an increase in net position due to expected proceeds of bond financing and grant revenue. In Governmental Funds, the Parks General Fund is expected to see no changes in net position as grant revenue will be offset by associated capital expenditures. The Measure B Fund is expected to see and improved overall net position due to the 2024 Measure B Assessment increase and conservative budgeting practices. The Streetlight Fund is forecasted to experience a decrease in net position due to the purchase of a new boom truck.

McKinleyville Community Services District
Summary APPROVED Budgets - All Funds
FY 2026-27

Description	Water Fund	Wastewater Fund	Streetlights Fund	Gen'l/Parks Fund	Measure B Fund	Total (Memorandum Only)
Revenues						
Water Sales	4,800,000					4,800,000
Sewer Service Charges		4,800,000				4,800,000
Capacity Fees	75,000	100,000				175,000
Streetlight Charges			131,500			131,500
Program Fees				765,750		765,750
Facility Fees				96,650		96,650
Property Taxes				870,000		870,000
Measure B Assessment					758,425	758,425
Open Space Fees				168,443		168,443
Contributions & Other Program				1,500		1,500
Grant Revenue	1,962,000	3,000,000		1,126,000		6,088,000
Other Revenue	138,086	146,172	18,550	23,614		326,422
Contributed Construction	25,000	75,000				100,000
Proceeds from Long Term Debt (Gov't only)						-
Quimby Fees/Capital Proj. Grants				10,000		10,000
Interest Revenue	200,000	400,000	3,000	175,000	40,000	818,000
Total Revenues	7,200,086	8,521,172	153,050	3,236,957	798,425	19,909,690
Expenditures						
Salaries & Benefits - Operations & Maint.	993,085	1,074,581	3,631			2,071,297
Salaries & Benefits - Billing & Admin	661,464	665,693	39,157			1,366,314
Salaries & Benefits - Rec Programs				666,644		666,644
Salaries & Benefits- Parks Maintenance				267,464	216,666	484,130
Salaries & Benefits- Parks&Rec Admin				478,726		478,726
Section 115 Contribution	100,000	100,000	10,000	40,000		
Water Purchased (COGS)	1,426,679					1,426,679
Water & Electrical Expense	124,000	219,000	35,400			378,400
Operating Expenses	251,868	458,768				710,636
Other Expenses	622,158	622,330	52,228			1,296,716
Other Expenditures - Rec Programs				27,500		27,500
Other Expenditures - Parks Maintenance				98,900	160,240	259,140
Other Expenditures - Parks&Rec Admin				178,590		178,590
Depreciation Expense	462,090	1,632,753				2,094,843
Board Travel Expense	25,700	8,500	750	2,620		37,570
Debt Service - Gov't Funds only					113,696	113,696
Interest Expense	267,542	376,229			13,760	657,530
Parks/Meas.B Capital Expenditures			95,000	1,535,000	107,000	1,737,000
Total Expenditures	4,934,586	5,157,853	236,167	3,295,445	611,362	13,985,412
Excess (Deficit)	2,265,500	3,363,319	(83,117)	(58,488)	187,063	5,924,278
Fund Balance - July 1, 2025						
Projected Surplus (Deficit) FY2025-26	2,092,109	805,489	16,839	(236,560)	161,209	2,839,084
Debt Principal FY2025-26 (Enterprise only)	(265,724)	(787,402)				(1,053,126)
New Borrowing FY2025-26(Enterprise only)	-	-				-
Projected Fund Balance June 30, 2026	27,707,956	28,727,783	194,888	1,248,256	(191,066)	57,687,816
Budgeted Excess (Deficit) FY2026-27	2,265,500	3,363,319	(83,117)	(58,488)	187,063	5,674,278
Anticipated Borrowing FY2026-27(Enterprise)	4,588,000	3,939,000				8,527,000
Debt Principal FY2026-27(Enterprise only)	(412,981)	(937,280)				(1,350,261)
Projected Fund Balance June 30, 2027	34,148,474	35,092,822	111,771	1,189,768	(4,003)	70,538,832

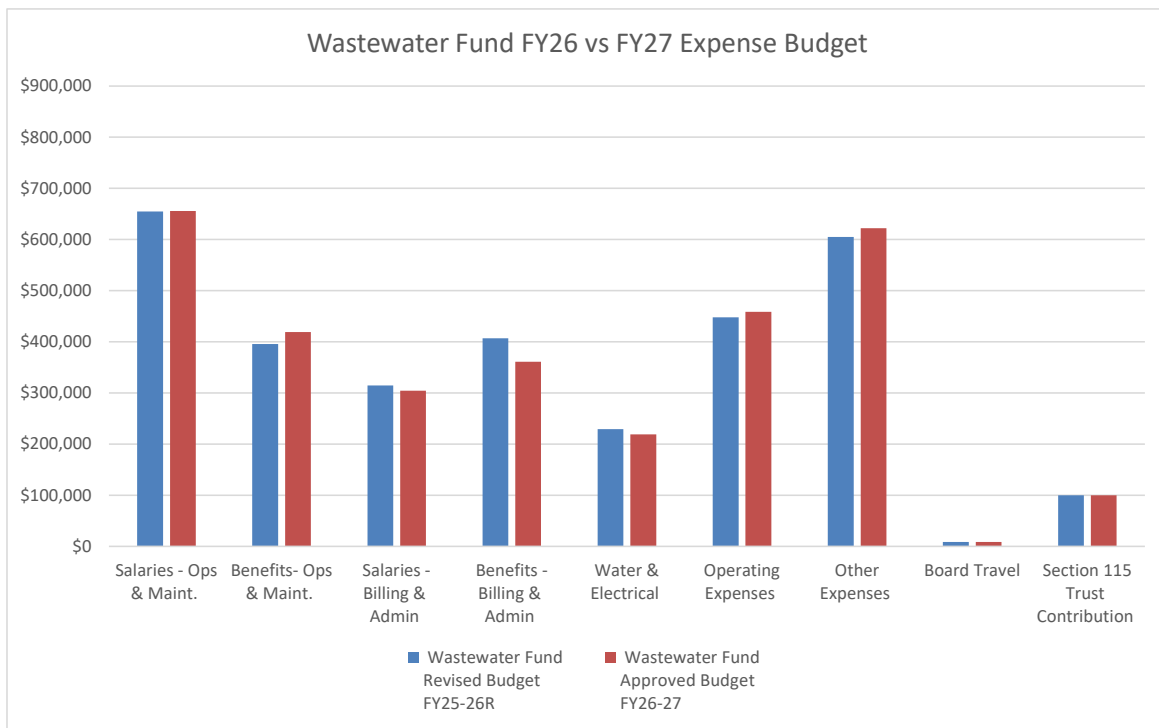
McKinleyville Community Services District
Enterprise Funds: APPROVED Water Operating Budget
FY 2026-27

Description	Water Fund Revised Budget FY25-26R		Water Fund Approved Budget FY26-27		Difference	
Water Revenues		% of Budget		% of Budget		% Change
Water Sales	4,460,000	78%	4,800,000	67%	340,000	8%
Capacity Fees	75,000	1%	75,000	1%	-	0%
Grant Revenue	875,635	15%	1,962,000	27%	1,086,365	124%
Other Revenue	75,339	1%	138,086	2%	62,746	83%
Contributed Construction	25,000	0%	25,000	0%	-	0%
Interest Revenue	200,000	4%	200,000	3%	-	0%
Total Revenues	5,710,974	100%	7,200,086	100%	1,489,111	26%
Water Expenses		% of Budget		% of Budget		% Change
Salaries - Ops & Maint.	550,673	12%	603,576	12%	52,904	9.6%
Benefits- Ops & Maint.	362,786	8%	389,509	8%	26,723	7.4%
Salaries - Billing & Admin	313,853	7%	300,952	6%	(12,901)	-4.1%
Benefits - Billing & Admin	400,450	9%	360,513	7%	(39,938)	-10.0%
Water Purchased (COGS)	1,385,125	30%	1,426,679	29%	41,554	3.0%
Electrical	121,500	3%	124,000	3%	2,500	2.1%
Operating Expenses	270,900	6%	251,868	5%	(19,032)	-7.0%
Other Expenses	446,312	10%	622,158	13%	175,846	39.4%
Board Travel	25,700	1%	25,700	1%	-	0.0%
Section 115 Trust Contribution	100,000	2%	100,000	2%	-	0.0%
Depreciation	457,000	10%	462,090	9%	5,090	1.1%
Interest Expense	192,542	4%	267,542	5%	75,000	39.0%
Total Expenses	4,626,840	100%	4,934,586	100%	307,746	6.7%
Excess (Deficit)	1,084,134		2,265,500		1,181,365	



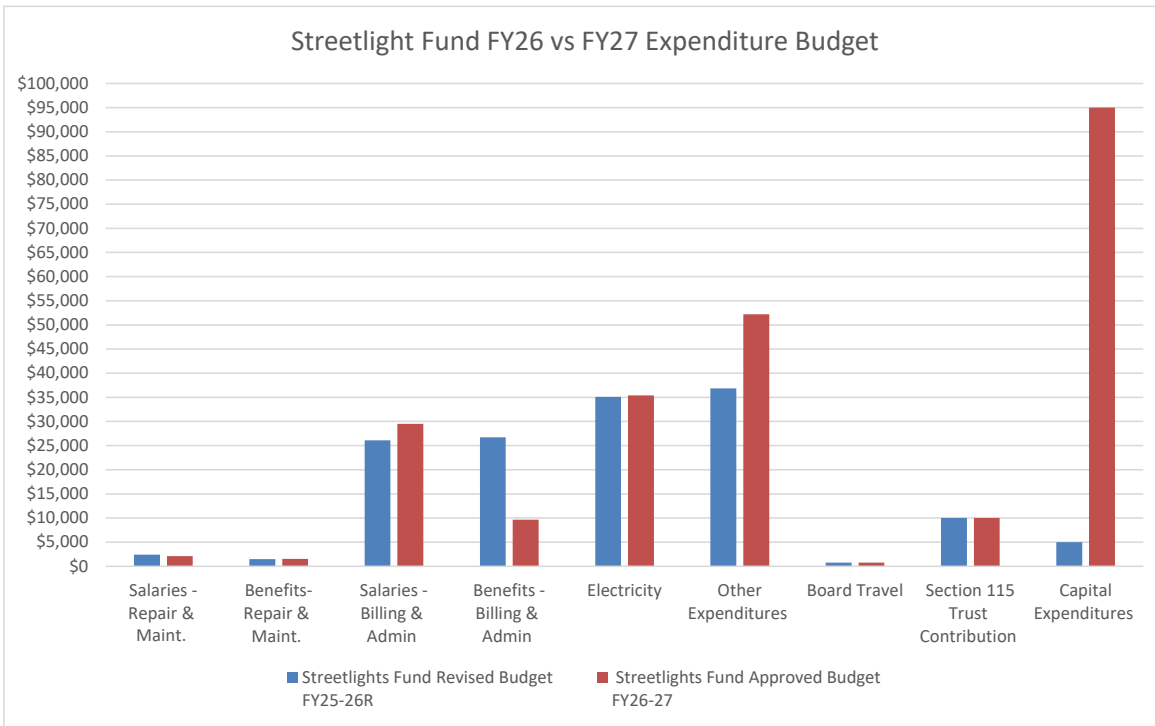
McKinleyville Community Services District
Enterprise Funds: APPROVED Sewer Operating
Budget FY 2026-27

Description	Wastewater Fund Revised Budget FY25-26R		Wastewater Fund Approved Budget FY26-27		Difference	
Wastewater Revenues		% of Budget		% of Budget		% Change
Sewer Service Charges	4,450,000	77%	4,800,000	56%	350,000	8%
Capacity Fees	156,200	3%	100,000	1%	(56,200)	-36%
Grant Revenue	350,094	6%	3,000,000	35%	2,649,906	757%
Other Revenue	26,752	0%	146,172	2%	119,420	446%
Contributed Construction	75,000	1%	75,000	1%	-	0%
Interest Revenue	715,000	12%	400,000	5%	(315,000)	-44%
Total Revenues	5,773,046	100%	8,521,172	100%	2,748,126	47.6%
Wastewater Expenses		% of Budget		% of Budget		% Change
Salaries - Ops & Maint.	655,001	13%	655,589	13%	589	0%
Benefits- Ops & Maint.	395,493	8%	418,991	8%	23,499	6%
Salaries - Billing & Admin	314,638	6%	304,529	6%	(10,109)	-3%
Benefits - Billing & Admin	406,788	8%	361,163	7%	(45,625)	-11%
Water & Electrical	229,000	5%	219,000	4%	(10,000)	-4%
Operating Expenses	447,800	9%	458,768	9%	10,968	2%
Other Expenses	605,071	12%	622,330	12%	17,259	3%
Board Travel	8,500	0%	8,500	0%	-	0%
Section 115 Trust Contribution	100,000	2%	100,000	2%	100,000	100%
Depreciation	1,550,000	30%	1,632,753	32%	82,753	5%
Interest Expense	376,229	7%	376,229	7%	-	0%
Total Expenditures	5,088,519	100%	5,157,853	100%	169,334	1.4%
Excess (Deficit)	684,527		3,363,319		2,578,792	



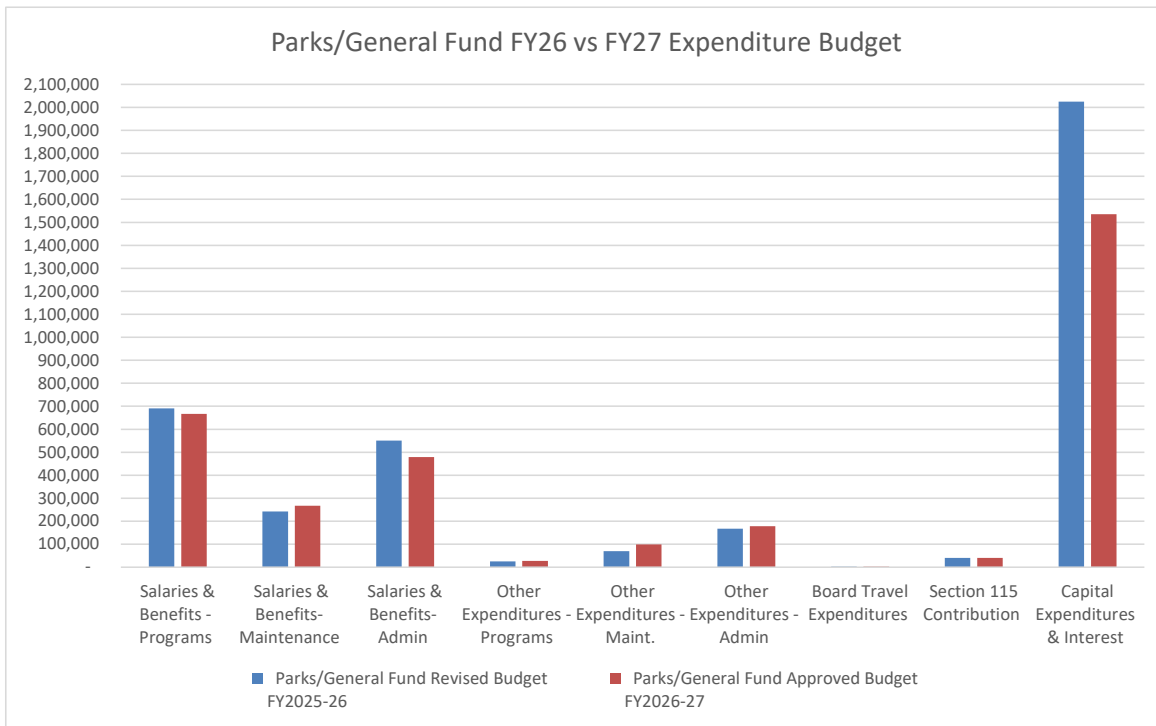
McKinleyville Community Services District
Streetlights Fund APPROVED Operating Budget
FY 2026-27

Description	Streetlights Fund Revised Budget FY25-26R		Streetlights Fund Approved Budget FY26-27		Difference	
Streetlight Revenues		% of Budget		% of Budget		% Change
Streetlight Charges	125,200	85%	131,500	86%	6,300	5.0%
Other Charges	18,550	13%	18,550	12%	-	0.0%
Interest Revenue	3,000	2%	3,000	2%	-	0.0%
Total Revenues	146,750	100%	153,050	100%	6,300	4%
Streetlight Expenditures		% of Budget		% of Budget		% Change
Salaries - Repair & Maint.	2,400	2%	2,091	1%	(309)	-12.9%
Benefits- Repair & Maint.	1,475	1%	1,541	1%	66	4.5%
Salaries - Billing & Admin	26,100	18%	29,498	12%	3,398	13.0%
Benefits - Billing & Admin	26,698	18%	9,659	4%	(17,039)	-63.8%
Electricity	35,100	24%	35,400	15%	300	0.9%
Other Expenditures	36,840	26%	52,228	22%	15,388	41.8%
Board Travel	750	1%	750	0%	-	0.0%
Section 115 Trust Contribution	10,000	7%	10,000	4%	-	100.0%
Capital Expenditures	5,000	3%	95,000	40%	90,000	1800.0%
Total Expenditures	144,363	100%	236,167	100%	91,804	64%
Excess (Deficit)	2,387		(83,117)		(85,504)	



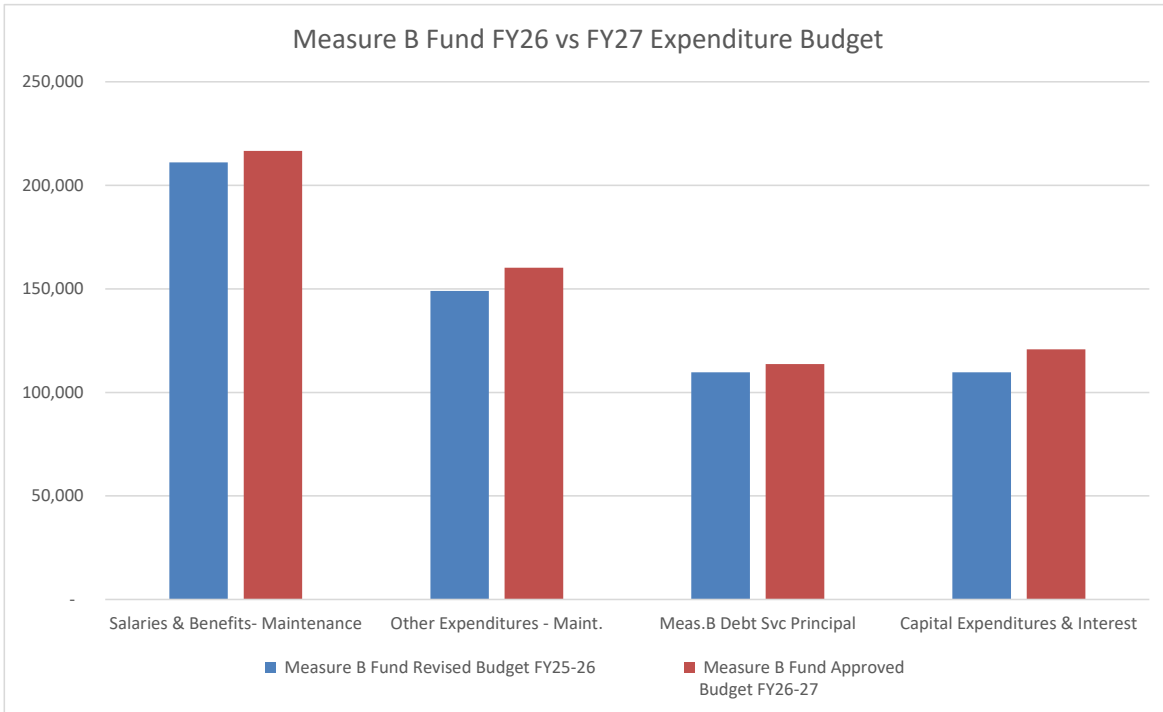
McKinleyville Community Services District
Parks/General Fund APPROVED Operating Budget
FY 2026-27

Description	Parks/General Fund Revised Budget FY2025-26		Parks/General Fund Approved Budget FY2026-27		Difference	
		% of Budget		% of Budget		% Change
Revenues						
Program Fees	663,634	19%	765,750	24%	102,116	15.4%
Facility Fees	102,125	3%	96,650	3%	(5,475)	-5.4%
Property Taxes	870,000	26%	870,000	27%	-	0.0%
Open Space Fees	167,141	5%	168,443	5%	1,302	0.8%
Contributions & Other Program	1,500	0%	1,500	0.0%	-	0.0%
Other Revenue	20,278	1%	23,614	1%	3,337	16.5%
Grant Revenue	1,400,000	41%	1,126,000	35%	(274,000)	-19.6%
Quimby Fees/ Grants/Loans	10,000	0%	10,000	0%	-	0.0%
Interest Revenue	175,000	5.1%	175,000	5.4%	-	0.0%
Total Revenues	3,409,677	100%	3,236,957	100%	(172,720)	-5.1%
Expenditures						
Salaries & Benefits - Programs	690,841	18%	666,644	20%	(24,196)	-3.5%
Salaries & Benefits- Maintenance	241,835	6%	267,464	8%	25,629	10.6%
Salaries & Benefits- Admin	550,985	14%	478,726	15%	(72,259)	-13.1%
Other Expenditures - Programs	25,280	1%	27,500	1%	2,220	8.8%
Other Expenditures - Maint.	69,864	2%	98,900	3.0%	29,036	41.6%
Other Expenditures - Admin	167,603	4%	178,590	5.4%	10,987	6.6%
Board Travel Expenditures	2,620	0.1%	2,620	0.1%	-	0.0%
Section 115 Contribution	40,000	1%	40,000	1.2%	-	0.0%
Capital Expenditures & Interest	2,024,600	53%	1,535,000	47%	(489,600)	-24.2%
Total Expenditures	3,813,628	100%	3,295,445	100%	(518,184)	-13.6%
Excess (Deficit)	(403,951)		(58,488)		345,463	



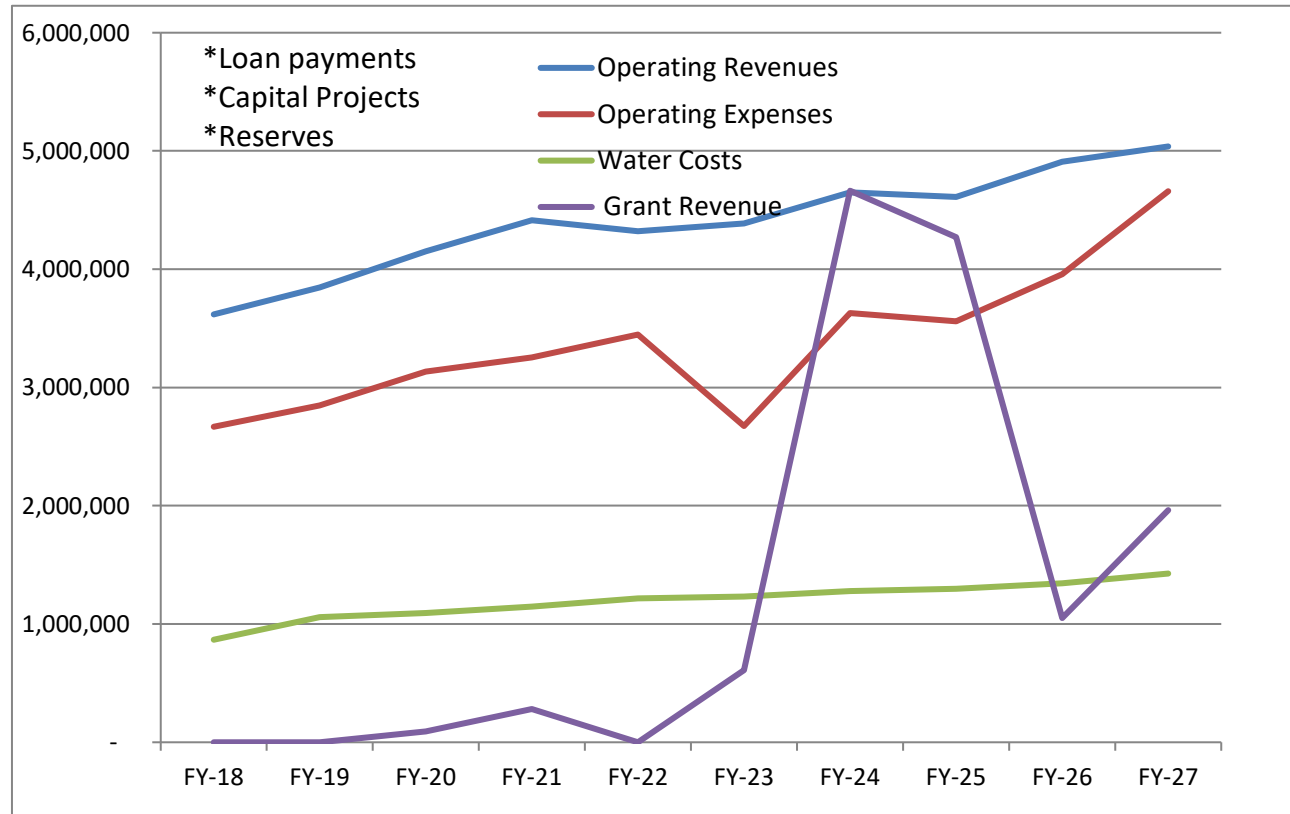
McKinleyville Community Services District
Measure B Fund APPROVED Operating Budget
FY 2026-27

Description	Measure B Fund Revised Budget FY25-26		Measure B Fund Approved Budget FY26-27		Difference	
		% of Budget		% of Budget		% Change
Revenues						
Measure B Assessment	693,253	95%	758,425	95%	65,172	9%
Grants/Contributions	-	0%	-	0%	-	0%
Other Revenue	-	0%	-	0%	-	0%
Proceeds from Debt	-	-	-	0%	-	0%
Quimby Fees/ ReservesDraw	-	0%	-	0%	-	0%
Interest Revenue	40,000	5.5%	40,000	5.0%	-	0%
Total Revenues	733,253	100%	798,425	100%	65,172	9%
Expenditures						
Salaries & Benefits- Maintenance	211,050	36%	216,666	35%	5,616	3%
Other Expenditures - Maint.	149,000	26%	160,240	26%	11,240	8%
Meas.B Debt Svc Principal	109,764	19%	113,696	19%	3,932	4%
Capital Expenditures & Interest	109,690	19%	120,760	20%	11,069	10%
Total Expenditures	579,504	100%	611,362	100%	31,857	5%
Excess (Deficit)	153,749		187,063		33,315	



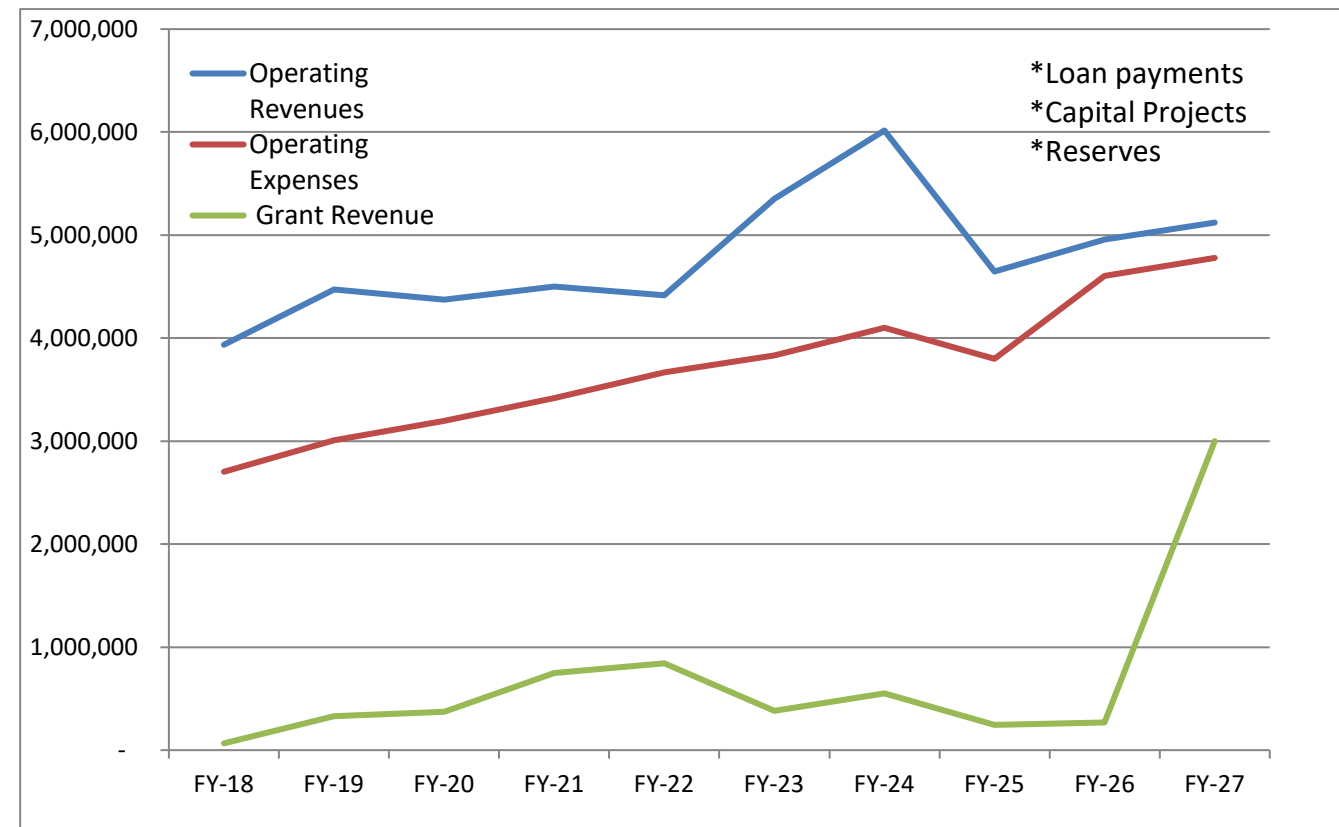
McKinleyville Community Services District
Water Enterprise Fund
Historical Analysis
Fiscal Years Ended (Ending) June 30, 2018-2027

	2018 Actual	2019 Actual	2020 Actual	2021 Actual	2022 Actual	2023 Actual	2024 Actual	2025 Actual	2026 Estimate	2027 Budget
Operating Revenues										
Water Sales	3,201,667	3,333,250	3,689,722	4,038,710	3,901,039	4,037,782	4,275,304	4,428,404	4,786,529	4,800,000
Other Water Revenues	416,418	512,887	462,716	373,750	422,106	348,407	375,605	181,065	123,849	238,086
Total Operating Revenues	3,618,085	3,846,137	4,152,438	4,412,460	4,323,145	4,386,189	4,650,909	4,609,469	4,910,378	5,038,086
Operating Expenses										
Salaries & Benefits	873,905	793,755	884,086	940,282	902,593	1,405,464	1,215,115	1,392,632	1,478,664	1,669,549
Water Cost	867,122	1,056,472	1,094,722	1,147,401	1,218,070	1,230,774	1,278,435	1,298,741	1,345,525	1,426,679
Other Expenses	562,998	610,340	700,340	754,257	935,278	(382,031)	678,666	406,342	677,722	1,101,026
Depreciation	363,985	389,295	455,902	411,197	391,802	418,842	456,297	462,090	457,000	462,090
Total Operating Expenses	2,668,010	2,849,862	3,135,050	3,253,138	3,447,743	2,673,049	3,628,513	3,559,804	3,958,912	4,659,344
Net Operating Income (Loss)	950,075	996,275	1,017,387	1,159,322	875,403	1,713,140	1,022,396	1,049,665	951,466	378,742
Interest Income	41,491	79,233	85,414	48,234	47,357	221,549	351,400	326,446	281,370	200,000
Interest Expense	(64,890)	(61,108)	(57,336)	(53,320)	(143,315)	(201,918)	(169,098)	(163,534)	(192,542)	(192,542)
Grant Revenue	-	-	89,989	280,400	-	610,423	4,663,830	4,269,536	1,051,814	1,962,000
Net Income (Loss)	926,676	1,014,399	1,135,454	1,434,636	779,445	2,343,194	5,868,528	5,482,113	2,092,109	2,348,200



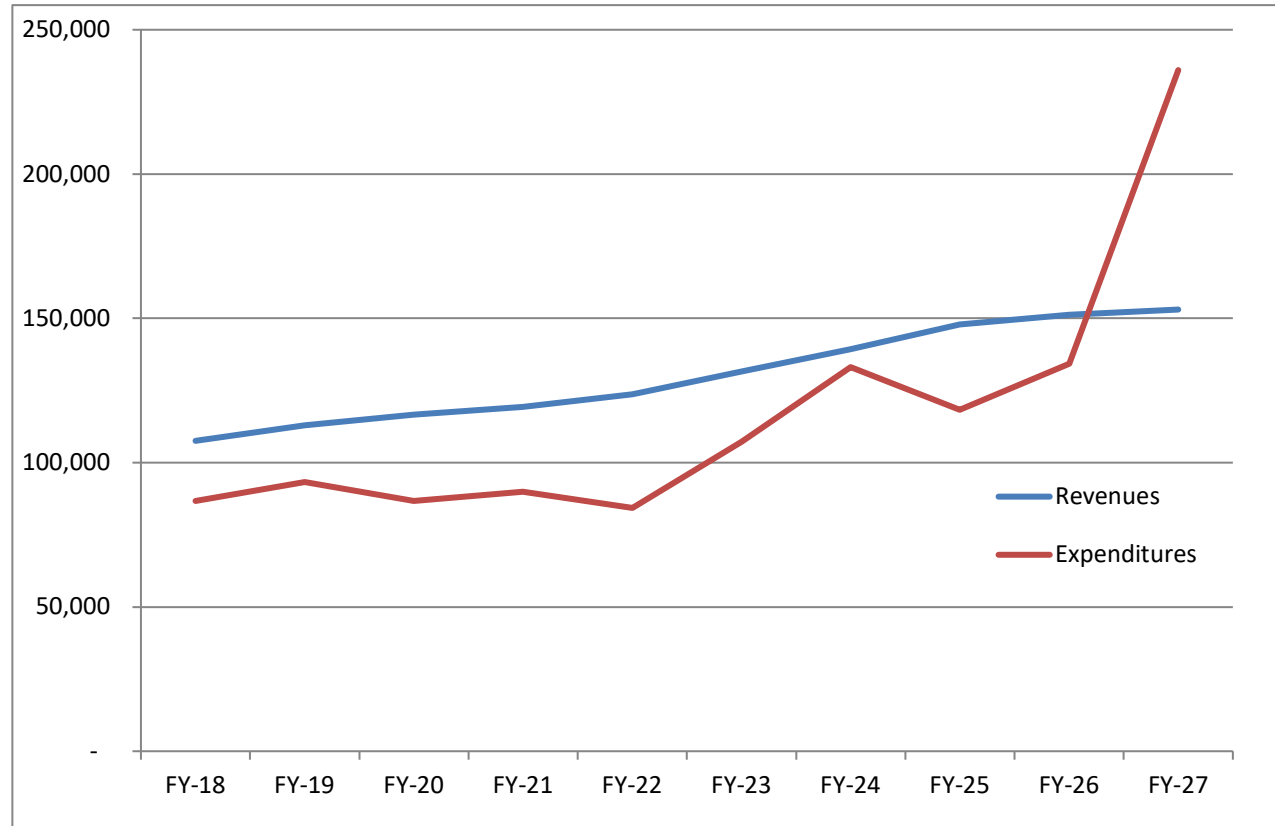
McKinleyville Community Services District
Sewer Enterprise Fund
Historical Analysis
Fiscal Years Ended (Ending) June 30, 2018-2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Budget
Operating Revenues										
Wastewater Service Charge	3,333,752	3,705,348	3,716,614	3,969,885	4,027,668	4,073,751	4,304,295	4,421,391	4,697,410	4,800,000
Other Wastewater Revenue	601,896	765,040	654,816	528,535	389,079	1,277,441	1,711,310	224,138	258,772	321,172
Total Operating Revenue	3,935,647	4,470,388	4,371,430	4,498,420	4,416,747	5,351,192	6,015,605	4,645,529	4,956,182	5,121,172
Operating Expenses										
Salaries & Benefits	1,040,516	991,199	1,040,090	1,172,658	1,154,077	1,674,910	1,530,439	1,617,096	1,666,723	1,760,273
Other Expenses	832,570	817,800	946,210	968,170	1,073,865	627,359	1,025,098	550,747	1,385,930	1,385,798
Depreciation	829,508	1,201,128	1,211,865	1,276,998	1,439,445	1,528,860	1,546,151	1,632,753	1,550,000	1,632,753
Total Operating Expenses	2,702,594	3,010,126	3,198,164	3,417,826	3,667,387	3,831,129	4,101,688	3,800,596	4,602,653	4,778,824
Net Operating Income (Loss)	1,233,053	1,460,262	1,173,266	1,080,594	749,360	1,520,063	1,913,917	844,933	353,530	342,348
Interest Income	48,208	120,116	135,107	85,047	68,616	260,265	405,920	549,079	559,987	400,000
Interest Expense	(198,112)	(225,072)	(313,825)	(225,790)	(317,477)	(320,960)	(387,721)	(365,519)	(376,229)	(376,229)
Grant Revenue	66,089	330,901	369,882	747,878	843,893	381,338	550,807	244,205	268,200	3,000,000
Net Income (Loss)	1,149,238	1,686,207	1,364,431	1,687,729	1,344,392	1,840,706	2,482,923	1,272,698	805,489	3,366,119



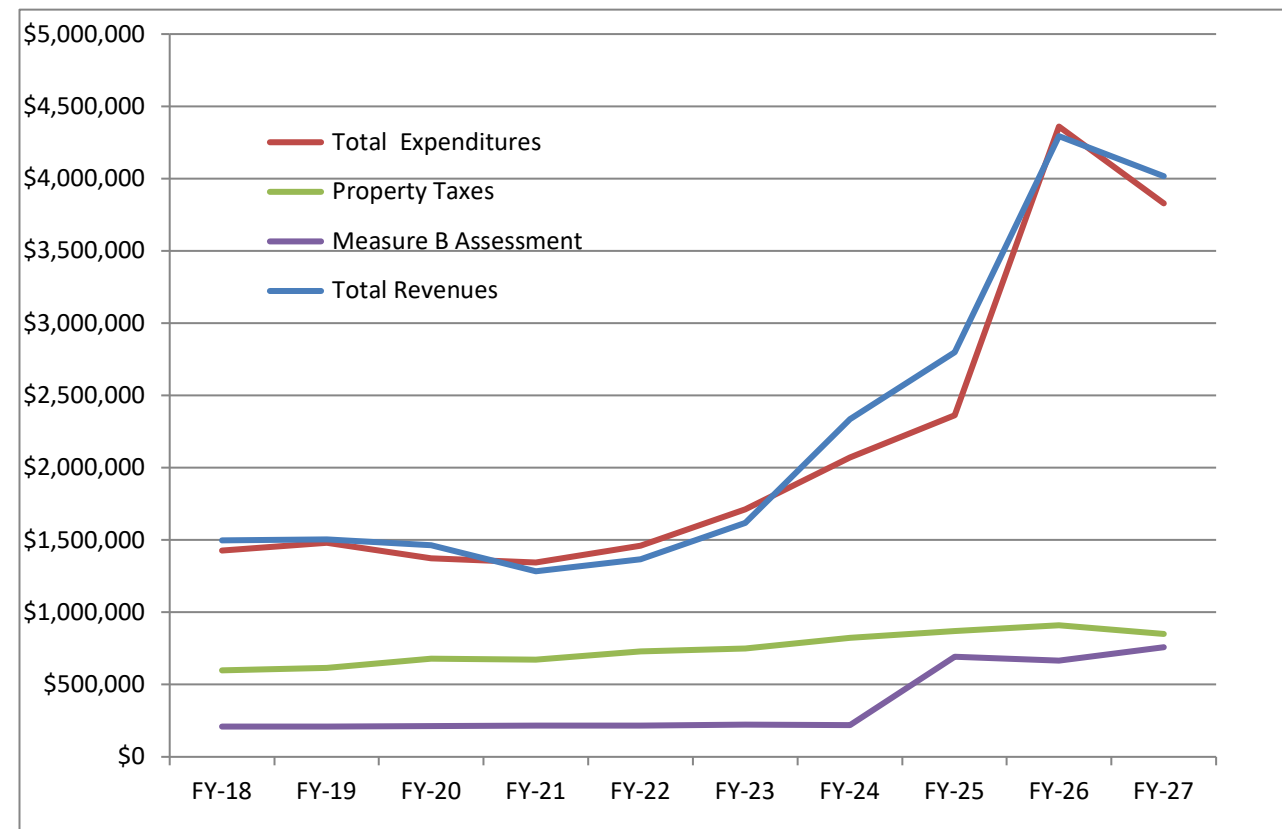
McKinleyville Community Services District
Streetlight Fund
Historical Analysis
Fiscal Years Ended (Ending) June 30, 2018-2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Budget
Revenues	107,557	112,870	116,620	119,403	123,692	131,606	139,269	147,846	151,177	153,050
Expenditures										
Salaries & Benefits	36,852	38,155	39,693	51,443	39,805	61,238	53,028	58,176	53,012	58,824
Other Expenditures	30,022	35,272	37,198	38,409	40,226	44,828	55,965	60,152	78,955	82,192
Debt Service	19,865	19,865	9,863	-	-	-	-	-	-	-
Capital Expenditures	-	-	-	-	4,273	1,150	24,139	-	2,372	95,000
Total Expenditures	86,739	93,293	86,753	89,853	84,304	107,216	133,132	118,327	134,339	236,017
Excess (Deficit)	20,817	19,578	29,868	29,551	39,388	24,390	6,137	29,518	16,839	(82,967)



McKinleyville Community Services District
Parks & Recreation, Measure B Assessment, & General Fund
Historical Analysis
Fiscal Years Ended (Ending) June 30, 2018-2027

	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027
	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Actual	Estimate	Budget
Combined Revenues										
Programs	374,327	285,629	198,879	153,616	219,800	310,220	331,070	405,871	761,244	750,100
Rentals	96,868	87,948	69,903	11,947	64,170	81,722	101,065	99,447	101,708	96,650
Property Taxes	598,430	615,380	677,798	671,671	729,263	751,141	823,090	868,793	910,237	850,000
Measure B Assessment	209,573	210,254	212,622	217,031	216,405	221,304	219,825	693,254	664,693	758,425
State Bonds & Grants	-	7,215	10,128	1,920	5,000	33,633	248,664	200,419	1,400,000	1,126,000
Other Revenue	198,827	244,785	243,124	191,965	87,634	177,707	358,721	232,533	209,584	219,207
Interest Revenue	18,799	53,839	51,911	35,578	44,339	41,849	254,159	297,893	246,457	215,000
Total Revenues	1,496,824	1,505,049	1,464,365	1,283,728	1,366,611	1,617,576	2,336,594	2,798,209	4,293,924	4,015,382
Combined Expenditures										
Salaries & Benefits	975,993	1,017,783	961,057	914,368	1,028,720	1,196,785	1,299,484	1,392,212	1,713,325	1,549,680
Other Expenditures	323,053	308,048	288,697	276,857	298,469	356,711	460,068	409,591	468,188	533,549
Debt Service	84,288	85,798	88,872	92,054	95,351	93,674	102,304	105,968	109,764	113,696
Capital Expenditures	45,473	69,128	36,025	61,264	37,368	65,634	209,771	454,396	2,069,021	1,631,000
Total Expenditures	1,428,807	1,480,757	1,374,652	1,344,542	1,459,908	1,712,804	2,071,627	2,362,167	4,360,299	3,827,926
Combined Excess (Deficit)	68,017	24,292	89,714	(60,815)	(93,298)	(95,228)	264,967	436,042	(66,375)	187,456



McKinleyville Community Services District
Enterprise Funds APPROVED Capital Improvement Project Budget
For the Fiscal Years Ending June 30, 2027 - 2036

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031	June 30, 2032	June 30, 2033	June 30, 2034	June 30, 2035	June 30, 2036
1. Heavy Equipment										
Hydrocleaner (Sewer Fund) and appurtenances			475							
Backhoe/ Skidsteer/Excavator and Attachments	30		20		20		150		100	
Dump Truck			85						90	
Tractor and Attachments	10					50				
Air Compressor and appurtenances	22					20				
Portable Emergency Generators		50			70			100		
Totals:	62	50	580	0	90	70	150	100	190	0
2. Utility Vehicles										
3/4 or 1-Ton Pickup	85	140	70	85	85	85	85	85	85	85
Construction Equipment			90			500	120			
CCTV Trailer								30		
Car	29							40		
Totals:	114	140	160	85	85	585	205	155	85	85

**McKinleyville Community Services District
Enterprise Funds **APPROVED** Capital Improvement Project Budget
For the Fiscal Years Ending June 30, 2027 - 2036**

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031	June 30, 2032	June 30, 2033	June 30, 2034	June 30, 2035	June 30, 2036

3. Water System

Property Purchase/Improvements										
Norton Water Tank Rehabilitation	1,000					750		800		500
Water Tank Cathodic				25					25	
Ramey Pump Station Upgrades	12	36	56	150						35
Emergency Water Supply: Mad River Crossing	1,000				2,500	2,500				
Digital Control & Radio Telemetry Upgrade				100						
Meter Reader Upgrade		15				20				
McCluski Tank 3 Replacement	3,000	1,000							8	
McCluski Pipeline Assessment and Replace (A&R)	100									
Tank Seismic Actuators				20						
Fire Hydrant System Upgrade	7	7	7							
Water Main Rehabilitation and Replacement	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Customer Radio Meter Testing/Replacements			20	90	200	200	200	200		
Blake Station Upgrades				10						
Emergency Generator								1,000		50
Totals:	6,119	2,058	1,083	1,395	3,700	4,470	1,200	3,000	1,033	1,585

**McKinleyville Community Services District
Enterprise Funds **APPROVED** Capital Improvement Project Budget
For the Fiscal Years Ending June 30, 2027 - 2036**

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031	June 30, 2032	June 30, 2033	June 30, 2034	June 30, 2035	June 30, 2036

4. Sewer System

WWMF Engr Study (Disinfection Upgrade Proj)			70	150	70					
WWMF NPDES Permitting					2,000	300		6,000		
WWMF Fencing and Gate	10	10		10	10	10	10	10		
WWMF SO2/Chlorine Injector Controllers							20			
WWMF Sludge Disposal & handling			1,000	240	240	240	240	240	240	240
Customer Radio Meter Testing/Replacements			20	90	200	200	200	200		
Collection System Upgrades-Hwy Undercrossings	4,000						2,000			
Sewer Main Rehabilitation and Replacement	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Sewer Lift Stn. Pump & Generator Replacements	40	40	40	40	40	40	40	40	40	40
Sewer Lift Station Upgrades-B Street/Kelly				250	550		250	550		
Digital Control & Radio Telemetry Upgrade				100						
Electric Vehicle Charging Stations	100									
Fischer Lift Station Upgrades	1,250									
Sewer Main Camera Unit	50					50				
Underground Pipe Locator & Camera	5					5				
SCBA Apparatus and Bottles	6					6				
WWMF Pond Armoring										80
WWMF Pumps & Motors	20	20	20	22	22	22	24	24	24	26
Trench Plates	9									
Totals:	6,481	1,070	2,150	1,902	4,132	1,873	3,784	8,064	1,304	1,280

**McKinleyville Community Services District
Enterprise Funds **APPROVED** Capital Improvement Project Budget
For the Fiscal Years Ending June 30, 2027 - 2036**

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031	June 30, 2032	June 30, 2033	June 30, 2034	June 30, 2035	June 30, 2036
5. Office, Corporation Yard & Shops										
Facility Upgrades and Sealcoat				10		10				10
Office Building	300	0								
Property Purchase	450									
Major Building Repairs (emergency repairs)	20	14								
Totals:	770	14	0	10	0	10	0	0	0	10
6. Computers, Software & Equipment										
Computers, Printers, File Server upgrades	20	40	20	20	20	20	20	20	20	20
MOM Upgrade and Replacement - ERP eval	180									
Office Equipment	5	50	5	5	5	5	5	5	5	5
GIS/CADD Equipment and Software			5			5			5	
Totals:	205	90	30	25	25	30	25	25	30	25
7. Reclamation (Fischer & Pialorsi Ranches)										
Barn, Fence, House Upgrades	15	15	15	15	15	15	15	5	5	5
Irrigation Pipe and Fittings		10						10		
Recycled Water Project	3,000	2,000								
Underground Valving and Piping			12							12
Totals:	3,015	2,025	27	15	15	15	15	15	5	5

**McKinleyville Community Services District
Enterprise Funds **APPROVED** Capital Improvement Project Budget
For the Fiscal Years Ending June 30, 2027 - 2036**

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031	June 30, 2032	June 30, 2033	June 30, 2034	June 30, 2035	June 30, 2036
8. Small Equipment & Other										
Misc./ Emergency Equipment Replacement	20	20	20	20	20	20	20	20	20	15
GPS Surveying Equipment							20			
Office Emergency Generator			22							
Totals:	20	20	42	20	20	20	40	20	20	15
Total Planned Expenditures	16,786	5,467	4,072	3,452	8,067	7,073	5,419	11,379	2,667	3,005
Departmental Allocations:										
Water Fund	6,812	2,215	1,217	1,508	3,768	4,870	1,368	3,193	1,153	1,695
Wastewater Fund	9,974	3,252	2,856	1,945	4,300	2,203	4,052	8,187	1,514	1,310
Total	16,786	5,467	4,072	3,452	8,067	7,073	5,419	11,379	2,667	3,005
Internal Funds/Reserves/Debt - District Share	0	0	0	0	0	0	0	0	0	0
Potential Grant Funding Expected	12,824	3,967	4,072	3,257	8,067	7,073	5,232	10,967	2,667	3,005
	3,962	1,500	0	195	0	0	187.5	412.5		

McKinleyville Community Services District
 Streetlights Fund **APPROVED** Capital Improvement Project Budget
 For the Fiscal Years Ending June 30, 2027 - 2036

	1	2	3	4	5	6	7	8	9	10
	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031	June 30, 2032	June 30, 2033	June 30, 2034	June 30, 2035	June 30, 2036
1. Heavy Equipment										
Lift	90									
Totals:	90	0	0	0	0	0	0	0	0	0
2. Poles and Lights										
Inspection								65		
Pole Replacement	5	5	5	5	5	5	5	5		
LED Replacements					10					
Totals:	5	5	5	5	15	5	5	70	0	0
Total Planned Expenditures	95	5	5	5	15	5	5	70	0	0

McKinleyville Community Services District
 General Fund (Parks & Recreation) **APPROVED** Capital Improvement Project Budget
 For the Fiscal Years Ending June 30, 2027 - 2036

(All numbers in \$000s)

	1	2	3	4	5	6	7	8	9	10
	June 30, 2027	June 30, 2028	June 30, 2029	June 30, 2030	June 30, 2031	June 30, 2032	June 30, 2033	June 30, 2034	June 30, 2035	June 30, 2036
1 Other Park Projects & Equipment										
Mower & landscaping equipment	26				18		28			
Light duty utility truck/van/car/EV	19		12	12		80		18		19
Totals:	45	0	12	12	18	80	28	18	0	19
2 Azalea Hall Projects										
Major Appliance Replacement	10	12	12	14	14	16	16			
Replace flooring	15	15								
Roof replacement				75						
Exterior Repairs/Replacement	50	50		15						
Parking lot resurfacing		16								
Wall/Window Covering replacement		10	10	10						
Replace tables & chairs			15					16		
P/A system and audio-visual				6						
Fire Suppression System			32							
Totals:	75	103	69	120	14	16	16	16	0	0
3 McKinleyville Activity Center Projects										
Landscaping & signage		5		5		5		5		5
Flooring replacement	100									18
Gymnasium Walls			25							
Roof replacement				100						
Siding repair/replacement	70									
Equipment rehabilitation/replacement	10									
Parking lot resurfacing		30								
Bleacher replacement	10		12							
Fire Suppression System		32							8	
Interior fixtures		10								
Totals:	190	77	37	105	0	5	0	5	8	23
4 Law Enforcement Facility Projects										
Flooring		19								
Furnace replacement										
Roof replacement							35			

Siding replacement		21								
LEF/Library Parking sealing/paving/fencing				14	5					
ADA Compliance		100								
Totals:	0	140	0	14	5	0	35	0	0	0

5 McKinleyville Library Projects

Flooring replacement	16	25								
Furnace replacement	10	10	10	10						
Fire Suppression system	20									
Roof & Siding replacement		60								
ADA compliance	100									
Totals:	146	95	10	10	0	0	0	0	0	0

6 Teen & Community Center

Flooring		20			40					
Interior rehabilitation/replacment					6					
Kitchen Equipment & Appliances	8	8	8	8	8	8	8	8	8	8
Roof & Siding replacement										
Equipment rehabilitation/replacement										
Parking lot resurfacing/Exterior Rehab										20
Furnace & Water Heater		5							8	
Tables & chairs				15						
Totals:	8	33	8	23	54	8	8	8	16	28

7 Hiller Park & Sports Complex Projects

Park landscaping & signage	5	5								
Playground Structure Replacement	45	45	45							
Concessions/RR Interior			9							
Roof Replacement-Concessions/RR				25						
Concessions/RR Exterior		10			45					
Roof Replacement-Hiller Park west RR		10								
Restroom Upgrade-Hiller Park West		75								
Parking Lot			16							
Back Stops	30									
Development of Caretaker Lot			80							
Totals:	80	145	150	25	45	0	0	0	0	0

8 Pierson Park Projects

Playground Structure Replacement			90							
Park Restrooms/Garage	20	250		15						
Gazebo Rehabilitation/Replacement	11		8							
Pavilion Rehabilitation/Replacement									15	
Landscaping/Courts/Benches		8		80						

Skatepark										
ADA Sidewalk Replacements		16	20		20		20			
Totals:	31	274	118	95	20	0	20	0	15	0

9 BMX Track & Park										
Park Restrooms/Concessions	20	50								
Electric Charging Stations	38	74								
Totals:	58	124	0	0	0	0	0	0	0	0

10 Community Forest										
Placeholder for CF projects to be determined by committee										
Signage	7									
Trail Development	7	7	7	7	7	7	7	7	7	7
Design and permitting for Widow White Creek	25									
Bridge at Widow White Creek	250									
Design and permitting for Mill Creek	20									
Bridge at Mill Creek	250									
First Rd Access and Parking Lot	150									
Road Gravel	198									
Murray Rd Parking Lot Phase 2 Development	100									
Totals:	1,007	7	7	7	7	7	7	7	7	7

11 Miscellaneous Park Projects										
Hewitt Ranch Parking & Amenities Dev.	10	10	10							
Totals:	10	10	10	0	0	0	0	0	0	0

12 Projects Funded by Quimby & Other Funds										
Pole Barn			60							
Totals:	0	0	60	0	0	0	0	0	0	0

Total Planned Capital Expenditures	1,650	1,008	481	411	163	116	114	54	46	77
---	--------------	--------------	------------	------------	------------	------------	------------	-----------	-----------	-----------

Grant-Funded Capital Projects	1,126	25
-------------------------------	-------	----

**Capital Improvement Plan
Water, Sewer and Streetlights Funds
Fiscal Year 2026-27**

Water and Sewer Fund capital asset purchases and projects depend largely on grants, loans, and the strategic use of district reserves. The Board has made a commitment to not defer scheduled maintenance, repair, or replacement of current service delivery systems. This must be balanced against the Board's equal commitment to fiscal responsibility. Under the leadership of the General Manager, the Operations Director, and Finance Director, staff have taken steps to honor both commitments in the budget process by ensuring that the potential financing sources of each project are discussed at the time of project proposal and included with each project's detail notes.

CAPITAL IMPROVEMENT PROGRAM PROJECT DISCUSSION

Heavy Equipment and Utility Vehicles

- In 1998, the Board adopted a Fleet Replacement Plan to ensure that MCSD's fleet of heavy equipment and utility vehicles would be replaced in an approximately ten-year cycle. For FY26/27 the Wastewater Fund has budgeted \$85,000 to replace one of the District's utility trucks with an electric truck. In addition, \$29,000 has been budgeted for the purchase of a new vehicle for the General Manager which will be split evenly between Water and Wastewater.
- Other budgeted equipment purchases include \$30,000 to purchase additional attachments for the skid steer or excavator, \$10,000 for a tractor mower deck for the ranch properties, and \$22,000 for the potential replacement of an air compressor.

Water System

The District will embark on several water projects in FY2026-27:

- Norton Tank 1 will be painted with a possible roof replacement totaling \$1,000,000. This will be funded with the 2026 bond sale.
- \$12,000 has been budgeted to seal coat the Ramey Pump Station lot.
- The Mad River Crossing Emergency Water Supply project may continue depending on grant funding. The District submitted a Hazard Mitigation Grant application for this project and was told that it would likely be funded under that program; however, the District has yet to receive the award letter and therefore is budgeting as if it will not be received. \$1,000,000 has been budgeted to finalize the design but the remaining portion of the project will be placed on hold.
- The McCluski tanks are the District's two final redwood tanks and need to be replaced. The District has been awarded phase 2 Hazard Mitigation grant funding for the final design and construction. \$3,000,000 is budgeted for FY26/27 and

\$1,000,000 in FY27/28. \$1.1M of these costs will be grant funded while the remaining district match will be financed with the 2026 bond sale

- Other projects currently proposed for the Water Fund include \$100,000 for the McCluski Pipeline Assessment and Replacement. The fire hydrant system is still scheduled to be upgraded, therefore, the District budgeted \$7,000 to upgrade dry barrel hydrants in commercial areas to wet barrel hydrants.
- \$1,000,000 is scheduled for the ongoing Water Main Rehabilitation/ Replacement Project. \$1,000,000 will continue to be set-aside from rates to build up reserves, per the last board approved Rate Study and in debt-funding (COPs). There likely will not be a major water main upgrade project this fiscal year; however, District staff will work on planning the next upgrade.

Wastewater System

District wastewater projects for FY2026-27 are as follows:

- \$1,000,000 is budgeted for the Wastewater Mainline Rehabilitation/ Replacement Project. As with the Water side of this project, \$1,000,000 will continue to be set-aside from rates to build up reserves, as per the last Board approved Rate Study. A portion of this will be used to complete the rehabilitation of the sewer forcemain from the Letz lift station in FY26/27.
- The Highway Undercrossing project will continue in FY26/27. Although the project began with FEMA grant funding, the period of performance has expired and the project that therefore been adjusted to cover the middle and southern crossing only. \$4,000,000 has been budgeted in FY26/27 which will be covered by the remaining proceeds in the 2021B bond and new proceeds from the 2026B bond.
- The District received phase 1 Hazard Mitigation grant funding for the Fischer Lift Station Seismic Upgrade. The initial design and permitting was completed and submitted to CalOES/FEMA back in July 2025. Receipt of Phase 2 funding is doubtful, therefore, \$1,250,000 has been budgeted to finish the project with proceeds from the 2026B bond.
- The remaining projects are for smaller dollar amounts, \$10,000 for WWMF fencing and gate, \$40,000 emergency fund for lift station pump or generator replacement, \$100,000 for an electric vehicle charging station, \$50,000 for a sewer main camera unit, \$5,000 for an underground pipe locator and camera, \$6,000 for an SCBA apparatus and bottles, \$20,000 for WWMF pumps and motors, and \$9,000 for trench plates. Funding for these smaller projects will come from pay-go funding according to the approved Reserves policy for the maintenance and replacement of capital infrastructure.

Office, Corporation Yard, Computers and Software

- \$300,000 has been budgeted to purchase a new manufactured building to replace the existing Operations Office.
- \$450,000 has been budgeted for the purchase of the property behind the District offices. We have discussed the purchase of this property with the property owner, but no agreements have been made at this time.
- \$20,000 has been set aside for emergency repairs to the existing buildings.
- The District has begun implementation of new ERP software, however costs associated are not charged until systems go live. Therefore, \$180,000 has been budgeted for FY26/27 to finish the implementation. An additional \$25,000 has been added for miscellaneous office equipment and potential server upgrades.

Reclamation (Fischer & Pialorsi Ranch)

- The District intends to continue the Recycled Water Project in 2026-27 with \$3,000,000 being budgeted in 2026/27 and \$2,000,000 the following year. A grant application is actively being pursued with the State Water Resources Control Board to fund this project and we have been told we will obtain a \$5M grant. The Project will not proceed next fiscal year if the grant is not approved.
- \$15,000 has been budgeted for upgrades at the Fischer and Pialorsi Ranches which may include barn, fencing, and house improvements.

Small Equipment & Other

- \$20,000 is budgeted to cover miscellaneous emergency equipment needed.

Streetlights

- Replacement of any poles that may fail, is budgeted for \$5,000.
- \$90,000 has also been budgeted to replace the Boom Truck.

Note on Appendix A – Water & Sewer Funds Capital Improvement Program

The Water and Sewer Funds Capital Improvement Program's planned capital expenditures are shown in thousands: 10 = \$10,000. The planning horizon for the Program is 10 years. It should be noted that all estimated replacement costs are in current year dollars, as future inflation is unknown. Since the CIP is a dynamic plan that is updated annually, future costs will be regularly evaluated.

**Capital Improvement Plan
Parks and General Fund
Fiscal Year 2026-27**

General Fund capital asset purchases and projects are significantly dependent upon property tax revenues and assessments, and in some cases, grants.

CAPITAL IMPROVEMENT PROGRAM PROJECT DISCUSSION

Utility Vehicles and Equipment

In 1998, the Board adopted a Fleet Replacement Plan to ensure that MCSD's aging fleet of service vehicles would be replaced in an approximately ten-year cycle. Where possible, the District has started to exchange some of the heavier utility vehicles with light compact trucks for savings on capital and operating costs. One Park maintenance truck is scheduled to be replaced in fiscal year 2026-27 and the General Fund will pay for a portion of the General Manager's new vehicle; the total budget for vehicles is \$19,000. \$26,000 is also budgeted to replace a 14-year-old mower.

Facility Projects

- Azalea Hall- \$50,000 has been budgeted to begin replacement of exterior siding as it was not completed this past fiscal year; this is half of the expected cost to which the other half will be budgeted for in fiscal year 2027-28. \$15,000 has been budgeted to replace the kitchen floor. \$10,000 is budgeted for major appliance replacement in the event of unforeseen appliance failure.
- McKinleyville Activity Center- \$70,000 has been budgeted for replacing the siding, \$10,000 to replace the floor scrubber, and \$10,000 to replace the bleachers. An additional \$100,000 has been budgeted to replace the gym floor, however this is dependent on grant funding.
- Law Enforcement Facility- No funds have been allocated to the Law Enforcement Facility in FY2026-27.
- McKinleyville Library- \$16,000 has been budgeted to replace the linoleum flooring and \$10,000 to replace the furnace; both items are grant dependent. \$20,000 has been budgeted to replace the Fire Suppression System which has reached its life expectancy and an additional \$100,000 has been budgeted to complete the ADA compliance project.
- Teen & Community Center- \$8,000 is budgeted as a placeholder in the event of needing to replace kitchen equipment or appliances. \$15,000 has been budgeted to replace the bricks in the front of the building with concrete.

Parks and Trails Projects

- Hiller Park & Sports Complex- Backstops did not get upgraded in FY2025-26 as planned, therefore \$30,000 has been budgeted in FY2026-27 to complete this project. \$5,000 has also been budgeted for landscaping or signage rehabilitation and \$45,000 has been budgeted to begin replacing the playground structure with completion to take place in the following two fiscal years.
- Pierson Park- \$20,000 is budgeted to begin engineering and planning for replacement of the Pierson Park restrooms and \$11,000 has been budgeted to replace all the tables under the Pavilion.
- BMX Track & Park- A total of \$112,000 has been budgeted to install an electric vehicle charging station. Of this, \$35,808 has been awarded in a grant for EV equipment which will take place in FY26/27 with the remaining \$76,000 to be funded by the District to pay for installation to take place in FY27/28. \$20,000 has been budgeted to begin planning and initial construction of the park's restrooms and concessions.
- McKinleyville Community Forest- During FY2025-26 the District was awarded \$1,000,000 by Congressman Huffman. The McKinleyville Community Forest Committee has identified many projects within the forest to which these funds have been allocated. In addition to the \$1 million, a total of \$14,000 has been budgeted for signage and trail development.
- Miscellaneous Park Projects- Starting in FY26/27, \$10,000 has been budgeted each year for the next three years to improve parking at the Hewitt Ranch parking area.

Small Equipment, Contingency and Other

Nothing has been set aside in the upcoming fiscal year for unanticipated capital emergency equipment repair or replacement of greater than \$5,000. Smaller and less expensive (more than \$500 but less than \$5,000) new equipment and emergency replacement of existing equipment cannot generally be anticipated. These are considered expenditures, rather than capital assets, and are included in the repairs/maintenance/supplies line of the Parks & General Fund Operating Budget.

Note on Parks & General Fund Capital Improvement Plan

The Parks and General Fund Capital Improvement Program's planned capital expenditures are shown in thousands: 10 = \$10,000. The planning horizon for the Program is 10 years. It should be noted that all estimated replacement costs are in current year dollars since future inflation is unknown. Since the CIP is a dynamic plan that is updated annually, future costs will be regularly evaluated.

Strategic Plan

2024-2029

McKinleyville Community
Services District

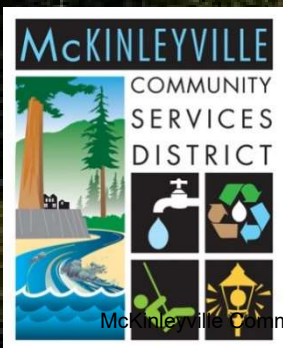


Table of Contents

Introduction 1

 Purpose 1

 History 1

 Services 1

Mission, Vision & Values 2

 Mission 2

 Vision 2

 Values 3

Goals & Objectives 4

Plan Review, Revisions & Reporting 9

APPENDIX A: Progress Reports A-1

Plan Revisions

Date	Description of Change

Introduction

Purpose

This Strategic Plan (Plan) exists to empower the McKinleyville Community Services District (District) to accomplish its mission by providing vision and specific objectives for the next five years.

The Plan was updated in July 2023-2024 by the District's Board of Directors and staff with the understanding that it is a living document that will be reviewed regularly and revised as needed to better serve the District and the McKinleyville community. The Plan was purposefully fashioned as a succinct, workable document so that it can be easily used to:

- Measure District success
- Generate focused work plans
- Adopt comprehensive, goal-oriented budgets
- Communicate District values and direction to the community

History

The McKinleyville Community Services District was created on April 7, 1970 when McKinleyville's voters voted to form the District. Initially, the District had authority to serve water and treat sewer wastes. In 1972, the voters added street lighting powers, in 1985 the voters added recreational powers and in 1995 the voters authorized construction of the McKinleyville Library.

Services

The District boundary encompasses 12,140 acres ranging from North Bank Road on the south to Patrick's Creek on the north and has over 5,841 active water services and 4,993 active sewer connections. The District is an independent, special district governed by a five member Board of Directors. The District provides the following services:

- Water
- Wastewater
- Street Lights
- Open Space
- Parks & Recreation
- Library Services

Mission, Vision & Values

Mission

McKinleyville Community Services District provides authorized services fundamental to the health and well-being of the community.

Vision

McKinleyville Community Services District is and will continue to be one of California's leading providers of municipal services.

The District has established the following visionary goals for the next five years:

- 1 The Parks & Recreation Department has effectively closed the gap between expenses and revenues and is operating with strategies that are sustainable over time.
- 2 The District's workforce recruitment strategies are attracting and retaining high quality employees at every level.
- 3 The District is prepared to manage both planned and unplanned shifts in the workforce through robust employee training and development strategies as well as on-going succession planning.
- 4 The District has completed all prioritized and funded capital projects as identified in the Strategic Capital Project Matrix (Exhibit A) through 2029 and has identified a long term financing plan for capital projects on the horizon.

Mission, Vision & Values

Values

The Board of Directors has collectively established the following core values to guide the work of the District:

INTEGRITY

- Truthful and transparent in word and action. Taking responsibility for outcomes of all actions; Meeting commitments and honoring promises; Honoring rights, dignity and worth of all community members.

RESPONSIBILITY

- Decision making in service for the greatest good of the McKinleyville CSD. Committed to accepting the ownership of decisions and all results.

FAMILY

- Group/Unit that is not always chosen; yet connected by commonalities and shared experience with defined roles with caring and commitment to the organization.

COLLABORATIVE

- Interactive and participatory decision making that promotes inclusivity, mutual respect, accountability, and open communication.

Goals & Objectives

GOAL 1

The Parks & Recreation Department has effectively closed the gap between expenses and revenues and is operating with strategies that are sustainable over time.

ACTION DESCRIPTION	PARTY / DEPT RESPONSIBLE	BEGIN DATE	DUE DATE	RESOURCES REQUIRED (staff, tech, etc.)	FUNDING SOURCE	HAZARD FORECAST	DESIRED OUTCOME
Community Forest Mgmt Planning	P & R Dept/ Community Forest Committee	Jan 2024	Dec. 2026	Forestry consultants;	General Fund/Grants	Lack of funding available	Board adopted Forest Management Plan
Establish Community Forest Advisory Committee	P & R Dept / Community Forest Committee	Jan 2024	Jan 2025	Staff time	General Fund/Grants	Lack of community participation	Engaged and functional Advisory Committee as Defined in Rules and Regs
Update P&R Master Plan	P & R Director	Jan 2024	Dec 2024	Staff time	General Fund	Lack of staff time	Board adopted Park & Rec Master Plan

Goals & Objectives

GOAL 2

The District's workforce recruitment strategies are attracting and retaining high quality employees at every level.

**Success of this goal will be measured by tracking applicant data, employee retention data and collecting feedback from employees regarding training, workplace culture and wellness.*

ACTION DESCRIPTION	PARTY / DEPT RESPONSIBLE	BEGIN DATE	DUE DATE	RESOURCES REQUIRED (staff, tech, etc.)	FUNDING SOURCE	HAZARD FORECAST	DESIRED OUTCOME
Ensure pay scale and benefits are competitive and attractive for all positions	Finance/GM	Jan 2024	Jul 2025	Current Salary Survey	Operating Budget	Unable to hire or retain employees. Budget doesn't support desired wage scale	Increase in qualified applicants; retain existing staff. Success measured through applicant data and employee retention data.
Develop/Update Recruitment materials and outreach strategies	HR	Mar 2024	On going	Staff time	Operating Budget	Qualified applicants don't apply for positions	Defined recruitment & outreach strategy
Develop/update staff development and training programs	Dept Heads/ Supervisors/ HR	Jan 2024	Dec 2028 (on going)	Staff time	Operating Budget	Employees leave positions due to lack of upward career pathways	A catalog of professional development options/opportunities exists. Training SOP's for critical tasks of each position exist.
Invest in workplace culture improvement and employee wellness activities	HR/ All Depts/ GM	Jan 2024	Dec 2028 (on going)	Staff time	Operating Budget	Unable to retain employees	Employees report being content and valued at work. Employees voluntarily participate in morale boosting activities
System of evaluation and assessment of effectiveness of employee wellness activities implemented	HR/Dept Heads	Jan 2024	Dec 2024	Staff time	Operating Budget	Unable to retain employees	Employees provide feedback on workplace culture and morale regularly

Goals & Objectives

GOAL 3

The District is prepared to manage both planned and unplanned shifts in the workforce through robust employee training and development strategies as well as on-going succession planning.

**The success of this goal will be determined by the existence of a functional succession plan for each position; having a primary and back up trained for each critical task; and staff that are actively participating in available training and development opportunities.*

ACTION DESCRIPTION	PARTY / DEPT RESPONSIBLE	BEGIN DATE	DUE DATE	RESOURCES REQUIRED (staff, tech, etc.)	FUNDING SOURCE	HAZARD FORECAST	DESIRED OUTCOME
Update Succession Plan	All Depts / HR / GM	Jan 2024	Dec 2028	Staff time	Operating Budget	Employee leaves before replacement is trained	Employees are exposed to roles and responsibilities of supervisory and leadership positions. A Succession Plan that is viable and accurate is documented
Cross train critical tasks and responsibilities	All Depts	Jan 2024	Dec 2028 (ongoing)	Staff time	Operating Budget	Employee leaves before replacement is trained	All positions have a primary responsible person and a back up person for every critical function.
Develop/update staff development and training programs	HR / Dept. Heads	May 2024	Dec 2028 (ongoing)	Staff time/ outside trainings	Operating Budget	Staff opt to not participate in on-going professional development	Functioning Staff Development and Training program Training and development programs that support upward mobility of employees are in place

Goals & Objectives

GOAL 4

The District has completed all prioritized and funded capital projects as identified in the **Strategic Capital Project Matrix** through 2029 and has identified a long term financing plan for capital projects on the horizon. Plan is presented to Board of Directors annually.

In order to continue being one of California’s leading providers of municipal services the District is committed to investing in it’s existing infrastructure through careful and thoughtful analysis and planning. The Strategic Capital Project Matrix reflects the District’s plan for infrastructure maintenance and improvement over time.

Strategic Capital Project List

Year	Water	Sewer	Parks & Rec	Finance & Admin
2023	<ul style="list-style-type: none"> - 4.5MG Tank Construct (HMG/NCRP/Bond funding) - Central Ave Main construct (Bond funding) - Hewitt Tank Design (HMG funding) 	<ul style="list-style-type: none"> - Finish Microgrid (SRF grant/loan) - Central Ave Sewer rehab (Bond funding) - Armor Pond 3 (Operating funds) - Bella Vista Sewer main rehab (Operating funds) 	<ul style="list-style-type: none"> - Finish BMX design (Prop. 68 grant) - Measure B ballot (Operating funds) - Phase 1 of Skatepark constructed (Humboldt Skatepark Collective funded) - Water heater replacements in all facilities 	<ul style="list-style-type: none"> - Office Remodel Design (Operating funds, future SRF Planning grant)
2024	<ul style="list-style-type: none"> - 4.5MG Tank Construct - Mad River Crossing Design (HMG funding with Op match) - Hewitt Tank Design (HMG funding with Op match) - Lead survey due 10/16/2024 (Operating funds/SRF grant/loan) - Tank 2A paint (Operating funds) 	<ul style="list-style-type: none"> - New NPDES Permit (Operating funds) - Fischer/Letz design (SRF Planning grant) - B/Kelly design (SRF Planning grant) - Forcemain design (SRF Planning grant) - Highway sewer crossing design (HMG funding with Ops match) - Pialorsi irrigation design (Reclaimed Water grant/loan) - Fischer Trail design (grant funding dependent) - Sewer Mainline Rehab (Operating funds) 	<ul style="list-style-type: none"> - BMX Construction (Prop. 68 grant) - Acquire Community Forest (NRC grant) - Comm Forest Management Plan development (Operating funds) 	<ul style="list-style-type: none"> - Software RFP (Operating funds)
2025	<ul style="list-style-type: none"> - Hewitt Tank Construct (HMG funding with match via Bond/Loan) - Mad River crossing design (HMG funding with Op match) 	<ul style="list-style-type: none"> - Fischer/Letz design (SRF Planning grant) - B/Kelly design (SRF Planning grant) - Forcemain design (SRF Planning grant) - Highway sewer crossing design (HMG funding with Ops match) - Pialorsi irrigation construct (Reclaimed Water grant/loan) - Fischer trail construct (grant funding dependent) - Sewer Mainline Rehab (Operating funds) 	<ul style="list-style-type: none"> - Skate Park construct (grant funds or Humboldt Skatepark Collective funded) - Measure B increase realized? - Comm Forest Management Plan development (Operating funds) 	<ul style="list-style-type: none"> - Purchase new software (Operating funds)

Goals & Objectives

2026	<ul style="list-style-type: none"> - Hewitt Tank Construct (HMG funding with match via Bond/Loan) - Mad River crossing construct (HMG funding with match via Bond/Loan) 	<ul style="list-style-type: none"> - Fischer/Letz construct (SRF grant/loan) - B/Kelly construct (SRF grant/loan) - Forcemain construct (SRF grant/loan) - Highway sewer crossing construct (HMG funding with match via Bond/Loan) 	<ul style="list-style-type: none"> - Community Forest parking lots/trails (grant funding dependent) 	<ul style="list-style-type: none"> - Office Remodel construct (SRF grant/loan) -Water & Sewer Rate Study (Ops funds)
2027	<ul style="list-style-type: none"> - Mad River crossing construct (HMG funding with match via Bond/Loan) 	<ul style="list-style-type: none"> - Fischer/Letz construct (SRF grant/loan) - B/Kelly construct (SRF grant/loan) - Forcemain construct (SRF grant/loan) - Highway sewer crossing construct (HMG funding with match via Bond/Loan) - BSB dredging (Bond/Loan/Operating funds) 	<ul style="list-style-type: none"> - Community Forest parking lots/trails (grant funding dependent) 	<ul style="list-style-type: none"> - 50% of vehicle purchases zero emission (Loan/Operations funding) - New Water & Sewer Rates
2028	<ul style="list-style-type: none"> - Watermain replacement for Grace Park design (Bond/Loan) 	<ul style="list-style-type: none"> - Highway sewer crossing construct (HMG funding with match via Bond/Loan) - Alt disinfection study (Ops funding) - Sewermain replacement for Grace Park design (Bond/Loan) 		
2029	<ul style="list-style-type: none"> - Watermain replacement for Grace Park construct (Bond/Loan) 	<ul style="list-style-type: none"> - WWTP upgrade design (inc. disinfection) (Bond/Loan) - NPDES Permit update (Ops funding) - Sewermain replacement for Grace Park construct (Bond/Loan) 	<ul style="list-style-type: none"> - Hewitt Ranch develop (grant funding dependent) 	
2030	<ul style="list-style-type: none"> - Watermain replacement for Fernwood design (Bond/Loan) 	<ul style="list-style-type: none"> - WWTP upgrade design (Bond/Loan) - Sewermain replacement for Fernwood design (Ops funding) - Digital Controls upgrade design (Ops funding) 		

Plan Review, Revisions & Reporting

The District will review this Plan at least once annually to ensure that the Plan continues to be accurate and best serve the needs of the District. Plan revisions may be made at any time. All revisions must be approved by the Board of Directors. A record of revisions will be kept on the Table of Contents page.

At the end of each fiscal year, the General Manager will prepare a brief report for the Board of Directors summarizing the progress that has been made toward attaining the District's goals and objectives. Reports will be included in the Appendix of this Plan.

McKinleyville Community Services District Fiscal Year 2026-27 Gann Limit Calculations

Gann Limit Summary

California voters approved Proposition 4 in 1979, adding Article XIII B to the State Constitution and requiring local governments to adopt an annual appropriations limit, commonly known as the Gann Limit. The limit is intended to constrain the growth of tax-funded appropriations and is adjusted each year using factors published by the California Department of Finance. Proposition 111, approved in 1990, revised the calculation methodology and allows local agencies to select among specified cost-of-living and population factors when establishing the annual limit.

For Fiscal Year 2026-27, the approved appropriations limit for the McKinleyville Community Services District is **\$1,052,272.49**. This limit was calculated by applying the prior-year base to an adjustment factor of **1.04667**, derived from a **4.95%** change in State per capita personal income and a **-0.27%** population change for Humboldt County, consistent with Government Code Section 7901 and Proposition 111.

The appropriations limit applies only to the proceeds of taxes and does not apply to all District revenues or all General Fund expenditures. Excluded from appropriations subject to limitation are certain mandated costs, qualified capital outlay, debt service on qualified capital projects, and most fee-supported or restricted-purpose revenues.

For Fiscal Year 2026-27, appropriations subject to the limit total **\$817,544**, which is approximately **\$234,728 below** the calculated appropriations limit. After accounting for applicable exclusions, including approximately **\$120,000** in capital outlay expenditures, the District remains in compliance with Article XIII B.

GANN LIMIT CALCULATIONS

Fiscal Year 2026-27 Alternative Adjustment Factors Calculation of Tax Appropriations Limit

Price Factor (A)

Percent growth in State Per Capita Personal Income
(Source: California Dept. of Finance, Price Factor and Population letter dated May 2026)

Price Factor = 4.95000 %

Price Factor converted to Adjustment Factor = $(\text{price factor} + 100)/100$

Adjustment Factor (A) = 1.04950

Price Factor (B)

Percentage change in the local assessment roll from the preceding year
due to the addition of local nonresidential new construction.

(Source: Humboldt County Assessor Proposition 111 Report)

(a) Prior year total secured and unsecured assessment roll value = \$ 2,186,794,235 Tax YR 2025

(b) New nonresidential construction value = \$ 148,862 Tax YR 2025

Price Factor = b/a 0.00681 %

Price Factor converted to Adjustment Factor = $(\text{price factor} + 100)/100$

Adjustment Factor (B) = 1.000068

Price Factor (C)

Percent growth in population within the unincorporated portion of the County.
(Source: California Dept. of Finance, Price Factor and Population letter dated May 2026)

Percent growth in unincorporated population = -0.9200 %

Population Factor converted to Adjustment Factor = $(\text{population factor} + 100)/100$

Adjustment Factor (C) = 0.99080

Population Factor (D)

Percent growth in population with the County
(Source: California Dept. of Finance, Price Factor and Population letter dated May 2026)

Percent growth in Humboldt County = -0.27000 %

Population Factor converted to Adjustment Factor = $(\text{population factor} + 100)/100$

Adjustment Factor (D) = 0.99730

Annual Adjustment Factors

Based on the actual data, the four alternative adjustment factors are as follows:

A x C	1.04950	x	0.99080	=	1.03984
A x D	1.04950	x	0.99730	=	1.04667
B x C	1.00007	x	0.99080	=	0.99087
B x D	1.00007	x	0.99730	=	0.99737

The recommended limit is (AxD), which results in 4.667% increase over the fiscal year 2025-26 Annual Tax Appropriations Limit. Of the four adjustment factors listed above, this represents the largest allowable increase to the Appropriations Limit.

Calculation of the Fiscal Year 2026-27 Appropriations Limit:

(Prior Year Limit) x (Recommended Adjustment Factor) = New Limit

$$\$ 1,005,356.19 \times 1.04667 = \underline{\underline{\$ 1,052,272.49}}$$

Appropriations Subject to the Appropriations Limit

Fiscal Year 2026-27 Projected Budget

Total Budgeted Property Tax	\$ 937,544.00
Less: Allowable Exclusion	
McKinleyville Library Capital Outlay	(120,000.00)
FY2026-27 Appropriations Subject to Limit	<u><u>\$ 817,544.00</u></u>

Fiscal Year 2025-26 Appropriation Limit (Resolution 2026-13) \$ 1,005,356.19

Calculation Factor 1.04667

Appropriation Limit for Fiscal Year 2026-27 \$ 1,052,272.49

Estimated Proceeds Subject to Limit \$ 817,544.00

Amount Under Limit \$ 234,728.49

McKinleyville Community Services District
Historical Appropriations Limit Calculation
FY2010 through FY2027

FY	Prior Year Appropriations Limit	Price Adjustment Factor	Population Adjustment Factor	Adjustment Factor (Price X Population)	Current Year Appropriations Limit (Prior Year x Adjustment Factor)
2009-2010	\$ 540,411.00	1.0062	1.0057	1.0119	\$ 546,860.99
2010-2011	\$ 546,860.99	1.0000	1.0069	1.0069	\$ 550,634.33
2011-2012	\$ 550,634.33	1.0251	1.0072	1.0325	\$ 568,519.33
2012-2013	\$ 568,519.33	1.0377	1.0006	1.0383	\$ 590,306.48
2013-2014	\$ 590,306.48	1.0512	1.0049	1.0564	\$ 623,570.77
2014-2015	\$ 623,570.77	1.0009	0.9997	1.0006	\$ 623,964.76
2015-2016	\$ 623,964.76	1.0382	0.9971	1.0352	\$ 645,921.60
2016-2017	\$ 645,921.60	1.0537	1.0007	1.0544	\$ 681,084.01
2017-2018	\$ 681,084.01	1.0369	1.0114	1.0487	\$ 714,266.87
2018-2019	\$ 714,266.87	1.0367	0.9967	1.0333	\$ 738,036.88
2019-2020	\$ 738,036.88	1.0385	0.9946	1.0329	\$ 762,312.47
2020-2021	\$ 762,312.47	1.0373	0.9962	1.0334	\$ 787,741.88
2021-2022	\$ 787,741.88	1.0573	0.9946	1.0516	\$ 828,381.94
2022-2023	\$ 828,381.94	1.0755	0.9977	1.0730	\$ 888,875.65
2023-2024	\$ 888,875.65	1.0444	0.9947	1.0389	\$ 923,421.52
2024-2025	\$ 923,421.52	1.0362	0.9893	1.0251	\$ 946,611.09
2025-2026	\$ 946,611.09	1.0644	0.9978	1.0621	\$ 1,005,356.19
2026-2027	\$ 1,005,356.19	1.0495	0.9973	1.0467	\$ 1,052,272.49