



HUMBOLDT COMMUNITY SERVICES DISTRICT
BOARD OF DIRECTORS
REGULAR MEETING

AGENDA

DATE: Tuesday, January 27, 2026

TIME: 5:00 p.m.

LOCATION: 5055 Walnut Drive, Eureka, CA

Teleconference locations: 5055 Walnut Drive, Eureka, CA
20 Via Ravello, Henderson, NV

The HCSD Boardroom is open to the public during the open session of the meeting. This meeting is also held by video/teleconference, per CA Govt Code § 54953(b). If a member of the public cannot attend in person and would like to speak on an agenda item, including Public Participation, please join through the Zoom website (zoom.us) by entering Meeting ID 388 963 6754 and Passcode 202520. Access may also be via telephone by dialing 1-669-900-9128.

A. ROLL CALL

Directors Benzonelli, Gardiner, Hansen, Matteoli, Ryan

B. PLEDGE OF ALLEGIANCE

C. CONSENT CALENDAR

- | | |
|---|-----------|
| 1. Approval of January 27, 2026, Meeting Agenda | Pgs. 1-2 |
| 2. Approval of Minutes of the Regular Meeting of January 13, 2026 | Pgs. 3-10 |

D. REPORTS

- | | |
|-----------------------------------|------------|
| 1. <u>General Manager</u> | |
| a) District Update | Pgs. 11 |
| 2. <u>Finance Department</u> | |
| a) December 2025 Budget Statement | Pgs. 13-22 |
| 3. <u>Engineering</u> | |
| a) Update | Pgs. 23-24 |
| 4. <u>Planning</u> | |
| a) Update | Pgs. 25-26 |

5. Legal Counsel

6. Director Reports

E. PUBLIC PARTICIPATION

Members of the public may comment on items not on the agenda. Please use the information above to participate via Zoom. The Board requests that speakers state their name and where they are from, be concise, and limit their communications to 3 to 5 minutes. After all oral communications, the Board or staff may briefly respond with information to comments; however, the Brown Act prohibits discussion of matters not on the published agenda. Matters requiring discussion or action will be placed on the agenda for a future meeting.

F. NEW BUSINESS

1. Consideration of Claim for Damages – 1924 Ridgewood Drive
2. Consideration of Subrecipient Agreement with County of Humboldt for Community Development Block Grant (CDBG) Funded Project

Pgs. 27-28

Pgs. 29-46

G. CLOSED SESSION

1. PURSUANT TO Government Code Section 54954.5(e) PUBLIC EMPLOYEE PERFORMANCE EVALUATION – General Manager

H. ADJOURNMENT

Next Res: 2026-02

Next Ord: 2026-01

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact Robert Christensen at (707) 443-4558, ext. 210, or by email at asm@humboldtcsd.org. Notification 48 hours before the meeting will enable the District to make reasonable arrangements to ensure accessibility for this meeting (28 CFR 35.102–35.104, ADA Title II).

Pursuant to CA Govt §54957.5(a), 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 during regular business hours.

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

The Humboldt Community Services District Board of Directors met in regular session at 5:00 p.m. on Tuesday, January 13, 2026, at 5055 Walnut Drive, Eureka, California, and on Zoom.

A. CALL TO ORDER AND ROLL CALL

Present upon roll call: Directors Benzonelli, Gardiner, Hansen, Matteoli, and Ryan.
Staff in attendance: General Manager Williams (GM), Finance Manager Montag (FM), Utility Services Planner Rodriguez (USP), and Assistant Engineer Rawal (AE).

B. PLEDGE OF ALLEGIANCE

President Hansen invited those present to join in the Pledge of Allegiance.

C. CONSENT CALENDAR

1. Approval of January 13, 2026, Meeting Agenda
2. Approval of Minutes of the Regular Meeting of December 9, 2025
3. Annual Designation of District Treasurer for Investment Authority Pursuant to California Government Code Section 53607

IT WAS MOVED BY DIRECTOR MATTEOLI, SECONDED BY DIRECTOR RYAN, TO APPROVE THE JANUARY 13, 2026, CONSENT CALENDAR. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN
NOES: NONE

D. CORRESPONDENCE

1. ACWA JPIA – President’s Special Recognition Award

GM noted that the District was recognized by ACWA JPIA for maintaining a Loss Ratio of 20% or less in the Property program from July 1, 2021, to June 30, 2024.

E. REPORTS

1. General Manager
 - a) District Update

GM updated the Board on a series of operational and environmental challenges over the past month, including three Sanitary Sewer Overflows (SSO), a flash flood, and multiple days of tidal flooding that stressed wastewater infrastructure. The District is well-positioned to recover and improve in specific areas, including: infrastructure resilience, process improvements, and team strength.

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Director Gardiner asked whether there were any consequences for the District arising from the SSOs. GM stated that each SSO constitutes a violation of the Clean Water Act and that the North Coast Regional Water Quality Control Board (NCRWQCB) could fine the District for the violations. The District may also have exposure to litigation. Director Gardiner requests that the Board be notified of any future challenges when they arise.

Director Ryan asked about the history of SSOs at the locations. GM responded that in December 2024, an overflow occurred at the Hoover Street Lift Station (SLS) and that the District subsequently upgraded the station's pumps. The upgraded pumps were not sufficient to mitigate the recent event. The District is also in the design phase of a grant-funded project to create a permanent flood barrier around the Hoover SLS. The GM also noted that the king tides affecting King Salmon were the highest on record. The GM will meet with the County to discuss plans for future flooding in King Salmon and to mitigate sewer system inflow and infiltration.

2. Finance Manager

a) November 2025 Budget Statement

FM reviewed the Budget Statement and noted it was a fairly standard month. The District incurred higher-than-normal telephone service expenses in November due to the purchase of new equipment.

b) December 2025 Check Register

FM reviewed the Check Register and noted several significant purchases. The District paid \$22,430 in annual dues to the Association of California Water Agencies (ACWA). The District's annual water system fees submitted to the State Water Resources Control Board totaled \$49,042.40, a significant increase due to the District's reassessment and loss of disadvantaged community status.

3. Engineering

a) Update

AE provided the Board with an update on:

- The December 21, 2025, SSO at Hoover Street, North Street, and Park Street during a significant rain event. Approximately 31,000 gallons of wastewater could not be captured. The Shellfish Harvest Protection Unit was notified to inform shellfish harvesters of the conditions.
- The January 1-5, 2026, SSO in King Salmon during king tide events. Approximately 35,600 gallons of wastewater could not be captured. The Shellfish Harvest Protection Unit was notified to inform shellfish harvesters of the conditions.

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- The January 7, 2026, SSO at the Edgewood Sewer Lift Station was due to a loss of generator power during standby generator testing. Approximately 1,800 gallons of wastewater could not be captured during a fifteen-minute spill and flowed into a slough that drains into Humboldt Bay. The Shellfish Harvest Protection Unit was notified to inform shellfish harvesters of the conditions.

AE reviewed the District's corrective actions to reduce future vulnerability, including capital improvement projects, replacement of non-sealed manholes, staff training, and public service announcements discouraging the use of private sewer cleanouts for floodwater drainage.

Ryan Plotz, the District's Legal Counsel (LC), arrived at approximately 5:30 p.m.

4. Planning

a) Update

The District's recently hired USP, Ana Rodriguez, introduced herself to the Board. Ms. Rodriguez has interned with the District since Summer 2024 and has assisted with the Lead and Copper Inventory, the Cross Connection Control Plan Update, and the Sanitary Sewer Management Plan Update. She graduated from Cal Poly Humboldt with a degree in Environmental Resources Engineering.

5. Legal Counsel

No report.

6. Director Reports

No report.

F. PUBLIC PARTICIPATION

No Public Comment.

G. NEW BUSINESS

1. Consideration of 2026 Meeting Calendar

GM reported that staff is recommending a 2026 meeting calendar with scheduled cancellations on March 24, July 14, August 25, November 24, and December 22. After reviewing two years of District Board meeting cancellations, staff believe these meetings are unnecessary. If an additional meeting is required, the Board President may call a special meeting. At the end of 2026, staff will evaluate the effectiveness

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of the annual meeting schedule and determine whether to present an ordinance to formally adopt an annual meeting calendar.

There was no public comment.

IT WAS MOVED BY DIRECTOR MATTEOLI, SECONDED BY DIRECTOR GARDINER, TO APPROVE THE 2026 MEETING CALENDAR. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN

NOES: NONE

2. Consideration of Participating in a Joint Solicitation of a Rate Study with the City of Eureka in Calendar Year 2026

President Hansen noted a potential conflict of interest arising from his employment as Deputy Director of Public Works with the City of Eureka. He recused himself from New Business Item G.2, as defined by Government Code § 87100, and left the meeting. Vice President Benzonelli assumed chairing the meeting

GM reported that the City of Eureka plans to solicit for a rate study consultant in beginning in February 2026 and initiate their rate study in June of 2026 for adoption before June 2027. The City's current study is valid through June 2027. The District's current rate study is valid through July 2028. HCSD had previously planned to conduct a rate study solicitation beginning in January 2027 and initiate the study in August of 2027. A compromise that has been identified is that if the District joins the City in a rate study solicitation, the District could complete its rate study after the City completes their 2026 study.

There was no public comment.

Director Gardiner read the following statement, and then submitted it into the record:

I want to share some context for my questions about the proposed joint rate study with the City of Eureka.

During our last rate study, which passed on a three-to-two vote, the process was difficult and divisive. Two decisions from that study continue to concern me, not because they were illegal or improper, but because I don't believe we fully explored alternatives or long-term consequences.

First, the decision to require new connections to buy into the system on a full pro-rata basis, going back to the beginning of the District's infrastructure, resulted in connection fees rising from roughly \$5,000 to over \$20,000. While that approach can be legally defensible, it has significant implications for affordability, infill development, and future growth, and I don't believe we adequately evaluated other methodologies.

Second, the Board effectively chose a pay-as-you-go funding strategy for infrastructure with a useful life of fifty years or more, without a side-by-side analysis of long-term

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financing options such as bonds or low-interest loans. That choice shifted the burden almost entirely to current ratepayers and new connections, and again, I don't believe alternatives were meaningfully examined.

Given that history – and given that HCSD still does not have a long-term service contract with the City after more than a decade of effort – I am concerned that entering into a joint rate study now could unintentionally lock in assumptions that should instead be policy decisions of this Board.

I'm not opposed to cooperation with the City, and I appreciate the improved dialogue over the past two years. However, before moving forward with a joint study, I believe we need clear assurances that the scope will require re-examining connection-fee methodology and long-term financing options, and that HCSD will retain full independence in its rate and policy decisions.

My goal here is not to revisit old arguments, but to ensure we learn from them – and that we don't foreclose important choices for our ratepayers going forward.

Director Matteoli asked if there were any benefits or cost savings to the District if participating in a joint solicitation with the City of Eureka.

GM noted that the District could expect approximately 10% savings to the total cost of the District's rate study if it selects the same consultant to complete the District's rate study that the City of Eureka selects. The GM also clarified that only the consultant solicitation would be conducted jointly, and that the City and District's rate studies would be conducted independently. The savings would come from the overlap between the two separate rate studies if the same consultant is selected.

The City's Public Works Director, Kelly Allen, was present. Ms. Allen stated that the District would plan to publish the solicitation in approximately four to six weeks, and that the rate study would commence in July 2026 and take effect in July 2027. The City is currently requesting an exception to the State's Enclosed Bays and Estuaries Policy (EBEP), for which a clarifying resolution will be considered at the next Regional Board meeting. The outcome of the exception could significantly impact the City's as well as the District's future capital costs.

IT WAS MOVED BY DIRECTOR GARDINER, SECONDED BY DIRECTOR MATTEOLI, TO PARTICIPATE IN A JOINT SOLICITATION WITH THE CITY OF EUREKA FOR SELECTION OF A CONSULTANT TO CONDUCT A RATE STUDY WITH THE UNDERSTANDING THAT:

- (1) THE DISTRICT WILL PERFORM ITS OWN INDEPENDENT RATE STUDY ON ITS OWN SCHEDULE,
- (2) THE SOLICITATION WILL SEPARATELY ITEMIZE THE CITY'S PROPOSED SCHEDULE AND THE DISTRICT'S SEPARATELY DETERMINED SCHEDULE, AND
- (3) THE DISTRICT EQUALLY PARTICIPATES IN THE SELECTION OF THE CONSULTANT AND RETAINS DISCRETION AS TO CONTRACTING TERMS AND CONDITIONS.

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MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, MATTEOLI, RYAN
NOES: NONE
RECUSED: HANSEN

PRESIDENT HANSEN REJOINED THE MEETING AT 6:12 pm.

3. Consideration of Adopting of Resolution 2026-01 Pertaining to Humboldt County Operational Area Hazard Mitigation Plan 2025 Update

GM reported that in November 2024, Humboldt County engaged consultant IEM to prepare the 2025 update to the Local Hazard Mitigation Plan (LHMP). The update process included stakeholder meetings, public outreach, and coordination with partner agencies. The County has adopted the LHMP, and for the District to remain eligible for FEMA pre- and post-disaster mitigation grant funding, the District must adopt a resolution approving its annex to the plan.

Director Ryan asked about the potential fiscal impact. Staff responded that there is no cost to adopt the resolution. If the resolution is not adopted, the County will reject the District's annex to the LHMP. If the resolution is adopted, the annex will be included in the County's Hazard Mitigation Plan, preserving the District's eligibility for FEMA grant funding.

There was no public comment.

IT WAS MOVED BY DIRECTOR BENZONELLI, SECONDED BY DIRECTOR RYAN, TO ADOPT RESOLUTION 2026-01 PERTAINING TO HUMBOLDT COUNTY OPERATIONAL AREA HAZARD MITIGATION PLAN 2025 UPDATE.
MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN
NOES: NONE

4. Consideration of Approval of Budget for Emergency Project to Establish Temporary Containment Structure at Hoover Lift Station

GM reported that the District experienced an SSO at the Hoover SLS in the Myrtle area. Although the District previously completed a major upgrade to increase pumping capacity and eliminate restrictions, the SLS was overwhelmed during a recent storm event in December 2025. Additionally, District staff observed that the City's receiving infrastructure operates at or near capacity during significant storm events indicating that the District cannot further increase pumping capacity at the Hoover SLS. The District has secured hazard mitigation grant funding for a permanent physical flood barrier at the Hoover SLS. Because the permanent project is still in the design phase and subject to approval by Cal OES and FEMA, staff recommends installing a temporary flood barrier, manufactured by Aqua Dam, to

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reduce the risk of additional SSOs in the interim. The system is a water-filled, removable barrier that can be installed and removed seasonally. The proposed installation would surround the Hoover SLS and provide approximately 150,000 gallons of temporary storage capacity using a similar footprint as the planned permanent barrier. The AquaDam would function similarly to the permanent solution; it would not be grant-fundable and would require replacement approximately every five years. Staff recommends the purchase of the system, with installation by District staff and assistance from the vendor. GM also outlined the timeline for the permanent project, including required design approvals by Cal OES and FEMA, a public bidding process, environmental permitting, construction window limitations related to wetlands, and required wetland mitigation.

Director Ryan asked whether the impacts of climate change on the District's infrastructure could be quantified. The General Manager responded that the Hoover SLS experienced SSOs in 2019, 2022, 2024, and 2025 during significant storm events, noting that climate-related impacts are increasing in frequency as well as costs and operational risks.

There was no public comment.

IT WAS MOVED BY DIRECTOR GARDINER, SECONDED BY DIRECTOR MATTEOLI, TO APPROVE THE BUDGET FOR AN EMERGENCY PROJECT AND TO AUTHORIZE FUNDING TO ESTABLISH A TEMPORARY CONTAINMENT STRUCTURE AT HOOVER LIFT STATION. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN
NOES: NONE

5. Consideration of Hiring of a CalPERS Retired Annuitant to serve as the District's Lead Distribution System Operator

GM reported that after the retirement of the District's Utility Services Planner, the District no longer has a supervisory staff member that possesses a Grade IV Water Distribution Certification necessary to be the lead distribution system operator. Staff proposes that the District hire the District's retired Superintendent, who possesses the correct certifications to serve as the Lead Distribution System Operator in an advisory capacity for a limited term not to exceed December 31, 2026.

There was no public comment.

IT WAS MOVED BY DIRECTOR BENZONELLI, SECONDED BY DIRECTOR RYAN, TO APPROVE HIRING A CALPERS RETIRED ANNUNITANT TO SERVE AS THE DISTRICT'S LEAD DISTRIBUTION SYSTEM OPERATOR FOR A LIMITED DURATION THROUGH DECEMBER 31, 2026. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

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AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN
NOES: NONE

H. CLOSED SESSION

1. CONFERENCE WITH LEGAL COUNSEL—ANTICIPATED LITIGATION,
Significant exposure to litigation pursuant to Government Code section
54956.9(d)(2) and/or (d)(3): One case
Facts and circumstances: Claims by Pacific Shellfish related to the temporary
closure of shellfish production in Humboldt Bay, December 2024 - January 2025
2. PURSUANT TO Government Code Section 54954.5(e) PUBLIC EMPLOYEE
PERFORMANCE EVALUATION – General Manager

At 6:30 p.m., **IT WAS MOVED BY DIRECTOR RYAN, SECONDED BY DIRECTOR BENZONELLI**, TO MOVE INTO CLOSED SESSION. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN
NOES: NONE

The Board returned to open session at 6:54 p.m., and President Hansen reported that the Board had taken no action.

I. ADJOURNMENT

Without further business, **IT WAS MOVED BY DIRECTOR RYAN, SECONDED BY DIRECTOR BENZONELLI**, TO ADJOURN. MOTION CARRIED UPON THE FOLLOWING ROLL CALL VOTE:

AYES: BENZONELLI, GARDINER, HANSEN, MATTEOLI, RYAN
NOES: NONE

THE BOARD ADJOURNED ITS REGULAR MEETING OF January 13, 2026, AT 6:55 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: January 22, 2026

SUBJECT: General Manager Report for January 27, 2026 Board Meeting

North McKay Ranch Subdivision

When I first came to the District in August, 2020, I was presented with the draft results of an ongoing water supply study for the proposed North McKay Ranch Subdivision. I worked with District staff and a consultant to refine the results and ensure that the model output was consistent with on-the-ground and historical knowledge of the District's system. Ultimately, the final water supply study was included in the body of research that has gone into the North McKay Ranch Subdivision annexation application.

Over the years, I have worked with consultants, the project proponent, the Humboldt Local Agency Formation Commission (LAFCo), and the Board of Directors on this project. I have developed a plan for services, prepared proposals for property tax sharing, met with concerned residents and County staff, and presented on this topic multiple times to the Board. I have worked to explain the deficiencies in the District's infrastructure, identify solutions, and to develop compromises that can move this project forward. Ultimately, an application package was submitted to the Humboldt LAFCo for the annexation of the North McKay Ranch Subdivision.

On Wednesday, January 21, 2026, Humboldt LAFCo held a public hearing regarding the annexation proposal. At that public meeting, the commissioners voted to adopt resolutions to annex the proposed North McKay Ranch Subdivision into the Humboldt Community Services District boundaries.

Planning Study

District staff is working with the County Planning Department on a proposal for Community Development Block Grant funding for an infrastructure planning study. The study aims to identify the water and sewer utility infrastructure needs within the Walnut Drive Corridor that would be necessary to support the full build out of the Eureka Community Plan in that area. The study will identify infrastructure needs at the individual subdivision level and at full build out to help understand the proportional contributions from various proposed developments. Once the study is completed, infrastructure implementation funding may potentially become available.

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

December 2025

	Budgeted 2025-26	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	6,603,000	497,227	3,380,479	3,301,500	78,979	2.4	
Sewer Service Charges	8,842,500	755,368	4,459,300	4,421,250	38,050	0.9	
Water & Sewer Construction Charges	35,000	-	27,235	17,500	9,735	55.6	1
Account Charges	115,000	14,882	77,541	57,500	20,041	34.9	
Inspection Charges	700	-	-	350	(350)	(100.0)	1
Reimbursable Maintenance Charges	1,600	4,405	15,911	800	15,111	1,888.9	1
Miscellaneous	2,000	133	373	1,000	(627)	(62.7)	1
TOTAL OPERATING REVENUE	15,599,800	1,272,014	7,960,839	7,799,900	160,939	2.1	
NON-OPERATING REVENUE							
Capital Connection Charges	125,000	-	93,016	62,500	30,516	48.8	1
Interest/General	405,000	45,599	278,556	202,500	76,056	37.6	2
Discounts Earned	1,750	-	(255)	875	(1,130)	(129.2)	1
Sales:Fixed Assets/Scrap Metal	2,000	301	301	1,000	(699)	(69.9)	1
Bad Debt Recovery	3,000	-	-	1,500	(1,500)	(100.0)	1
Property Taxes & Assessments	450,000	-	-	225,000	(225,000)	(100.0)	1
TOTAL NON-OPERATING REVENUE	986,750	45,900	371,618	493,375	(121,757)	(24.7)	1
TOTAL DISTRICT REVENUE	16,586,550	1,317,915	8,332,457	8,293,275	39,182	0.5	
OPERATING EXPENSES							
Wages Direct	2,065,812	196,124	1,046,750	1,032,906	(13,844)	(1.3)	
Benefits: PERS	607,000	19,845	487,454	303,500	(183,954)	(60.6)	3
Group Ins	1,451,000	112,397	605,995	725,500	119,505	16.5	
Workers Comp Ins	32,000	-	7,663	16,000	8,337	52.1	
FICA/Medicare	151,650	14,629	79,987	75,825	(4,162)	(5.5)	
Misc Benefits	1,920	20	500	960	460	47.9	
Total Wages and Benefits	4,309,382	343,015	2,228,348	2,154,691	(73,657)	(3.4)	3
Less: wages & ben charged to Capital Proj.	(300,000)	(21,897)	(235,383)	(150,000)	85,383	(56.9)	
Total Operating Wages and benefits	4,009,382	321,118	1,992,965	2,004,691	11,726		
Water Purchase HBMWWD	1,180,000	100,472	605,711	590,000	(15,711)	(2.7)	
Water Purchase Eureka	850,000	67,853	450,193	425,000	(25,193)	(5.9)	
Sewage Treatment Operations & Maint.	2,185,000	153,841	923,046	1,092,500	169,454	15.5	
Water/Sewer Analysis	12,000	425	8,939	6,000	(2,939)	(49.0)	4
Supplies/ Construction	150,000	9,503	51,372	75,000	23,628	31.5	
Supplies/ Office-Administration	15,000	-	5,149	7,500	2,351	31.3	
Supplies/ Engineering	2,000	-	199	1,000	801	80.1	
Supplies/ Maintenance	100,000	10,194	52,991	50,000	(2,991)	(6.0)	
Invoicing	65,000	5,901	34,877	32,500	(2,377)	(7.3)	
Temporary Labor	44,500	2,243	19,564	22,250	2,686	12.1	
Repairs & Maintenance/Trucks	75,000	15,092	32,371	37,500	5,129	13.7	
Equipment Rental	2,000	-	323	1,000	677	67.7	
Building & Grounds Maintenance	35,000	2,797	15,773	17,500	1,727	9.9	
Electrical Power	500,000	32,012	229,101	250,000	20,899	8.4	
Street Lights	90,000	6,360	38,141	45,000	6,859	15.2	
Telephone	15,000	1,305	8,269	7,500	(769)	(10.3)	5
Postage	2,500	-	2,573	1,250	(1,323)	(105.8)	6
Freight	1,000	-	-	500	500	100.0	
Chemicals	13,000	-	2,587	6,500	3,913	60.2	
Liability Insurance	150,000	(150)	143,263	75,000	(68,263)	(91.0)	7
Legal	40,000	2,464	5,408	20,000	14,592	73.0	
Accounting	20,000	215	8,944	10,000	1,056	10.6	
Engineering	1,500	-	-	750	750	100.0	

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BUDGETARY STATEMENT OF REVENUES AND EXPENSES
FOR ENTIRE DISTRICT

December 2025

	Budgeted 2025-26	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance	Note
Other Professional Services	130,000	488	36,161	65,000	28,839	44.4	
Bank Service Charges	22,000	1,575	8,534	11,000	2,466	22.4	
Transportation	75,000	7,850	33,617	37,500	3,883	10.4	
Office Equip. Maintenance	6,000	278	1,659	3,000	1,341	44.7	
Computer Software Maintenance	46,000	4,714	52,884	23,000	(29,884)	(129.9)	8
Memberships & Subscriptions	47,500	-	38,579	23,750	(14,829)	(62.4)	9
Bad Debts & Minimum Balance Writeoff	20,000	-	(1)	10,000	10,001	100.0	
Conference & Continuing Ed	33,000	19	9,422	16,500	7,078	42.9	
Certifications	7,500	-	1,030	3,750	2,720	72.5	
State/County & LAFCO Charges and Charge	62,000	-	61,115	31,000	(30,115)	(97.1)	10
Hydraulic Water Model Maintenance	2,000	-	-	1,000	1,000	100.0	
Human Resources	22,000	2,865	17,004	11,000	(6,004)	(54.6)	11
Miscellaneous	10,000	(475)	(344)	5,000	5,344	106.9	
Director's Charges	16,000	1,000	5,450	8,000	2,550	31.9	
TOTAL OPERATING EXPENSES	10,056,882	749,957	4,896,871	5,028,441	131,570	2.6	
LONG TERM DEBT PAYMENTS							
2012 CIP & Refi.	177,600	-	88,800	88,800	-	-	12
Davis-Grunsky Loan	6,050	6,044	6,125	3,025	(3,100)	(102.5)	12
VacCon Truck Loan	117,441	-	117,441	58,721	(58,720)	(100.0)	12
2014 Wastewater Revenue Bonds	487,175	-	121,088	243,588	122,500	50.3	12
TOTAL LONG TERM DEBT PAYMENTS	788,266	6,044	333,453	394,133	60,680	15.4	
CAPITALIZED EXPENDITURES							
Vehicles, Rolling Stock & Equipment	97,500	1,253	4,796	48,750	43,954	90.2	
Building, Yard & Paving Improvements	395,000	61,948	70,235	197,500	127,265	64.4	
Capital Improvements Water	2,944,800	188,383	1,600,520	1,472,400	(128,120)	(8.7)	
Capital Improvements Sewer	1,645,500	64,928	341,101	822,750	481,649	58.5	
Engineering & Studies	15,000	-	-	7,500	7,500	100.0	
TOTAL CAPITAL EXPENDITURES	5,097,800	316,511	2,016,652	2,548,900	532,248	20.9	
OTHER							
City of Eureka Projects:							
Treatment Plant	3,670,000	-	-	1,835,000	1,835,000	100.0	
TOTAL City of Eureka Projects	3,670,000	-	-	1,835,000	1,835,000	100.0	
Interfund Transfers In	-	-	-				
Interfund Transfers Out	-	-	-				
BUDGET SURPLUS (DEFICIT)	(3,026,398)	245,403	1,085,481	(1,513,199)	2,598,680	171.7	

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

December 2025

	Budgeted 2025-26	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	15,599,800	1,272,014	7,960,839	7,799,900	160,939	2.1
TOTAL OPERATING EXPENSES	(10,056,882)	(749,957)	(4,896,871)	(5,028,441)	131,570	2.6
NET SURPLUS/(DEFICIT) FROM OPERATIONS	5,542,918	522,057	3,063,968	2,771,459	292,509	10.6
NON-OPERATING REVENUE & EXPENSES						
TOTAL NON-OPERATING REVENUE	986,750	45,900	371,618	493,375	(121,757)	(24.7)
TOTAL LONG TERM DEBT SERVICE	(788,266)	(6,044)	(333,453)	(394,133)	60,680	15.4
SURPLUS/(DEFICIT) BEFORE CAPITAL EXPENDITURES	5,741,402	561,914	3,102,132	2,870,701	110,072	3.8
HCSD CAPITAL IMPROVEMENT EXPENDITURES	(5,097,800)	(316,511)	(2,016,652)	(2,548,900)	532,248	20.9
CITY of EUREKA PROJECT REIMBURSEMENT	(3,670,000)	-	-	(1,835,000)	1,835,000	100.0
NEW DEBT ISSUE						
NET INTERFUND TRANSFERS IN/OUT		-	-			
BUDGET SURPLUS (DEFICIT)	<u>(3,026,398)</u>	<u>245,403</u>	<u>1,085,481</u>	<u>(1,513,199)</u>	<u>2,598,680</u>	<u>171.7</u>

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

December 2025

	Budgeted 2025-26	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	6,603,000	497,227	3,380,479	3,301,500	78,979	2.4
Water Construction Charges	20,000	-	27,171	10,000	17,171	171.7
Account Charges	70,000	8,482	44,199	35,000	9,199	26.3
Inspection Charges	-	-	-	-	-	-
Reimbursable Maintenance Charges	1,400	4,405	15,688	700	14,988	2,141.1
Miscellaneous	1,000	-	48	500	(452)	(90.4)
TOTAL OPERATING REVENUE	6,695,400	510,115	3,467,584	3,347,700	119,884	3.6
NON-OPERATING REVENUE						
Water Capital Connection Charges	50,000	-	75,562	25,000	50,562	202.2
Interest/General	190,000	17,847	113,050	95,000	18,050	19.0
Discounts Earned	1,000	-	(146)	500	(646)	(129.1)
Sales:Fixed Assets/Scrap Metal	1,000	172	172	500	(328)	(65.7)
Bad Debt Recovery	2,000	-	-	1,000	(1,000)	(100.0)
Other Non-Operating Revenue	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUE	244,000	18,019	188,638	122,000	66,638	54.6
TOTAL DISTRICT REVENUE	6,939,400	528,134	3,656,222	3,469,700	186,522	5.4
OPERATING EXPENSES						
Wages Direct	958,750	98,690	514,001	479,375	(34,626)	(7.2)
Wages & Benefits: Allocated	827,731	49,111	447,996	413,866	(34,130)	(8.2)
Benefits: PERS	143,475	10,317	59,014	71,738	12,723	17.7
Group Ins	413,000	32,740	192,966	206,500	13,534	6.6
Workers Comp Ins	14,850	-	3,315	7,425	4,110	55.4
FICA/Medicare	70,370	7,540	39,272	35,185	(4,087)	(11.6)
Misc Benefits	-	-	-	-	-	-
Total Wages and Benefits	2,428,176	198,397	1,256,564	1,214,088	(42,476)	(3.5)
Less: wages & ben charged to Capital Proj.	(185,000)	(10,719)	(111,349)	(92,500)	18,849	(20.4)
Total Operating Wages and benefits	2,243,176	187,678	1,145,215	1,121,588	(23,627)	(2.1)
Water Purchase HBMWD	1,180,000	100,472	605,711	590,000	(15,711)	(2.7)
Water Purchase Eureka	850,000	67,853	450,193	425,000	(25,193)	(5.9)
Water Analysis	12,000	425	8,939	6,000	(2,939)	(49.0)
Supplies/ Construction	110,000	7,815	33,717	55,000	21,283	38.7
Supplies/Office-Administration	4,500	-	1,813	2,250	437	19.4
Supplies/ Engineering	500	-	199	250	51	20.5
Supplies/ Maintenance	50,000	5,246	29,635	25,000	(4,635)	(18.5)
Temporary Labor	22,250	1,278	11,151	11,125	(26)	(0.2)
Repairs & Maintenance/Trucks	40,000	8,602	18,452	20,000	1,548	7.7
Equipment Rental	1,000	-	-	500	500	100.0
Building & Grounds Maintenance	6,000	930	4,724	3,000	(1,724)	(57.5)
Electrical Power	285,000	17,379	142,440	142,500	60	0.0
Freight	350	-	-	175	175	100.0
Chemicals	13,000	-	2,527	6,500	3,973	61.1
Liability Insurance	-	(86)	21,236	-	(21,236)	-
Engineering	-	-	-	-	-	-
Other Professional Services	5,000	-	-	2,500	2,500	100.0
Transportation	43,000	4,475	19,162	21,500	2,338	10.9
Office Equip. Maintenance	750	50	127	375	248	66.2
Computer Software Maintenance	21,000	2,585	28,990	10,500	(18,490)	(176.1)
Memberships & Subscriptions	2,000	-	2,014	1,000	(1,014)	(101.4)
Bad Debts & Minimum Balance Writeoff	10,000	-	(0)	5,000	5,000	100.0
Conference & Continuing Ed	10,000	-	4,321	5,000	679	13.6
Certifications	3,500	-	550	1,750	1,200	68.6
State/County & LAFCO Charges and Charge:	39,000	-	57,999	19,500	(38,499)	(197.4)
Hydraulic Water Model Maintenance	2,000	-	-	1,000	1,000	100.0
Human Resources	4,500	165	4,740	2,250	(2,490)	(110.7)
Miscellaneous	1,000	-	17	500	483	96.7
General & Admin Expense Allocation	299,150	9,524	161,723	149,575	(12,148)	(8.1)

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

December 2025

	Budgeted 2025-26	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
TOTAL OPERATING EXPENSES	5,258,676	414,393	2,755,636	2,629,338	(126,298)	(4.8)
LONG TERM DEBT PAYMENTS						
Davis-Grunsky Loan	6,050	6,044	6,125	3,025	(3,100)	(102.5)
TOTAL LONG TERM DEBT PAYMENTS	6,050	6,044	6,125	3,025	(3,100)	(102.5)
CAPITALIZED EXPENDITURES						
Capital Improvements Water	2,944,800	180,461	1,366,988	1,472,400	105,412	7.2
TOTAL CAPITAL EXPENDITURES	2,944,800	180,461	1,366,988	1,472,400	105,412	7.2
INTERFUND TRANSFERS IN	-	-	-	-	-	
BUDGET SURPLUS (DEFICIT)	(1,270,126)	(72,765)	(472,528)	(635,063)	162,535	25.6

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

December 2025

	Budgeted 2025-26	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	8,842,500	755,368	4,459,300	4,421,250	38,050	0.9
Sewer Construction Charges	15,000	-	65	7,500	(7,436)	(99.1)
Account Charges	45,000	6,399	33,343	22,500	10,843	48.2
Inspection Charges	700	-	-	350	(350)	(100.0)
Reimbursable Maintenance Charges	200	-	224	100	124	123.6
Miscellaneous	1,000	-	36	500	(464)	(92.8)
TOTAL OPERATING REVENUE	8,904,400	761,767	4,492,967	4,452,200	40,767	0.9
NON-OPERATING REVENUE						
Sewer Capital Connection Charges	75,000	-	17,454	37,500	(20,046)	(53.5)
Interest/General	200,000	19,153	111,253	100,000	11,253	11.3
Discounts Earned	750	-	(110)	375	(485)	(129.3)
Sales: Fixed Assets/Scrap Metal	1,000	129	129	500	(371)	(74.1)
Bad Debt Recovery	1,000	-	-	500	(500)	(100.0)
Other Non-Operating Revenue	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUE	277,750	19,283	128,728	138,875	(10,147)	(7.3)
TOTAL DISTRICT REVENUE	9,182,150	781,050	4,621,694	4,591,075	30,619	0.7
OPERATING EXPENSES						
Wages Direct	598,000	60,636	324,398	299,000	(25,398)	(8.5)
Wages & Benefits: Allocated	827,731	49,111	447,996	413,866	(34,130)	(8.2)
Benefits: PERS	77,250	6,058	35,083	38,625	3,542	9.2
Group Ins	275,000	17,043	115,825	137,500	21,675	15.8
Workers Comp Ins	9,275	-	2,824	4,638	1,814	39.1
FICA/Medicare	43,950	4,628	24,782	21,975	(2,807)	(12.8)
Misc Benefits	-	-	-	-	-	-
Total Wages and Benefits	1,831,206	137,477	950,907	915,603	(35,304)	(3.9)
Less: wages & ben charged to Capital Proj.	(65,000)	(4,037)	(103,157)	(32,500)	70,657	(217.4)
Total Operating Wages and benefits	1,766,206	133,440	847,750	883,103	35,353	4.0
Sewage Treatment: Operating & Maint.	2,185,000	153,841	923,046	1,092,500	169,454	15.5
Sewer Analysis	-	-	-	-	-	-
Supplies/ Construction	40,000	1,688	17,655	20,000	2,345	11.7
Supplies/ Office-Administration	4,500	-	1,368	2,250	882	39.2
Supplies/ Engineering	500	-	-	250	250	100.0
Supplies/ Maintenance	45,000	4,948	23,356	22,500	(856)	(3.8)
Temporary Labor	22,250	964	8,412	11,125	2,713	24.4
Repairs & Maintenance/Trucks	35,000	6,490	13,920	17,500	3,580	20.5
Equipment Rental	1,000	-	323	500	177	35.4
Building & Grounds Maintenance	5,000	702	3,018	2,500	(518)	(20.7)
Electrical Power	115,000	6,928	36,263	57,500	21,237	36.9
Freight	350	-	-	175	175	100.0
Chemicals	-	-	60	-	(60)	-
Liability Insurance	-	(65)	16,020	-	(16,020)	-
Engineering	-	-	-	-	-	-
Other Professional Services	5,000	-	-	2,500	2,500	100.0
Transportation	32,000	3,376	14,455	16,000	1,545	9.7
Office Equip. Maintenance	750	38	95	375	280	74.5
Computer Software Maintenance	19,000	1,950	21,870	9,500	(12,370)	(130.2)
Memberships & Subscriptions	1,500	-	1,532	750	(782)	(104.2)

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

December 2025

	Budgeted 2025-26	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
Bad Debts & Minimum Balance Writeoff	10,000	-	(0)	5,000	5,000	100.0
Conference & Continuing Ed	10,000	-	5,010	5,000	(10)	(0.2)
Certifications	2,500	-	480	1,250	770	61.6
State/County & LAFCO Charges and Charges	4,000	-	3,116	2,000	(1,116)	(55.8)
Human Resources	3,000	125	3,576	1,500	(2,076)	(138.4)
Miscellaneous	1,500	-	13	750	737	98.3
General & Admin Expense Allocation	299,150	9,524	161,723	149,575	(12,148)	(8.1)
TOTAL OPERATING EXPENSES	4,608,206	323,947	2,103,094	2,304,103	201,009	8.7
LONG TERM DEBT PAYMENTS						
2014 Wastewater Revenue Bonds	487,175	-	121,088	243,588	122,500	50.3
2012 CIP & Refi.	177,600	-	-	88,800	88,800	100.0
VacCon Truck Loan	117,441	-	117,441	58,721	(58,720)	(100.0)
TOTAL LONG TERM DEBT PAYMENTS	782,216	-	238,528	391,108	152,580	39.0
CAPITALIZED EXPENDITURES						
Vehicles/Rolling Stock/Capital Equipment	-	-	-	-	-	-
Building, Yard& Paving Improvements	-	-	-	-	-	-
Capital Improvements Sewer Engineering & Studies	1,645,500	64,928	341,101	822,750	481,649	58.5
TOTAL CAPITAL EXPENDITURES	1,645,500	64,928	341,101	822,750	481,649	58.5
OTHER						
City of Eureka Projects: Treatment Plant	3,670,000	-	-	1,835,000	1,835,000	100.0
TOTAL OTHER	3,670,000	-	-	1,835,000	1,835,000	100.0
BUDGET SURPLUS (DEFICIT)	(1,523,772)	392,175	1,938,971	(761,886)	2,700,857	354.5

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

December 2025

	Budgeted 2025-26	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)	15,000	8,599	54,252	7,500	46,752	623.4
Miscellaneous	-	133	289	-	289	-
TOTAL OPERATING REVENUE	15,000	8,731	54,541	7,500	47,041	627.2
NON-OPERATING REVENUE						
Property Taxes	450,000	-	-	225,000	(225,000)	(100.0)
Insurance Rebate	-	-	-	-	-	-
Miscellaneous Income	-	-	-	-	-	-
TOTAL NON-OPERATING REVENUE	450,000	-	-	225,000	(225,000)	(100.0)
TOTAL DISTRICT REVENUE	465,000	8,731	54,541	232,500	(177,959)	(76.5)
OPERATING EXPENSES						
Wages Direct	509,062	36,798	208,351	254,531	46,180	18.1
Benefits: PERS	386,275	3,470	393,357	193,138	(200,220)	(103.7)
State Unemploy Ins	-	-	-	-	-	-
Group Ins	763,000	62,614	297,204	381,500	84,296	22.1
Workers Comp Ins	7,875	-	1,524	3,938	2,413	61.3
FICA/Medicare	37,330	2,461	15,933	18,665	2,732	14.6
Misc Benefits	1,920	20	500	960	460	47.9
Total Wages and Benefits	1,705,462	105,362	916,869	852,731	(64,138)	(7.5)
Less: wages & ben charged to Capital Proj.	(50,000)	(7,141)	(20,877)	(25,000)	(4,123)	16.5
Less: Allocated to Water and Sewer Funds	(1,655,462)	(98,221)	(895,992)	(827,731)	68,261	(8.2)
Total Unallocated Wages and Benefits	-	-	-	-	-	-
Supplies/ Construction	-	-	-	-	-	-
Supplies/ Administration	6,000	-	1,969	3,000	1,031	34.4
Supplies/ Engineering	1,000	-	-	500	500	100.0
Supplies/ Maintenance	5,000	-	-	2,500	2,500	100.0
Invoicing	65,000	5,901	34,877	32,500	(2,377)	(7.3)
Temporary Labor	-	-	-	-	-	-
Repairs & Maintenance/Trucks	-	-	-	-	-	-
Equipment Rental	-	-	-	-	-	-
Building & Grounds Maintenance	24,000	1,165	8,030	12,000	3,970	33.1
Electrical Power	100,000	7,704	50,399	50,000	(399)	(0.8)
Street Lights	90,000	6,360	38,141	45,000	6,859	15.2
Telephone	15,000	1,305	8,269	7,500	(769)	(10.3)
Postage	2,500	-	2,500	1,250	(1,250)	(100.0)
Freight	300	-	-	150	150	100.0
Liability Insurance	150,000	-	106,006	75,000	(31,006)	(41.3)
Legal Services	40,000	2,464	5,408	20,000	14,592	73.0
Accounting	20,000	215	8,944	10,000	1,056	10.6
Engineering	1,500	-	-	750	750	100.0
Other Professional Services	20,000	488	36,161	10,000	(26,161)	(261.6)
Bank Service Charges	22,000	1,575	8,534	11,000	2,466	22.4
Transportation	-	-	-	-	-	-
Office Equip. Maintenance	4,500	190	1,437	2,250	813	36.1
Computer Software Maintenance	6,000	178	2,024	3,000	976	32.5
Memberships & Subscriptions	44,000	-	35,033	22,000	(13,033)	(59.2)
Bad Debts & Minimum Balance Writeoff	-	-	-	-	-	-
Conference & Continuing Ed	13,000	19	91	6,500	6,409	98.6
Certifications	1,500	-	-	750	750	100.0

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

December 2025

	Budgeted 2025-26	Current Month-to-Date	Actual Year-to-Date	Budgeted Year-to-Date	Y.T.D. Variance Actual to Budget	% Variance
State/County & LAFCO Charges and Charges	19,000	-	-	9,500	9,500	100.0
Human Resources	14,500	2,575	8,688	7,250	(1,438)	(19.8)
Miscellaneous	7,500	(475)	(373)	3,750	4,123	110.0
Director's Charges	16,000	1,000	5,450	8,000	2,550	31.9
General & Admin Expense Allocation	(598,300)	(19,047)	(323,446)	(299,150)	24,296	(8.1)
TOTAL OPERATING EXPENSES	90,000	11,616	38,141	45,000	6,859	15.2
CAPITALIZED EXPENDITURES						
				-		
Vehicles/Rolling Stock/Capital Equipment	97,500	9,174	238,327	48,750	(189,577)	(388.9)
Building, Yard & Paving Improvements	395,000	61,948	70,235	197,500	127,265	64.4
Engineering & Studies	115,000	-	-	57,500	57,500	100.0
TOTAL CAPITAL EXPENDITURES	607,500	71,122	308,562	303,750	(4,812)	
INTERFUND TRANSFER OUT		-	-	-		
BUDGET SURPLUS (DEFICIT)	(232,500)	(74,007)	(380,963)	(116,250)	(264,713)	227.7

Humboldt Community Services District
Notes
December 2025

Note 1 - Non Operating and Miscellaneous Revenue

Non-operating, Construction/Capacity Charges and Miscellaneous income occurs occasionally throughout the year, and at the very end of the fiscal year.

Note 2 - Interest Income

Increase in Interest Income due to continued performance with funds held in CA CLASS JPA investment pool being better than expected.

Note 3 - Benefits - PERS

CalPERS UAL Payment submitted as lump sum instead of as monthly payments. Submitting annual PERS UAL payment as lump sum instead of in monthly installments provides the District with ~\$11,000 in cost savings.

Note 4 - Water Analysis

Water analysis costs are elevated due to triennial Lead and Copper sampling as well as UCMR 5 sampling. Lead and Copper tests are once every three years, and UCMR testing is once every five years. Due to the infrequent testing requirement, the additional costs were not included in budget. Overage is not projected to have significant impact.

Note 5 - Telephone

Additional cost in November due to purchase of replacement phone from Verizon.

Note 6 - Postage

Purchase of postage for postage machine in August. Postage purchased is expected to be for entire year.

Note 7 - Liability Insurance

Liability insurance is billed in lump sums in August and November. Expense for full year expected to be within budgeted amount.

Note 8 - Computer Software Maintenance

Maintenance/Licensing fees for computer software is paid in annual charges paid near beginning of Fiscal Year. Additionally, upgrade to primary District software (SpringBrook) resulted in increase in annual fees, which were not included in original budget. Expenditures for the fiscal year are expected to be approximately \$60,000, \$14,000 above budgeted amount. Overage is not expected to have significant impact, and full cost will be included in budget for future years.

Note 9 - Memberships and Subscriptions

ACWA Annual membership dues paid in September. Total costs for year are projected to be within budgeted amount.

Note 10 - State/County & LAFCO Charges and Charges

Annual Water system fees to SWRCB Paid in November. Additionally, annual fee has increased by ~\$20,000 compared to prior years due to District no longer being classified as a disadvantaged community. This is expected to result in expenditure for the year being higher than budgeted. Overage is not expected to have significant impact.

Note 11 - Human Resources

Increased Human Resources expenses due to advertising for numerous District Positions. Overage is not expected to have significant impact on District Finances.

Note 12 - Debt Service

Loan Payments are made throughout the year. Total expenditures by the end of the year will match budget amounts.

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: Kush Rawal, Assistant Engineer
Date: January 21, 2026
Subject: Assistant Engineer Progress Report for the January 27, 2026 Board Meeting

Sewer Collection System Smoke Testing – January 14, 2026

On January 14, 2026, District Operations and Maintenance staff conducted sewer smoke testing in King Salmon as part of the District's ongoing effort to identify sources of inflow and infiltration (I/I) within the sewer collection system. This inspection was performed following recent wet-weather events in the King Salmon area and pinpointed system deficiencies contributing to excessive flows during storm and tidal conditions.

Smoke testing was performed on sewer service laterals, cleanouts, and associated connections to evaluate defects that allow stormwater, groundwater, or surface water to enter the sanitary sewer system. The inspection focused on identifying improper connections, missing or damaged cleanout plugs, and noncompliant sealing methods that contribute to I/I and odor concerns.

The inspection identified widespread deficiencies within trailer park areas, where multiple trailer units were found to be improperly connected to hardline cleanouts. Staff observed loose or noncompliant connections, duct tape used as a sealing method, improper pipe size transitions, and uncapped cleanouts on vacant trailer pads. These conditions represent significant pathways for inflow and infiltration during wet weather events and contribute to increased system loading during storm and tidal conditions.

In addition to trailer park findings, staff also observed smoke emerging from beneath permanent residential structures and within residential yard areas, indicating improperly sealed sewer connections serving individual homes. In some cases, physical access to the exact source of smoke was restricted due to fencing or site constraints; however, observed conditions were consistent with missing or defective cleanout plugs or private lateral connection deficiencies. Additional observations included smoke exiting near front doors or yard areas at individual properties, further confirming defects within privately owned sewer infrastructure outside of the trailer park areas.

In addition to addressing private-side deficiencies, the District is also evaluating alternative manhole lid designs that provide improved sealing during flood conditions to further reduce inflow into the public sewer collection system. The District is preparing a public service announcement to educate customers on inflow and infiltration impacts and private sewer responsibilities. Individual notification letters will be sent to residents

identified during smoke testing as having moderate to severe inflow and infiltration issues within their private systems. These outreach efforts are intended to support corrective action, improve system performance, and reduce the likelihood of future overflow events.



Figure 1: District Crews working to conduct the smoke test from King Salmon Mahole



Figure 2: Smoke escaping the system through the pick holes of the Manhole

Humboldt Community Services District

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MEMORANDUM

TO: Board of Directors

FROM: Ana Rodriguez, Utility Services Planner

DATE: January 21, 2026

SUBJECT: Utility Services Planner Report for January 27, 2026 Board Meeting

Automated Meter Replacement (AMR) Program

The District is continuing to make progress on installing new automated meters. During the week of January 12-16, employees were replacing meters in Cutten on Walnut Drive. During January 19-23 employees were installing meters on Walnut Drive. Employees assigned to replace meters are able to replace approximately seven to ten meters per day.

Misty Hills Telecommunication Proposal

The District reviewed a Conditional Use Permit application for a proposed Verizon telecommunications facility at 250 Misty Hills Lane, consisting of a 150 foot monopole, associated equipment and an unmanned fenced lease area with no water or sewer service required. As part of the January 2025 referral, the District applied standard conditions to protect its existing eight inch water main, including:

- Installation of all power and fiber in conduit.
- Perpendicular crossings only.
- A minimum of three feet of vertical clearance below the water main for at least five feet on either side.
- A ten-foot horizontal separation for any parallel installations.

Verizon/TowerCo requested a variance to reduce the parallel separation to approximately five feet over a 320-foot alignment, citing site constraints and proposing additional safety measures. During a Zoom meeting with the General Manager, former Engineering Technician, and the Utility Services Planner, Verizon clarified that the proposed installation involves an underground primary electrical line, noting that the incoming primary voltage would be 12kV. Following a site walk and easement review, District staff determined that the ten-foot separation was physically feasible, that the District's easement is dedicated solely to water facilities and that alternative alignments existed; therefore, the variance was

Utility Services Planner's Report to the Board of Directors for
January 27, 2026 Board Meeting

denied due to safety concerns and to protect District staff by preventing conflicts between utilities that would restrict access, increase risks, or compromise worker safety during maintenance and emergency response. . The applicant subsequently proposed an alternative alignment involving a 90-degree crossing of the water main, which District staff confirmed is preferable and allowable, provided it complies with the previously established referral conditions. The applicant is currently evaluating the perpendicular crossing option.

Humboldt Community Services District

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AGENDA REPORT

For HCSD Board of Directors Regular Meeting of: January 27, 2026

AGENDA ITEM: F.1

TITLE: Consideration of Claim for Damages – 1924 Ridgewood Drive

PRESENTED BY: Terrence Williams, General Manager

Recommendation:

Discussion and consideration of the claim for damages from the ratepayer on Ridgewood Drive, with a motion and roll call vote directing staff on how to proceed.

Staff recommends that the Board reject the claim, allowing the matter to be reviewed and, if appropriate, subrogated by ACWA JPIA.

Summary:

On December 18, 2025, the District received a report from the plumber indicating a possible sanitary sewer overflow (SSO) discharging from the residence's cleanout at 1924 Ridgewood Drive. District staff immediately responded, identified a blockage in the District's sewer main as the source of the overflow, and estimated the discharge at approximately five gallons per minute. Staff promptly cleared the blockage. ServiceMaster Restore was dispatched to the site and began remediation and cleanup beneath the residence.

On December 19, 2025, staff investigated the cause of the blockage and discovered a large foreign object—an impact driver pipe cutting tool—lodged in the District's sewer main. The object obstructed sewer flow and directly caused the backup into the residence. The tool was documented during the investigation.

The ratepayer subsequently submitted a claim seeking reimbursement for completed work and estimated future costs. The total claim amount exceeds \$10,000.

The sewer main serving Ridgewood Drive is six inches in diameter. All connected laterals are four inches in diameter, with the exception of one six-inch lateral. During the week prior to this incident, the District responded to a separate sewer main backup in the same general area, during which a mechanical pipe plug was found in the District's sewer main. Additionally, the District contacted a local contractor working at the Ridgewood School site, who reported recent maintenance activities related to clogs in the school's wastewater system associated with their student bathrooms.

Agenda Report

Consideration of Claim for Damages – 1924 Ridgewood Drive

January 27, 2026

As part of the ongoing investigation, the District and ACWA JPIA have contacted the Cutten School District to determine whether activities associated with the school site may have contributed to the SSO at 1924 Ridgewood Drive.

District staff responded appropriately and in a timely manner to the incident and have determined that the SSO was not the result of District employee negligence or error.

As stipulated by California Government Code §945.6, the district may reject the claim within 45 days of receipt, thereby limiting the exposure window for the claimant to file a lawsuit to six months. In this scenario, the latest date for rejection is February 28, 2026. If the Board does not reject the claim by that date, the claimant will have up to 2 years to file in court.

Fiscal Impact:

The ratepayer is claiming damages in excess of \$10,000 and does not include a specific dollar amount in its claim. Thus, this claim would not be a limited civil case.



Figure 1: Impact Driver Pipe Cutting Tool recovered from Sewer Main

Humboldt Community Services District

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AGENDA REPORT

For HCSD Board of Directors Regular Meeting of: January 27, 2026

AGENDA ITEM: F.2

TITLE: Consideration of Subrecipient Agreement with County of Humboldt for Community Development Block Grant (CBDG) Funded Project

PRESENTED BY: Terrence Williams, General Manager

Recommendation:

Consider authorizing the General Manager to sign the enclosed Subrecipient Agreement with Humboldt County for the CBDG funds associated with a planning study for water and wastewater utility infrastructure improvement in the Cutten and Ridgewood areas to support future development of undeveloped parcels into residential subdivisions.

Summary:

The objective of this project is to conduct a comprehensive infrastructure study of the Humboldt Community Services District (HCSD) water and wastewater systems serving the Walnut Drive corridor. The study will identify and evaluate the improvements necessary to support potential subdivision and development—both individually and cumulatively—along the Walnut Drive corridor between Cutten and Ridgewood.

The Eureka Community Plan (1995) identifies properties and parcels along Walnut Drive and Ridgewood Drive, extending between Cutten and Westgate and south to Elk River Road (the “Walnut Drive Corridor”), where residential and mixed-use subdivisions are principally permitted or could be permitted if adequate water and wastewater infrastructure were available. However, the capacity and condition of existing HCSD infrastructure may constrain the timing and extent of future development.

The County Planning Department has extended the opportunity to HCSD to apply for CBDG funding to identify the specific infrastructure improvements necessary to accommodate the full build out of the Walnut Drive Corridor. In order to complete the application for funding, HCSD must enter into a subrecipient agreement with the County (the Draft Agreement is included with this agenda item).

Please authorize the District's General Manager to execute the agreement with the County so that the application may be completed. The District's Legal Counsel is currently reviewing the agreement and will provide input. The final agreement will be approved by Legal Counsel.

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**SUBRECIPIENT AGREEMENT BETWEEN
COUNTY OF HUMBOLDT
AND HUMBOLDT COMMUNITY SERVICES DISTRICT
FOR A COMPREHENSIVE INFRASTRUCTURE ASSESSMENT**

Agreement #26-CDBG-HCSD

THIS AGREEMENT is made this _____ day of _____ by and between the County of Humboldt, a political subdivision of the State of California, hereinafter called "County" and Humboldt Community Services District, an Independent Special District, hereinafter called "Subrecipient", together referred to as "the Parties".

WHEREAS, on December 9, 2025, the Board of Supervisors adopted a Resolution approving an application for CDBG funds for the purpose a comprehensive study of the Humboldt Community Services District infrastructure to identify and evaluate the water and wastewater system improvements necessary to support potential subdivision and development along the Walnut Drive corridor between Cutten and Ridgewood, both individually and cumulatively; and

WHEREAS, the County, pursuant to the Housing and Community Development Act of 1974, as amended, and 24 Code of Federal Regulation Part 570, has applied for grant funds from the California Department of Housing and Community Development ("HCD") Community Development Block Grant ("CDBG") program for Planning funds; and

WHEREAS, the County, by and through its Planning and Building Department, Housing and Grants Division, if it is awarded Planning funds, wishes to engage a qualified Subrecipient to assist the County in accomplishing the stated study; and

WHEREAS, Subrecipient desires to conduct a comprehensive study of the infrastructure to identify and evaluate the water and wastewater system improvements necessary to support potential subdivision and development along the Walnut Drive corridor between Cutten and Ridgewood, both individually and cumulatively; and

NOW, THEREFORE, in consideration of the foregoing, the Parties hereby agree as follows:

1. SCOPE OF SERVICE

Subrecipient hereby agrees to provide the following services:

- a. Develop the scope of the study
- b. Develop and publish a Request for Proposals or Request for Bids
- c. Select a vendor that is adequately trained, skilled, experienced, and qualified to design, execute, and present the study
- d. Cooperate fully with Housing & Grants Division staff

2. TERM

- a. This Agreement shall begin upon execution by the Parties but is contingent upon being funded by CDBG.
- b. If the County is not awarded funds for Planning from CDBG, this Agreement automatically terminates.
- c. If the County is awarded funds for Planning from CDBG, this Agreement shall remain in effect during any period that the Subrecipient has control over CDBG funds, including program income.

3. TIMELINE/SCHEDULE

Milestone 1:

Milestone 2:

Milestone 3:

Milestone 4:

Milestone 5:

The study will be complete and delivered to HCSD by _____. Final invoices and activity reports will be provided to County no later than _____

4. BUDGET

It is expressly agreed and understood that the total to be paid by the County under this contract shall not exceed the budget approved by CDBG.

Indirect costs and out of County travel costs are not permitted. In-County travel reimbursement requests must include detailed travel logs and be billed at no more than the federal rate.

Budget Details Entered Here.

5. PAYMENT

No CDBG funds shall be disbursed to Subrecipient prior to signing this written agreement. This award shall not be paid in a lump sum drawdown.

Subrecipient shall submit itemized requests for payment, consistent with approved budget, to Housing & Grants Division with evidence of expenditures no more than monthly. Payment for approved charges shall be made within thirty days of submission of a complete invoice.

6. REPORTS

CDBG requires quarterly activity and financial reports from County; therefore, quarterly activity and financial reports are required of Subrecipient within 10 calendar days of the end of each quarter per the following schedule:

Quarter ending March 31, reports are due to County by April 10

Quarter ending June 30, reports are due to County by July 10

Quarter ending September 30, reports are due to County by October 10

Quarter ending December 31, reports are due to County by January 10

Activity reports will include a summarization of progress made in the quarter. Financial reports will include the total of expenditures made in the quarter.

Reports shall be delivered to Housing & Grants staff.

7. NOTICES

Communication and details concerning this Agreement shall be in writing and directed to the following representatives:

COUNTY

Kristin Martinique

Administrative Analyst

County of Humboldt

3015 H Street, Eureka, CA 95501

Kmartinique5@co.humboldt.ca.us

SUBRECIPIENT

Terrence Williams

General Manager

Humboldt Community Services District

5055 Walnut Drive, Eureka, CA 95503

twilliams@humboldtcsd.org

8. MONITORING:

Subrecipient monitoring is a Federal cross-cutting requirement. There will be at least one in person monitoring during this contract.

Subrecipient hereby agrees that County has the right to monitor all activities related to this Agreement, including, without limitation, the right to review and monitor Subrecipient's records, policies, procedures and overall business operations, at any time, to ensure compliance with CDBG Program regulations and the terms and conditions of this Agreement. Subrecipient shall participate in scheduled monitoring. Subrecipient shall cooperate with a corrective action plan, if deficiencies in Subrecipient's records, policies, procedures or business operations are identified by County. However, County is not responsible, and shall not be held accountable, for overseeing or evaluating the adequacy of Subrecipient's performance hereunder.

9. SPECIAL CONDITIONS

Nuclear Free. Subrecipient does not knowingly or intentionally engage in the research, development, production, or testing of nuclear warheads, nuclear weapon systems or nuclear weapons components as defined by the Nuclear Free Humboldt County Ordinance. Subrecipient agrees to notify County immediately if it becomes a Nuclear Weapons contractor, as defined above. County may immediately terminate this agreement if it determines that the foregoing certification is false or if Subrecipient becomes a Nuclear Weapons contractor.

Disposition of program income received by subrecipients. At the end of the program year, County requires remittance of all or part of any program income balances (including investments thereof) held by Subrecipient (except those needed for immediate cash needs,

cash balances of a revolving loan fund, cash balances from a lump sum drawdown, or cash or investments held for section 1108 security needs).

Reversion of assets. Upon expiration of this Agreement, Subrecipient shall transfer to County any CDBG funds on hand at the time of expiration and any accounts receivable attributable to the use of CDBG funds. Any real property acquired or improved with CDBG funds must comply with 24 CFR 570.503.7 et seq.

10. GENERAL CONDITIONS

- a. General Compliance. Subrecipient agrees to comply with the requirements of Title 24 of the Code of Federal Regulations, Part 570 (the Housing and Urban Development regulations concerning Community Development Block Grants (CDBG)). Subrecipient also agrees to comply with all other applicable Federal, state and local laws, regulations, and policies governing the funds provided under this contract. Subrecipient further agrees to utilize funds available under this Agreement to supplement rather than supplant funds otherwise available. The Agreement complies with the applicable uniform requirements described in section 570.502.
- b. Federal Debarment. County shall assure that Subrecipient is not on the Federal Debarment list prior to signing this Agreement.
- c. "Independent Contractor". Nothing contained in this Agreement is intended to, or shall be construed in any manner, as creating or establishing the relationship of employer/employee between the parties. Subrecipient shall at all times remain an "independent contractor" with respect to the services to be performed under this Agreement. The County shall be exempt from payment of all Unemployment Compensation, FICA, retirement, life and/or medical insurance and Workers' Compensation Insurance as Subrecipient is an independent contractor. Subrecipient shall be solely responsible for the acts and omissions of its agents, officers, employees, assignees and subcontractors.
- d. Hold Harmless. Subrecipient shall indemnify, defend and hold harmless the County hereto and its Board, officers, agents, and employees, from any and all claims, demands, losses, damages, and liabilities of any kind or nature, including reasonable and necessary attorney's fees, which arise by the virtue of its own negligent acts or omissions (either directly or through or by its officers, agents or employees) in connection with its duties and obligations under this Agreement and any amendments hereto.
- e. Insurance.
 1. This Contract shall not be executed by County and Subrecipient is not entitled to any rights, unless certificates of insurances, or other sufficient proof that the following provisions have been complied with, and such certificate(s) are filed with the Clerk of the Humboldt County Board of Supervisors.
 2. Without limiting Subrecipient's indemnification obligations provided for herein, Subrecipient shall and shall require any of its subcontractors to take out and maintain, throughout the period of this Agreement and any extended term thereof, the following policies of insurance placed with insurers authorized to do business in

California and with a current A.M. Bests rating of no less than A:VII or its equivalent against injury/death to persons or damage to property which may arise from or in connection with the activities hereunder of Subrecipient, its agents, officers, directors employees, licensees, invitees, assignees or subcontractors:

- a. Comprehensive or Commercial General Liability Insurance at least as broad as Insurance Services Office Commercial General Liability coverage (occurrence form CG 0001), in an amount of \$1,000,000 per occurrence for any one incident, including, personal injury, death and property damage. If a general aggregate limit is used, either the general aggregate limit shall apply separately to this project or the general aggregate shall be twice the required occurrence limit.
- b. Automobile/Motor Liability Insurance with a limit of liability of not less than one million dollars (\$1,000,000) combined single limit coverage. Such insurance shall include coverage of all "owned", "hired", and "non-owned" vehicles or coverage for "any auto".
- c. Workers Compensation and Employers Liability Insurance providing workers' compensation benefits as required by the Labor Code of the State of California. Said policy shall contain or be endorsed to contain a waiver of subrogation against County, its officers, agents, and employees. In all cases, the above insurance shall include Employers Liability coverage with limits of not less than one million dollars per accident for bodily injury and disease.
- d. Insurance Notices:

County of Humboldt

3015 H St, Eureka, CA 95501

3. Special Insurance Requirements. Said policies shall unless otherwise specified herein be endorsed with, the following provisions:
 - a. The Comprehensive General Liability Policy shall provide that the County, its officers, officials, employees and volunteers, are covered as additional insured for liability arising out of the operations performed by or on behalf of Subrecipient. The coverage shall contain no special limitations on the scope of protection afforded to the County, its officers, officials, employees, and volunteers. Said policy shall also contain a provision stating that such coverage:
 - b. Includes contractual liability
 - 1) Does not contain exclusions as to loss or damage to property caused by explosion or resulting from collapse of buildings or structures or damage to property underground, commonly referred to "XCU Hazards"
 - 2) Is primary insurance as regards to County of Humboldt
 - 3) Does not contain a pro-rata, excess only, and/or escape clause
 - 4) Contains a cross liability, severability of interest or separation of insureds clause

- c. The policies shall not be canceled, non-renewed or materially reduced in coverage without thirty (30) days prior written notice being provided to County and in accordance with the Notice provisions set forth under Section VII(H). It is further understood that Subrecipient shall not terminate such coverage until it provides County with proof satisfactory to County that equal or better insurance has been secured and is in place.
- d. The inclusion of more than one insured shall not operate to impair the rights of one insured against another insured, and the coverage afforded shall apply as though separate policies had been issued to each insured, but the inclusion of more than one insured shall not operate to increase the limits of the insurer's liability.
- e. For claims related to this project, the Subrecipient's insurance is primary coverage to the County, and any insurance or self-insurance programs maintained by the County are excess to Subrecipient's insurance and will not be called upon to contribute with it.
- f. Any failure to comply with reporting or other provisions of the Parties, including breach of warranties, shall not affect coverage provided to County, its officers, officials, employees, and volunteers.
- g. Subrecipient shall furnish County with certificates and original endorsements affecting the required coverage prior to execution of this Agreement by County. The endorsements shall be on forms as approved by the County's Risk Manager or County Counsel. Any deductible or self-insured retention over \$100,000 shall be disclosed to and approved by County. If Subrecipient does not keep all required policies in full force and effect, County may, in addition to other remedies under this Agreement, take out the necessary insurance, and Subrecipient agrees to pay the cost of said insurance. County is also hereby authorized with the discretion to deduct the cost thereof from the monies owed to Subrecipient under this Contract.
- h. County is to be notified immediately if twenty-five percent (25%) or more of any required insurance aggregate limit is encumbered and Subrecipient shall be required to purchase additional coverage to meet the aggregate limits set forth above.
- f. Grantor Recognition. Subrecipient shall ensure recognition of the role of the County of Humboldt and the California Department of Housing and Community Services in providing services through this contract. All activities, facilities and items utilized pursuant to this contract shall be prominently labeled as to funding source. In addition, Subrecipient will include a reference to the support provided herein in all publications made possible with funds made available under this agreement.
- g. Amendments. The County or Subrecipient may amend this Agreement at any time provided that such amendments make specific reference to this Agreement, and are executed in writing, signed by a duly-authorized representative of both organizations, and approved by the County's governing body. Such amendments shall not invalidate

this Agreement, nor relieve or release the County or Subrecipient from its obligations under this Agreement.

The County may, in its discretion, amend this Agreement to conform with Federal, state or local governmental guidelines, policies and available funding amounts, or for other reasons. If such amendments result in a change in the funding, the scope of services, or schedule of the activities to be undertaken as part of this Agreement, such modifications will be incorporated only by written amendment signed by both County and Subrecipient.

- h. Suspension or Termination. Either party may terminate this contract at any time by giving written notice to the other party of such termination and specifying the effective date thereof at least thirty days before the effective date of such termination. Partial termination of the Scope of Service in Paragraph 1(A) above may only be undertaken with the prior written approval of the County. In the event of any termination for convenience, all finished or unfinished documents, data, studies, surveys, maps, models, photographs, reports or other materials prepared by Subrecipient under this Agreement shall, at the option of the County, become the property of the County, and Subrecipient shall be entitled to receive just and equitable compensation for any satisfactory work completed on such documents or materials prior to the termination.

The County may also suspend or terminate this Agreement, in whole or in part, if Subrecipient materially fails to comply with any term of this Agreement, or with any of the rules, regulations or provisions referred to herein; and the County may declare Subrecipient ineligible for any further participation in the County's contracts, in addition to other remedies as provided by law. If the County believes Subrecipient is in noncompliance with any applicable rules or regulations, the County may withhold funds.

11. ADMINISTRATIVE REQUIREMENTS

a. Financial Management

- 1. Accounting Standards. Subrecipient agrees to comply and adhere to the accounting principles and procedures required therein, utilize adequate internal controls, and maintain necessary source documentation for all costs incurred.
- 2. Cost Principles. Subrecipient shall administer its program with fiscal care. These principles shall be applied for all costs incurred whether charged on a direct or indirect basis.

b. Documentation and Record-Keeping

- 1. Records to be Maintained. Subrecipient shall maintain all records required by County, and that are pertinent to the activities to be funded under this Agreement, such as records providing a full description of each activity undertaken.
- 2. Retention. Subrecipient shall retain all records pertinent to expenditures incurred under this contract for a period of three years from the date the final expenditure report is submitted by the County to HCD under the standard agreement (STD 213). Notwithstanding the above, if there is litigation, claims, audits, negotiations or other actions that involve any of the records cited and that have started before the

expiration of the three-year period, then such records must be retained until completion of the actions and resolution of all issues, or the expiration of the five-year period, whichever occurs later.

3. Confidential Information. In the performance of this Agreement, Subrecipient may receive information that is confidential under local, state or federal law. Subrecipient hereby agrees to hold and protect all confidential information belonging to County in conformance with any and all applicable local, state and federal laws, regulations, policies, procedures and standards.
4. Close-Outs. Subrecipient's obligation to the County shall not end until all closeout requirements are completed. Activities during this closeout period shall include but are not limited to: making final invoices for payments, providing deliverable and meeting objectives.
5. Audits & Inspections. All Subrecipient records with respect to any matters covered by this Agreement shall be made available to the County, grantor agency, or their designees, at any time during normal business hours, as often as the County or grantor agency deems necessary, to audit, examine, and make excerpts or transcripts of all relevant data. Any deficiencies noted in audit reports must be fully cleared by Subrecipient within thirty days after receipt by Subrecipient. Failure of Subrecipient to comply with the above-audit requirements will constitute a violation of this Agreement and may result in the withholding of future payments.

c. Procurement

1. Compliance. Subrecipient shall comply with current County policy concerning the purchase of equipment and shall maintain inventory records of all non-expandable personal property as defined by such policy as may be procured with funds provided herein. All program assets (unexpended program income, property, equipment, etc.) shall revert to the County upon termination of this contract.
2. OMB Standards. Subrecipient shall procure all materials, property, or services in accordance with the requirements of Attachment O of OMB Circular A-110, Procurement Standards, and shall subsequently follow Attachment N, Property Management Standards as modified by 24 CFR 570.502(b)(6), covering utilization and disposal of property.
3. Subcontracts. Subrecipient shall obtain prior written approval from County prior to subcontracting any portion of the goods and/or services to be provided pursuant to the terms and conditions of this Agreement. Subrecipient shall remain legally responsible for the performance of all terms and conditions of this Agreement, including, without limitation, any and all goods and/or services provided by third parties under subcontracts, whether approved by County or not.

d. Accessibility Requirements

1. Americans with Disabilities Act. Subrecipient agrees to comply with any and all applicable accessibility requirements set forth in the Americans with Disabilities Act, Section 508 of the Rehabilitation Act of 1973, as amended, California Government Code Section 11135 and any current and future implementing regulations, policies,

procedures and standards promulgated thereunder, including, without limitation, the federal accessibility standards set forth in Section 1194.1 of Title 36 of the Code of Federal Regulations, all as may be amended from time to time.

12. RELOCATION, REAL PROPERTY ACQUISITION AND ONE-FOR-ONE HOUSING ELEMENT

Subrecipient agrees to comply with (a) the Uniform Relocation Assistance and Real Property Acquisition Policies Act of 1970, as amended (URA), and implementing regulations at 49 CFR Part 24 and 24 CFR 570.606(b); (b) the requirements of 24 CFR 570.606(c) governing the Residential Antidisplacement and Relocation Assistance Plan under section 104(d) of the HCD Act; and (c) the requirements in §570.606(d) governing optional relocation policies. Subrecipient shall provide relocation assistance to persons (families, individuals, businesses, nonprofit organizations and farms) that are displaced as a direct result of acquisition, rehabilitation, demolition or conversion for a CDBG-assisted project. Subrecipient also agrees to comply with applicable County ordinances, resolutions and policies concerning the displacement of persons from their residences.

13. PERSONNEL & PARTICIPANT CONDITIONS

a. Civil Rights

1. Compliance. Subrecipient agrees to comply with Title VI of the Civil Rights Act of 1964 as amended, Title VIII of the Civil Rights Act of 1968 as amended, Section 104(b) and Section 109 of Title I of the Housing and Community Development Act of 1974 as amended, Section 50 of the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, the Age Discrimination Act of 1975, Executive Order 11063, and with Executive Order 11246 as amended by Executive Orders 11375 and 12086.
2. Nondiscrimination. Subrecipient will not discriminate against any employee or applicant for employment because of race, color, creed, religion, ancestry, national origin, sex, disability, age, marital/familial status, or status with regard to public assistance or any other arbitrary factor. Subrecipient will take affirmative action to insure that all employment practices are free from such discrimination. Such employment practices include but are not limited to the following: hiring, upgrading, demotion, transfer, recruitment or recruitment advertising, layoff, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship. Subrecipient agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by the contracting agency setting forth the provisions of this nondiscrimination clause.
3. Section 504. Subrecipient agrees to comply with any Federal regulations issued pursuant to compliance with Section 504 of the Rehabilitation Act of 1973 (29 U.S.C. 706), which prohibits discrimination against any persons with disabilities in any Federally assisted program. The County shall provide Subrecipient with any guidelines necessary for compliance with that portion of the regulations in force during the term of this contract.

b. Affirmative Action

1. W/MBE. Subrecipient will use its best efforts to afford minority- and women-owned business enterprises the maximum practicable opportunity to participate in the performance of this contract. As used in this contract, the term “minority and female business enterprise” means a business at least fifty-one percent owned and controlled by minority group members or women. For the purpose of this definition, “minority group members” are Afro-Americans, Spanish-speaking, Spanish surnamed or Spanish-heritage Americans, Asian Americans, and American Indians. Subrecipient may rely on written representations by businesses regarding their status as minority and female business enterprises in lieu of an independent investigation.
2. Access to Records. Subrecipient shall furnish and cause each of its own contractors or subcontractors to furnish all information and reports required hereunder and will permit access to its books, records and accounts by the County, HUD or its agent, or other authorized Federal officials for purposes of investigation to ascertain compliance with the rules, regulations and provisions stated herein.
3. EEO/AA Statement. Subrecipient will, in all solicitations or advertisements for employees placed by or on behalf of Subrecipient; state that it is an Equal Opportunity or Affirmative Action employer.
4. Subcontract Provisions. Subrecipient will include the provisions of Paragraphs 13 A, Civil Rights, and B, Affirmative Action, in every subcontract or purchase order, specifically or by reference, so that such provisions will be binding upon each of its own contractors or subcontractors.
 - a. The Civil Rights, HCD, and Age Discrimination Acts Assurances: During the performance of this Agreement, Subrecipient assures that no otherwise qualified person shall be excluded from participation or employment, denied program benefits, or be subjected to discrimination based on race, color, national origin, sex, age, or disability, under any program or activity funded by this contract, as required by Title VI of the Civil Rights Act of 1964, Title I of the Housing and Community Development Act of 1974, as amended, and the Age Discrimination Act of 1975, and all implementing regulations. Additionally, Subrecipient and subcontractors shall comply with the provisions of the Fair Employment and Housing Act (Government Code, Section 12900 et seq.) and the applicable regulations promulgated thereunder (California Code of Regulations, Title 2, and Section 7258.0 et seq.) The applicable regulations of the Fair Employment and Housing Commission implementing Government Code, Section 12990, set forth in Chapter 5 of Division 4 of Title 2 of the California Code of Regulations are incorporated into this contract by reference and made a part hereof as if set forth in full. This Subrecipient shall include the nondiscrimination and compliance provisions of this clause in all subcontracts to perform work under the contract.

“The Subrecipient hereby agree to abide by the requirement of Executive Order 11246 and all implement regulations of the Department of Labor.”
 - b. The Training, Employment, and Contracting Opportunities for Business and Lower Income Persons Assurance of Compliance: Section 3 of the Housing and

Urban Development Act of 1968, as amended, 12 U.S.C. 1701u is not applicable to this Agreement as no workers will be hired.

c. Conduct

1. Assignability. Subrecipient shall not assign or transfer any interest in this contract without the prior written consent of the County thereto; provided, however, that claims for money due or to become due to Subrecipient from the County under this contract may be assigned to a bank, trust company, or other financial institution without such approval. Notice of any such assignment or transfer shall be furnished promptly to the County.
2. Hatch Act. Subrecipient agrees that no funds provided, nor personnel employed under this contract, shall be in any way or to any extent engaged in the conduct of political activities in violation of Chapter 15 of Title V United States Code.
3. Conflict of Interest. Subrecipient agrees to abide by the provisions of 24 CFR 570.611 with respect to conflicts of interest, and covenants that it presently has no financial interest and shall not acquire any financial interest, direct or indirect, which would conflict in any manner or degree with the performance of services required under this Agreement. Subrecipient further covenants that in the performance of this agreement no person having such a financial interest shall be employed or retained by Subrecipient hereunder. These conflict of interest provisions apply to any person who is an employee, agent, consultant, officer, or elected official or appointed official of the County, or of any designated public agencies or Cities that are receiving funds under the State CDBG program.
4. Licensure Requirements. Subrecipient agrees to comply with any and all local, state and federal licensure, certification and accreditation requirements applicable to the goods and/or services provided pursuant to the terms and conditions of this Agreement, including without limitation, Humboldt County Code, Title VIII, Division 1, Chapter 1, Section 811-6 License Required, Subsection (b):

All persons and entities under contract or agreement with the county or public entity for which the Board of Supervisors is the governing body must have a valid Humboldt County business license or a State of California license or exemption which releases that person or entity from local business license requirements.

Subrecipient hereby warrants that it has obtained, and shall maintain throughout the term of this Agreement, any and all local, state and/or federal licenses, permits, approvals, certificates, waivers and exemptions necessary for performance of this Agreement.

5. Lobbying. Subrecipient hereby certifies that:
 - a. No Federal appropriated funds have been paid or will be paid, by or on behalf of it, to any person for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with the awarding of any Federal contract, the making of any Federal grant, the making of any Federal

- loan, the entering into of any cooperative agreement, and the extension, continuation, renewal, amendment, or modification of any Federal contract, grant, loan, or cooperative agreement.
- b. If any funds other than Federal appropriated funds have been paid or will be paid to any persons for influencing or attempting to influence an officer or employee of any agency, a Member of Congress, an officer or employee of Congress, or an employee of a Member of Congress in connection with this Federal contract, grant, loan, or cooperative agreement, it will complete and submit Standard Form-LLL, "Disclosure Form to Report Lobbying," in accordance with its instructions
 - c. It will require that the language of paragraph (d) of this certification be included in the award documents for all subawards at all tiers (including subcontracts, subgrants, and contracts under grants, loans, and cooperative agreements) and that all cities shall certify and disclose accordingly, and
 - d. Lobbying Certification. This certification is a material representation of fact upon which reliance was placed when this transaction was made or entered into. Submission of this certification is a prerequisite for making or entering into this transaction imposed by section 1352, title 31, U.S. Code. Any person who fails to file the required certification shall be subject to a civil penalty of not less than \$10,000 and not more than \$100,000 for each such failure.
- 6. Copyright. If this Agreement results in any copyrightable material or inventions, the County and/or grantor agency reserves the right to royalty-free, non-exclusive and irrevocable license to reproduce, publish or otherwise use and to authorize others to use, the work or materials for government purposes.
 - 7. Faith Based Activities. Subrecipient shall comply with the requirements of 92.257, which provide, in part, that "Organizations that are directly funded under the CDBG program may not engage in inherently religious activities, such as worship, religious instruction, or proselytization, as part of the assistance funded under this part."

14. ENVIRONMENTAL CONDITIONS

- a. Air and Water. Subrecipient agrees to comply with the following requirements insofar as they apply to the performance of this contract:
 - 1. Clean Air Act, 42 U.S.C., 7401, et seq.
 - 2. Federal Water Pollution Control Act, as amended, 33 U.S.C. 1251, et seq., as amended, 1318 relating to inspection, monitoring, entry, reports, and information, as well as other requirements specified in said Section 114 and Section 308, and all regulations and guidelines issued thereunder.
 - 3. Environmental Protection Agency (EPA) regulations pursuant to 40 C.F.R., Part 50, as amended.
- b. Flood Disaster Protection. In accordance with the requirements of the Flood Disaster Protection Act of 1973 (42 USC 4001), Subrecipient shall assure that for activities located in an area identified by FEMA as having special flood hazards, flood insurance

under the National Flood Insurance Program is obtained and maintained as a condition of financial assistance for acquisition or construction purposes (including rehabilitation).

- c. Lead-Based Paint. Subrecipient agrees that any construction or rehabilitation of residential structures with assistance provided under this contract shall be subject to HUD Lead-Based Paint Regulations at 24 CFR 570.608, and 24 CFR Part 35. Such regulations pertain to all HUD-assisted housing and require that all owners, prospective owners, and tenants of properties constructed prior to 1978 be properly notified that such properties may include lead-based paint. Such notification shall point out the hazards of lead-based paint and explain the symptoms, treatment and precautions that should be taken when dealing with lead-based paint poisoning and advisability and availability of blood level screening for children under seven. The notice should also point out that if lead-based paint is found on the property, abatement measures might be undertaken.
- d. Historic Preservation. Subrecipient agrees to comply with the Historic Preservation requirements set forth in the National Historic Preservation Act of 1966, as amended (16 U.S.C. 470) and the procedures set forth in 36 CFR, Part 800, Advisory Council Historic Preservation Procedures for Protection of Historic Properties, insofar as they apply to the performance of this contract.

In general, this requires concurrence from the State Historic Preservation Officer for all rehabilitation and demolition of historic properties that are fifty years old or older or that are included on a Federal, state, or local historic property list.

15. LITIGATION AND DISPUTE RESOLUTION

- a. Litigation. If a court of competent jurisdiction holds any provision of this agreement, or an underlying obligation, invalid, such invalidity, at the sole discretion of the County and/or State, shall not affect any other provisions of this agreement and the remainder of this agreement shall remain in full force and effect. Therefore, the provisions of this agreement are, and shall be, deemed severable.

Subrecipient shall notify County immediately of any claim or action undertaken by or against it, which affects or may affect this Agreement of the County and/or State, and shall take such action with respect to the claim or action as is consistent with the terms of this agreement and the interests of the County and the State.

- b. Dispute Resolution. The parties shall make a good faith attempt to resolve any dispute arising out of or relating to this Agreement promptly by negotiation between executives who have the authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of this contract. For the County of Humboldt the executives with authority to negotiate settlement of a controversy would be the Planning Director, the County Risk Manager, and County Counsel. Concurrence of all three Departments will be necessary in order to settle a controversy by negotiation. Any person may give the other party written notice of any dispute not resolved in the normal course of business. Within fifteen days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and response shall include (a) a statement of that party's position and a summary of arguments supporting that position, and (b) the name and title of the

executive who will represent that party and of any other person who will accompany that executive. Within thirty days after delivery of the initial notice, the designated representatives of both parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute. All negotiations pursuant to this clause are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence.

- c. Venue lies in Humboldt County, California, including any and all incorporated areas of the County, and that California law governs this agreement.

16. SECTION HEADINGS AND SUBHEADINGS

The section heading and subheadings contained in this Agreement are included for convenience only and shall not limit or otherwise affect the terms of this Agreement.

17. SEVERABILITY

If any provision of this Agreement is held invalid, the remainder of the Agreement shall not be affected thereby and all other parts of this Agreement shall nevertheless be in full force and effect.

18. WAIVER

The County's failure to act with respect to a breach by the Subrecipient does not limit the County's right to act with respect to subsequent or similar breaches. The failure of the County to exercise or enforce any right or provision shall not constitute a waiver of such right or provision.

19. ENTIRE AGREEMENT

This Agreement constitutes the entire agreement between the County and the Subrecipient for the use of the funds received under this Agreement and it supersedes all prior or contemporaneous communications and proposals, whether electronic, oral, or written between the County and the Subrecipient with respect to this Agreement.

IN WITNESS WHEREOF, the Parties have executed this contract as of the date first written above.

COUNTY OF HUMBOLDT

By: John Ford, Director Planning & Building

HUMBOLDT COMMUNITY SERVICES DISTRICT

By: Terrence Williams, General Manager

APPROVED AS TO FORM

Joel Campbell-Blair, Deputy County Counsel

APPROVED AS TO INSURANCE PROVISIONS & CERTIFICATES FILED

Amanda Phillips, Risk Manager

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