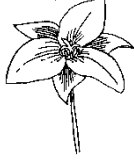


WESTHAVEN COMMUNITY SERVICES DISTRICT

P.O. Box 2015 (446 B 6th Ave. Westhaven) Trinidad CA 95570 (707) 677-0798 wcsd@suddenlinkmail.com



REGULAR MONTHLY BOARD MEETING AGENDA

The regular meeting of the Board of Directors of the Westhaven Community Services District will be held **Wednesday February 10th 2021 at 6:30 p.m.** Due to the coronavirus pandemic, until further notice, this and upcoming WCSD Board meetings will be held virtually using ZOOM.

How to Attend via ZOOM:

1. By computer or cellphone:

Topic: WCSD Regular Meeting February 2021

Time: February 10th, 2021 06:30 PM Pacific Time (US and Canada)

Join Zoom Meeting

<https://humboldtstate.zoom.us/j/87080884560>

To Join By audio only:

Dial (408) 638-0968

Enter Meeting ID: 870 8088 4560

How to Submit Public Comment:

Members of the public may provide public comment before and during the meeting by sending email comments to the WCSD Manager at prosenblatt.wcsd@suddenlinkmail.com Such email comments must identify the agenda item number in the subject line of the email. The comments will be read into the record, with a maximum allowance of three minutes (approximately 500 words) per individual comment, subject to the Board President's discretion. If a comment is received after an agenda item is heard, but before the close of the meeting, the comment will be included as a part of the written record of the meeting but will not be read into the record during the meeting.

1. CALL TO ORDER

2. PUBLIC COMMENT

Materials related to an item on this Agenda, including materials submitted to the Board after distribution of the Board Packets, are available for public inspection in the WCSD Office at 446 B Sixth Avenue.

Members of the public are invited to comment on any matter within the authority of the WCSD.

Comments may also be offered during the discussion of any item on the agenda.

Board discussion of matters not appearing on the published agenda is prohibited by law.

3. AMEND / APPROVE ORDER OF AGENDA ITEMS

4. PUBLIC HEARING ORDINANCE 2020.1-HORSES AND MOTORCYCLES ON DISTRICT PROPERTY SECOND READING

4.1 Second reading of ORDINANCE 2020.1 HORSES AND MOTORCYCLES ON DISTRICT PROPERTY **Discussion/Approval**

5. AMEND / APPROVE MINUTES

5.1 January 20th 2020 - Regular meeting minutes **Discussion/Approval**

6. FINANCIAL REPORTS, DISCUSSIONS AND APPROVALS

- 6.1 Directors' Report – monthly billing and collections — **Discussion**
- 6.2 Water consumption and Sales – **Discussion**
- 6.3 Income / Expense Report. **Discussion**
 - 6.3.1 Updated Well Report. **Discussion**
- 6.4 Finance Officer's Recommendations – **Discussion**
- 6.5 Treasurer's Report and Recommendations – **Discussion**
- 6.6 January's warrants – **Discussion/Approval**

7. MANAGER'S REPORT

- 7.1 Water loss: 1 system leak, 1 customer service line leak **Discussion**
- 7.2 District's COVID 19 response: credit card payments. **Discussion**
- 7.3 Minimum wage law Exempt Employee pay increase budget oversight/shortfall. **Discussion/Approval**

8. ONGOING DISCUSSION OF SRF DBP PLANNING GRANT

- 8.1 Update on SHN activities required to secure permits for well drilling. **Discussion**
- 8.2 Update on progress for Well site 3 with LACO for CDP#2. **Discussion**
- 8.3 Subcommittee (Rosenblatt, Swisher, Hankin) report on feasibility of drilling ASAP. **Discussion.**

9. TECHNICAL ASSISTANCE GRANT FROM DEPT OF FINANCIAL ASSISTANCE

- 9.1 Update on progress of technical assistance grant from DFA.-**Discussion**

10. TRINIDAD RANCHERIA REQUEST FOR WATER FROM HUMBOLDT-BAY MUNICIPAL WATER DISTRICT. Rosenblatt, Hankin lead

- 10.1 Letter from the Board of Directors of the Humboldt Bay Municipal Water District regarding the participation of the Westhaven CSD in a feasibility analysis **Discussion**

11. REPORT ON TRINIDAD CITY COUNCIL MEETING. Hankin to lead

- 11.1 Report on the January Trinidad City Council meeting **Discussion**

12. LAFCO MUNICIPAL SERVICE REVIEW

- 12.1 LAFCO Municipal Service Review **Discussion**

13. REVIEW OF DRAFT BI-ANNUAL AUDIT

- 13.1 Review of the Bi-annual draft audit for fiscal years 2018-2019/2019-2020 **Discussion/Approval**

..14 DISCUSSION OF PHILOSOPHICAL, POLITICAL AND META ISSUE ASPECTS OF THE DISTRICT'S EXISTANCE AND OPERATION

- 14.1 Discussion of philosophical, political and meta issue aspects of the District's existence and operation **Discussion**

15. ITEMS FROM MEMBERS OF THE BOARD FOR FUTURE MEETINGS

16. ADJOURN

Regular Meetings of the Board occur on the 2nd Wednesday of the month at 6:30 Pm. The next Regular Meeting will be **March 17th, 2021**.and will be held via zoom
This agenda is posted pursuant to the provisions of the Government Code commencing at Section 54950.

Posting locations are: 1) WCSD Office; 2) Westhaven Fire Hall.and online at the Westhaven CSD website @ westhavencsd.org

The Westhaven CSD will make reasonable effort to accommodate the participation of persons with disabilities.
If you require such accommodation, contact the WCSD office at 677-0798 at least 48 hours prior to the meeting.

HORSES AND MOTORCYCLES ON DISTRICT PROPERTY ORDINANCE 2020-1 WESTHAVEN COMMUNITY SERVICES DISTRICT (“WCSD”)

AN ORDINANCE CONCERNING ANIMALS AND VEHICLES PROHIBITED FROM THE WCSD PROPERTY

Be it ordained by the Board of Directors of the Westhaven Community Services District, Humboldt County, California, as follows:

ARTICLE 1 GENERAL PROVISIONS

Section 101 Short Title: This Ordinance shall be known and may be cited as “Prohibitions Concerning Horses and Motorcycles.”

Section 102 Words and Phrases: For the purpose of this Ordinance, all words used herein in the present tense shall include the future; all words in the plural number shall include the singular number; and all words in the singular number shall include the plural.

Section 103 Effect of Definition: The definition of a word applies to any of its variants.

Section 104 Severability: If any section, subsection, sentence, clause, or phrase of this ordinance is for any reason held to be unconstitutional, such decision shall not affect the validity of the remaining portions of this Ordinance.

ARTICLE 2 DEFINITIONS

Section 201 Motorcycles means motorcycles, motor scooters and motorized dirt bikes or ATV’s (all terrain vehicle) that are not being used on official WCSD business by District staff or by contractors working for the District.

Section 202 Horses means horses, mules and donkeys that are not being used on official WCSD business by District staff or by contractors working for the District.

Section 203 District Property means the WCSD’s water treatment plant and all appurtenant real property.

WCSD Ordinance 2020-1
Prohibitions Concerning Horses and
Motorcycles

ARTICLE 3 POLICY

Section 301 Prohibitions Concerning Horses and Motorcycles: Horses and Motorcycles are prohibited from District Property unless authorized in writing in advance by the WCSD General Manager.

Approved: November 18, 2020

President
Westhaven Community Services District

ATTEST:

Secretary
Westhaven Community Services District

SECRETARY'S CERTIFICATE

I hereby certify that the foregoing is a true and correct copy of Ordinance 20-1 "Prohibitions Concerning Horses and Motorcycles," passed and adopted at a regular meeting of the Board of Directors of the Westhaven Community Services District, Westhaven, California, held on the 18th day of November, 2020 by the following roll call vote:

AYES:

NOES:

ABSENT:

WESTHAVEN COMMUNITY SERVICES DISTRICT
Regular Meeting Minutes
January 20, 2021

1. CALL TO ORDER

Board President Verick called the meeting to order at 6:30 PM. In attendance were:

Board Members: Hankin, Verick, Cline, Swisher & Phipps

Absent: None

Staff: Rosenblatt & Levang

Guests: Elaine Weinreb, Lucy Kostrezwa, Joan Berman and Supervisor Madrone

2. PUBLIC COMMENT

None at this time

3. AMEND / APPROVE ORDER OF AGENDA ITEMS

Rosenblatt suggested amending the order of agenda items by moving Item 11, Lucy Kostrezewa Waterservice Allotment conversation to after item 4, approval of minutes.

Verick moved to approve the order of agenda items as amended. Second by Cline; all approved

4. AMEND / APPROVE MINUTES

4.1 December 16, 2020, Regular meeting minutes

Amend minutes as follows:

Page 3, item 8.2, 5th line change ~~transition~~ to "transmission main"

Page 3, item 9, 4th line delete water, to read "installing a flushing point ~~water~~ from the"

Page 3, item 10, 15th line, first word change ~~possible~~ to "possibly" and last line change ~~understanding to~~ "understand"

Page 4, item 11, line 11 & 12, delete "~~which would include a letter of comment from the California Environmental Quality Act (CEQA)~~"

4.2 December 2, 2020, Special meeting minutes – Discussion/Approval

Amend minutes as follows:

Item 3, line 5 & 6 delete "~~(The original draft, edits and final letter are attached).~~"

Verick moved to approve the December 16, 2020 regular meeting minutes as amended. Seconded by Hankin; all approved.

Verick moved to approve the December 2, 2020 special meeting minutes as amended. Seconded by Cline; all approved.

11. LUCY KOSTREWEA WATERSERVICE ALLOTMENT / 401 LIST PRIORITY

11.1 Lucy Kostrezewa wishes to speak to the board regarding her placement on the 401 list as a result of an agreement with the WCSD in the early 1990's - Lucy Kostrezewa gave an introduction of her history in Westhaven, and with WCSD and the Mutual Water Company. She explained that in 1998 she purchased an additional piece of property and put a mobile home on it. She received a permit from the County of Humboldt to use water from Joland Creek. Now, 30 years later, The Department of Fish and Wildlife is threatening to force her to stop appropriating water from Joland Creek. Joland Creek is the only water source for Ms. Kostrezewa's property so she is asking the Board of Directors to consider moving up her spot on the priority list for water allotments when additional water shares become available. Discussion ensued regarding Kostrezewa's dilemma and the current water share ordinances and policy. Swisher and Hankin volunteered to be on a subcommittee with Rosenblatt to review the policies and ordinances and report back to the board with suggested revisions.

Verick moved to appoint a committee to review existing water share policies and report back to the board at the March regular with suggestions on how to revise. Second by Cline; all approved.

5. FINANCIAL REPORTS, DISCUSSIONS AND APPROVALS

5.1 Directors' Report – monthly billing and collections – discussion

The Board packet contained Directors report. Total December, 2020 water sales were \$22,221.92 and total receivables were \$27,096.62. No comments.

5.2 Water Consumption and Sales – Discussion

Board packets contained Water Consumption and Billings-Commodity Charges Only report. December, 2020 gallons billed 914,350; average gallon per day per meter readings 126, per person 57; average monthly charge per account \$45.70; total monthly charges \$9,459; monthly deviation from budget \$1,116; cumulative deviation \$15,804. Brief discussion of a formula error in the report spreadsheet. No further comments.

5.3 Income/Expense Report – Discussion

Board packets contained an Income/Expense Report for December, 2020. Total income \$18,315, total expense \$21,395 with a net operating income of -\$3,080. No comment.

5.3.1 Updated Well Report. Hankin questioned the work SHN has done. Rosenblatt said they have interacted with the County on our behalf, and prepared a monthly update for the board.

5.4 Finance Officer's Recommendations – discussion. There were no recommendations.

5.5 Treasurer's Report and Recommendations – discussion

Board packets contained a copy of the December, 2020 Treasurer's report. Account balances were as follows: Capital Reserves \$242,425.45; Operating Reserves \$52,008.50; DWR Reserve CD \$28,742.12; DWR Loan Savings \$8,832.47; Checking Account as of 1/13/2021 \$51,969.52. Swisher asked about the \$14,000 that was to be deposited into the Capital Reserves accounts. Rosenblatt said the deposit would show up on next month's financial reports.

5.6 November Warrants – discussion / approval

There was brief discussion regarding the Districts SEP IRA contributions.

Verick moved to approve warrants #6513, 6525 through #6570, and one electronic Federal payroll tax payment and one electronic State payroll tax payment totaling \$45,567.80. Seconded by Cline; all approved.

6. MANAGER'S REPORT

6.1 Water Loss – 1 significant system leak, 1 customer leak. Discussion

Board packets contained a summary table of 13 month water loss history. December, 2020 water loss is at 32.9%, average water loss in the last 13 months is 19.1%.

There was a brief discussion regarding the water leak on 6th Avenue at the freeway overpass and a leak on Tepona just before Christmas. Rosenblatt said they are having a leak every couple of weeks.

6.2 WCSD COVID 19 response: credit card payments

December Levang was unable to report. Staff reported that credit card payment activity has remained consistent.

6.3 Flushing site repair and installation Discussion

Rosenblatt reported to the board that a flushing point will be installed at the plant. They did not have a place to flush out the lines before or a way to collect data. He plans to install a hydrant at the end of the line on Westhaven Drive. There was a leak at that location and he wanted to fix it

once for the long term. He will also install a valve and flange at that location so an intertie with Trinidad is possible in the event the two districts decide to install an intertie.

7. ONGOING DISCUSSION OF SRF DBP PLANNING GRANT

Rosenblatt updated the board on his efforts to contract well drillers. He said between COVID restrictions and high demand for drillers, retaining a driller is challenging. He reported that drilling site 3 is in the Coastal Development permit process. Currently there is not much for the SRF DBP subcommittee to do but navigate the logistical hurdles. Rosenblatt is hoping to drill in the spring, or sooner.

8. TECHNICAL ASSISTANCE GRANT FROM DEPT OF FINANCIAL ASSISTANCE

8.1 Update on progress of technical assistance grant from DFA-Rosenblatt reported he is working with the PACE Engineer, Tom Warnock, to collect data on pilot project efficacy under storm conditions. Rosenblatt said the the process is more efficient at filtering out organic carbon when the water carries a higher load of sediment and tannins. He explained the process and how it works and why it is more efficient when applied to dirtier water. Rosenblatt listed the next steps as: Draft of design in review; develop general plan for construction application; and build pipeline from existing well. He discussed as part of the plan adding another water storage tank. There was discussion of sludge disposal and creative ideas on how to capitalize on the current system components. Phipps expressed his concern on whether the district, in seeking to implement projects that will allow the District to increase its customer base, may not necessarily be an advisable way to proceed. Phipps questioned whether the Board has authorized this approach to address the State Board's compliance order. Phipps was concerned that the District may over extend itself and become too complex to be managed effectively by the community. Rosenblatt explained that he is working with the PACE Engineer to bring the District into compliance, and provide water to the community members who need water. Verick pointed out that the project will not happen unless the district applies for and received a grant to pay for the project, that there has, as yet, been no proposal to apply for the needed grant, and that in the event there is a proposal to apply for the grant, such grant application will not be made unless the District's Board approves the proposal to apply for the grant. Hankin gave an overview of priorities: First that the District must bring itself into compliance with the State Board's compliance order; second, to find additional ground water so as to increase supply and quality; and third, to develop a treatment system that may allow the District to utilize more of the spring water, which is available to the district in abundance. Finally, adding new customers in the event the steps taken in priorities one through three allow sufficient supply to do so.

9. TRINIDAD RANCHERIA REQUEST FOR WATER FROM HUMBOLDT BAY MUNICIPAL WATER DISTRICT (HBMWD).

Swisher emailed a letter to the board, which he read at the meeting expressing his interest in continuing with the treatment plan and also paying close attention to the HBMWD pipeline. He suggest the District, in due diligence, participate in the HBMWD feasibility study. Rosenblatt commented that he agrees with much of what Swisher said but does not think the results of the feasibility study would happen soon enough to satisfy the Districts compliance order. Rosenblatt was concerned that participating in the feasibility study may adversely affect the District's chances of obtaining the funds needed to implement the projects covered by the Technical Assistance Grant. Given the much longer timeline for the Rancheria feasibility study, the District could be put in the position of having all its compliance and water quality eggs in one basket that could easily be upset by unforeseen events in the future. Verick agreed with Rosenblatt's analysis and, for that reason, argued that the District should not endanger its chances of receiving funding for the projects covered by the Technical Assistance Grant by formally joining the Rancheria's feasibility study. Weinreb expressed her discomfort with the lack of HBMWD's transparency. Hankin expressed concern for too much growth in the area and whether HBMWD is moving forward before they know they have sufficient treated water. Verick stated it is not our initiative and not a step we would take or should consider until after completion of the Districts current projects. Swisher stated that he was pleased with the

discussion and that it was what he had hoped for in sharing his thoughts on the matter. The question remains how to respond, by February 4th, to the letter from HBMWD. Hankin proposes we send them a clarifying letter from what we have already said to them.

Verick moved that Hankin compose a letter, to have Rosenblatt sign, clarifying what we already said in the last letter, and state that we may be interested in the future if our current efforts prove unsuccessful. Seconded by Cline; all approved.

10. REPORT ON TRINIDAD CITY COUNCIL MEETING. HANKIN

10.1 Report On The January Trinidad City Council Meeting Discussion.

Hankin said the meeting was postponed until January 26th. He will listen into that meeting and comment as an individual community member.

11. LUCY KOSTREQEWA WATERSERVICE ALLOTMENT/401 LIST PRIORITY

11.1 Lucy Kostrzewa Wishes To Speak To The Board Regarding Her Placement On The 401 List As A Result Of An Agreement With The WCSD In Early 1990's. - See the discussion following item 4

12. ACQUISITION OF DONATED LAND BY DISTRICT: UNBUILDABLE PARCELS AND OTHER LOTS.

12.1 Discussion of feasibility and practicality of the District receiving donated parcels along Two Creeks, the use the District may make if such parcels are donated to it and the justification for the District to accept such parcels given its current mission. Uses discussed included locations for additional well sites, future infrastructure, and as locations that could serve as off-site mitigations in the event the District needs to conduct such mitigations as part of a CEQA compliance scheme on future projects. There was also discussion of the District expanding its mission and jurisdiction to cover Recreation/ Riparian corridor preservation, and potential "park powers". Also discussed were a couple of unbuildable lots, whose current owners are considering donating to the District. One of the properties is located at the intersection of 2nd Avenue and Transit. The current owner of that property would consider donating it to the district in exchange for a tax deduction and proposed that the district pay the \$600 cost of having the property's value appraised.

Verick moved to approve the District pay \$600 for an estimate on the property on 2nd Street and Transit. Seconded by Hankin; all approved

13. ORDINANCE 2020-HORSES AND MOTORCYCLES ON DISTRICT PROPERTY SECOND READING

13.1 Second Reading Of Ordinance 2020 Discussion/Approval

Rosenblatt said the ordinance needs to be a public hearing. It needs to be posted in advance of the meeting at the office and Fire Hall display cases and the WCSD website.

14 ITEMS FROM MEMBERS OF THE BOARD FOR FUTURE METTINGS

- Public Hearing Ordinance 2020.1 Horses and Motorcycles on District Property, Second Reading- Public hearing for the February meeting
- Review of water share ordinances and policies, discussion of proposed revisions - Swisher/Hankin

15 ADJOURN

Verick adjourned the meeting at 9:03 PM.

Respectfully Submitted,

Roxanne Levang, WCSD Secretary

WATER CONSUMPTION AND BILLINGS - COMMODITY CHARGES ONLY

ITEM 6.2

Annual adjustments to the commodity rates involve estimation of anticipated water use.
 This report tracks billings as compared to budgeted averages based on all meters showing any use.
 It is not weighted to anticipate seasonal variations in water use.
 Adjustments for reported customer leaks have not been included in the monthly totals.

To compare this year's to last year's trend go to the column on the far right. ↓

	DAYS BILLED	GALLONS BILLED	TOTAL NON-ZERO METERS	AVG. GAL/DAY PER METER	AVG. GAL/DAY PER PERSON AT 2.20	AVG. MONTHLY CHARGE PER ACCT.	TOTAL MONTHLY CHARGES	MONTHLY DEVIATION FROM BUDGET	CUMMULATIVE DEVIATION
2020-2021									
JUN	33	801,120	211	115	52	\$56.53	\$11,928	\$3,584	\$3,584
JULY	29	785,150	211	128	58	\$54.68	\$11,538	\$3,194	\$6,779
AUG	28	782,340	213	131	60	\$53.95	\$11,492	\$3,149	\$9,927
SEP	35	850,140	212	115	52	\$58.75	\$12,455	\$4,111	\$14,038
OCT	28	747,280	210	127	58	\$45.56	\$9,567	\$1,224	\$15,262
NOV	28	727,510	210	124	56	\$37.00	\$7,769	-\$574	\$14,688
DEC	35	914,350	207	126	57	\$45.70	\$9,459	\$1,116	\$15,804
JAN	28	677,930	205	118	54	\$35.91	\$7,361	-\$982	\$11,238
AVG.	30	785,728	210				\$10,196	\$1,853	
TOTAL		6,285,820					\$81,569		\$14,688
LEAK ADJ.		117,682					\$831		
NET		6,168,138	AFTER LEAK ADJUSTMENTS				\$80,738		\$13,857

BUDGETED COMMODITY PER MONTH \$40.63 \$8,288
 BUDGETED ANNUAL COMMODITY INCOME \$99,452

SOLD TO DATE			TOTAL BILLINGS TO DATE		
2020-2021	6,285,820	= 112%	2020-2021	\$81,569	= 104%
2019-2020	5,633,060	OF 19-20	2019-2020	\$78,411	OF 19-20

2019-2020									
JUN	27	643,430	201	119	54	\$47.76	\$9,599	\$1,256	\$1,256
JUL	35	1,001,940	205	140	63	\$72.43	\$14,848	\$6,505	\$7,760
AUG	28	806,010	208	138	63	\$57.12	\$11,881	\$3,537	\$11,298
SEP	28	736,340	204	129	59	\$44.51	\$9,081	\$737	\$12,035
OCT	35	703,970	205	98	45	\$45.68	\$9,364	\$1,020	\$13,055
NOV	27	571,310	203	104	47	\$36.99	\$7,510	-\$834	\$12,221
DEC	35	628,120	207	87	39	\$45.12	\$9,341	\$997	\$13,219
JAN	28	541,940	205	94	43	\$33.11	\$6,788	-\$1,555	\$11,663
FEB	28	560,430	205	98	44	\$32.89	\$6,742	-\$1,601	\$10,062
MAR	29	516,990	205	87	40	\$37.23	\$7,632	-\$711	\$9,351
APR	34	664,680	205	95	43	\$48.38	\$9,919	\$1,575	\$10,926
MAY	28	575,050	208	99	45	\$41.28	\$8,586	\$243	\$11,169
AVG.	30	662,518	205				\$9,274	\$931	
TOTAL		7,950,210					\$111,290		\$11,169
LEAK ADJ.		266,487					\$3,871		
NET		7,683,723	AFTER LEAK ADJUSTMENTS				\$107,419		\$7,298

BUDGETED COMMODITY PER MONTH \$40.90 \$8,343
 BUDGETED ANNUAL COMMODITY INCOME \$100,121

SOLD TO DATE			TOTAL BILLINGS TO DATE		
2019-2020	7,950,210	= 104%	2019-2020	\$111,290	= 103%
2018-2019	7,629,250	OF 18-19	2018-2019	\$108,269	OF 18-19

10.1

WESTHAVEN COMMUNITY SERVICES DISTRICT

P.O. Box 2015 (446 B 6th Ave. Westhaven) Trinidad CA 95570 (707) 677-0798 wcsd@suddenlinkmail.com



January 25th, 2021
Humboldt Bay Municipal Water District

Dear General Manager Friedenbach -

The Board of the Westhaven Community Services District (WCSD) met on January 20, 2021 and discussed your letter to WCSD of December 04, 2021. Based on these discussions, Board members have asked to me to provide you with a clarification of the memorandum that we previously submitted to the HBMWD on December 01, 2020, prior to having received your letter of December 04.

1. WCSD is currently under a compliance order from the SWRCB, Division of Drinking Water, which requires us to become compliant with disinfection byproduct (DBP) regulatory standards as soon as possible. Toward that end, our District has been actively exploring the two most promising methods to meet these DBP standards: (a) securing additional groundwater (to reduce levels of pre-cursors in our water supply), and (b) developing improved treatment methods. We hope that we are successful in these efforts and that in the very near future (1-2 years) we will have improved treatment and enhanced supply that will reliably meet DBP standards.

2. Our District's compliance order requires us to consider "consolidation" with some other water district if we are unsuccessful in our efforts to meet DBP regulatory standards via our ongoing efforts. In this event, we would be very definitely interested in exploring opportunities to purchase water via HBMWD. But if our efforts prove successful, as we hope, we would have no clear interest or need to augment or replace our water supply via HBMWD.

3. Board members noted that your letter of December 04, 2020, implied that there would be a cost to WCSD if we were to participate in a feasibility study, but provided no indication of what that cost might be.

To summarize, WCSD has no current interest in water from HBMWD, but it is not impossible that we might have interest in the future if our current efforts prove unsuccessful or do not provide a cost-effective resolution of our DBP issues.

Sincerely,

Paul Rosenblatt
General Manager, WCSD

cc: Humboldt LAFCo; Humboldt County Board of Supervisors; CA Coastal Commission, Trinidad City Council

11-1

Paul Rosenblatt

From: Paul Rosenblatt <prosenblatt.wcsd@suddenlinkmail.com>
Sent: Monday, January 25, 2021 9:51 PM
To: 'cityclerk@trinidad.ca.gov'; 'citymanager@trinidad.ca.gov'
Cc: 'jwest@trinidad.ca.gov'; 'dgrover@trinidad.ca.gov'; 'tdavies@trinidad.ca.gov'; 'rclompus@trinidad.ca.gov'; 'sladwig@trinidad.ca.gov'
Subject: Letter in regard to further discussion by WCSD board of directors of the proposed Trinidad Rancheria pipeline extension
Attachments: wcsd TO HBMWD letter regarding Trinidad Rancheria extension 1-25-2021.pdf

Greetings to our neighbors in the City of Trinidad. In light of the invitation by the Humboldt Bay Municipal Water District to participate in the study regarding the extension of a pipeline to the Trinidad Rancheria and possibly Westhaven CSD and the City of Trinidad, our board has several discussions regarding this during our December 2nd special meeting and December 16th 2020 and January 20th 2021 regular meetings. Because of the reasons outlined in this attached letter to the HBMWD Board of directors, which I hope you all will read the Westhaven CSD has elected not to participate in this study. This is an important subject which bears thorough investigation and thoughtful consideration by all parties. It should be noted that the Westhaven CSD takes no position on whether or not it is appropriate for the HBMWD to develop an out of service-area mainline extension to provide water to the Trinidad Rancheria's lands near Trinidad.

The Westhaven CSD has on a number of occasions recently reached out to the City Manager, City Staff and some Council and Planning Commission Members to encourage cooperative regional water resiliency planning by the Westhaven CSD and the City of Trinidad. The Westhaven CSD is committed to working to find creative solutions to local and regional water supply and quality issues within the Trinidad Bay Watershed's localized watersheds. Although there is not a one size fits all solution to this issue it is hoped by our Board and Staff that we can collaborate for a resilient and thoughtful approach to our greater communities water needs. I am always available to address any questions or concerns that Council Members or City Staff may have for the Westhaven CSD regarding our current and future plans.

I look forward to working with the City of Trinidad on this issue on behalf of the Westhaven CSD board and our community.

Thank you, Paul

Paul Rosenblatt
 General Manager
 Westhaven CSD
 Po Box 2015
 446B Sixth Avenue
 Trinidad Ca 95570-2015
 707-677-0798 Office

**Westhaven Community Services District
FY 2020-2021 Income / Expense Report
as of January 31, 2020**

ITEM 6.3

<u>OPERATING BUDGET</u>		<u>CURRENT</u>			<u>CUMULATIVE</u>			
Annual								
<u>Budget</u>	<u>Income</u>	<u>Jan 2021</u>	<u>Monthly Budget</u>	<u>Over/Under</u>	<u>July 2020 thru Jan 2021</u>	<u>Jul '20 thru Dec 2020 Budget</u>	<u>Over/Under</u>	<u>% of Budget</u>
249,534	Water Sales	16,005	20,795	-4,790	131,293 ¹	145,562	-14,268	90.2%
3,275	Water Services/Other	446 ⁵	273	173	4,959 ⁴	1,910	3,049	259.6%
252,809	Total Income	16,451	21,067	-4,616	136,252	147,472	-11,220	92.4%
	Expense							
2,648	Source of Supply	54	221	-167	253	1,545	-1,292	16.4%
9,587	Pumping	900	799	101	6,784	5,592	1,192	121.3%
35,166	Water Treatment	2,695	2,931	-236	21,742	20,514	1,229	106.0%
8,621	Transmission & Distribution	12,207 ³	718	11,489	25,388	5,029	20,359	504.8%
9,403	Customer Accounts	327	784	-457	3,825	5,485	-1,660	69.7%
130,979	Administrative & General	12,532 ²	10,915	1,617	73,238	76,404	-3,166	95.9%
10,000	Operating Reserves Contrib.	0	833	-833	0	5,833	-5,833	0.0%
206,404	Total Expense	28,715	17,200	11,515	131,230	120,402	10,828	109.0%
	Net Operating Income	-12,264	3,867		5,022			
	Capital/Other Expense							
26,402	DWR Loan	2,200	2,200	0	15,401	15,401	0	100.0%
20,000	Capital Reserve	1,667	1,667	0	11,667	11,667	0	100.0%
46,402	Total Other Expense	3,867	3,867	0	27,068	27,068	0	100.0%

**Income & Expense Report Notes:
as of January 31, 2021**

Page 2

¹ Changed formula subtracting Capital/Other expenses (\$46,402) from budget total so that the percentage of budget amounts would more accurately reflect actual budget percentages.

² membership fees, double up of health insurance payments and Suddenlink. January over due to IRA contributions and December & January health insurance premiums paid in January.

³ Transmission & Distribution over budget. Totals are mostly payroll expense and approximately \$2149 for leak repairs. December, 2020 \$5617.52 for leak repair. January 2021 \$2400 for vac truck at tank site to find water leak & \$7725 for hydrant and parts for hydrant at plant.

⁴ Water services over budget: Annual backflow testing charges of \$1120 and \$409 for emergency water deliveries. Also the budget did not include expense and revenue for credit card pymts. \$263.63 of water services/other is the 4% fee charged to customers for paying by credit card.

⁵ Water service and other includes backflow payments, customer credit/debit card 4% processing fees & State of CA \$1004 refund on Drinking Water Program 2016, 2017 & 2009

Westhaven Community Services District
New Well Expense Report
November 2018 through January 2021

	Type	Date	Name	Memo	Class	Amount	Balance	
ADMINISTRATIVE & GENERAL								
569.00 - Other Admin. & Gen. Expense								
569.03 - GOVERNMENTAL FEES								
	Bill	05/05/2020	Humboldt County Recorder	CEQA exemption for the DBP lanning project & proposed merger	New Well	-50.00	-50.00	
	Check	07/30/2020	Humboldt County Recorder	CEQA Resolution 2020.5 well drilling and water line installation exemption	New Well	-50.00	-100.00	
	Check	07/30/2020	Humboldt County Recorder	CEQA Resolution 2020.6 well drilling and water line installation exemption	New Well:Site 3	-50.00	-150.00	
	Total 569.03 - GOVERNMENTAL FEES						-150.00	-150.00
569.00 - Other Admin. & Gen. Expense - Other								
	Bill	05/19/2020	Fidelity National Title Company	Preliminary Report	New Well	-500.00	-500.00	
	Bill	05/19/2020	Fidelity National Title Company	Additional Parcel Fees	New Well	-500.00	-1,000.00	
	Total 569.00 - Other Admin. & Gen. Expense - Other						-1,000.00	-1,000.00
	Total 569.00 - Other Admin. & Gen. Expense						-1,150.00	-1,150.00
Total ADMINISTRATIVE & GENERAL								
OTHER NON OPERATING EXPENSES								
111.41 New Well Expense								
	Bill	11/13/2018	SHN Consulting Engineers	New Well for period ending 10/31/18	New Well	-2,182.75	-2,182.75	
	Bill	12/13/2018	SHN Consulting Engineers	New Well for period ending 11/30/18	New Well	-2,247.70	-4,430.45	
	Bill	01/11/2019	SHN Consulting Engineers	New Well for period ending 12/31/2018	New Well	-709.00	-5,139.45	
	Bill	02/21/2019	SHN Consulting Engineers	New Well for period ending 1/31/2019	New Well	-2,424.15	-7,563.60	
	Bill	03/15/2019	SHN Consulting Engineers	New Well for period ending 2/28/2019	New Well	-380.00	-7,943.60	
	Bill	04/11/2019	SHN Consulting Engineers	New Well for period ending 3/31/2019	New Well	-1,324.55	-9,268.15	
	Bill	05/15/2019	SHN Consulting Engineers	for April 2019	New Well	-12,322.10	-21,590.25	
	Bill	07/01/2019	SHN Consulting Engineers	for May 2019	New Well	-2,532.50	-24,122.75	
	Bill	07/01/2019	SHN Consulting Engineers	Wetland BIO study	New Well	-2,872.40	-26,995.15	
	Bill	07/31/2019	SHN Consulting Engineers	Wetland BIO study	New Well	-3,748.75	-30,743.90	
	Bill	08/31/2019	SHN Consulting Engineers	Professional services	New Well	-782.20	-31,526.10	
	Check	12/18/2019	SHN Consulting Engineers	Additional scope of work	New Well	-1,500.00	-33,026.10	
	Bill	12/20/2019	Humboldt County Planning Division	Application Assistance-Exploratory test wells for possible future use by WCSD	New Well	-291.00	-33,317.10	
	Bill	01/09/2020	SHN Consulting Engineers	Professional services Addendum #2 dated 9/25/2019	New Well	-1,500.00	-34,817.10	
	Bill	02/28/2020	SHN Consulting Engineers	Professional services Addendum #2 dated 9/25/2019	New Well	-883.95	-35,701.05	
	Bill	02/29/2020	SHN Consulting Engineers	For professional services for period ending February 29, 2020	New Well	-1,372.05	-37,073.10	
	Bill	03/16/2020	Humboldt County Planning Division	Coastal Development Permit for new well sites on district properties	New Well	-5,759.00	-42,832.10	
	Bill	03/31/2020	SHN Consulting Engineers	For professional services for period ending March 31, 2020	New Well	-2,409.49	-45,241.59	
	Bill	05/19/2020	SHN Consulting Engineers	For professional services for period ending April 30, 2020	New Well	-2,458.75	-47,700.34	
	Bill	06/08/2020	SHN Consulting Engineers	For professional services for period ending May 31, 2020	New Well	-2,251.25	-49,951.59	
	Bill	06/18/2020	LACO Associates	Coastal Permit Assistance & wetland study	New Well:Site 3	-3,245.00	-53,196.59	
	Bill	07/13/2020	SHN Consulting Engineers	For professional services for period ending June 30, 2020	New Well	-531.25	-53,727.84	
	Bill	07/28/2020	LACO Associates	Coastal Permit Assistance & wetland study June 4- to July 4, 2020	New Well:Site 3	-827.50	-54,555.34	
	Bill	08/10/2020	SHN Consulting Engineers	For professional services for period ending July 31, 2020	New Well	-343.75	-54,899.09	
	Bill	08/17/2020	LACO Associates	Coastal permit assistance & wetland study July 5- to August 1, 2020	New Well:Site 3	-1,760.00	-56,659.09	
	Bill	09/10/2020	Robin Jordan	Deed Packets 4th Ave wells	New Well	-412.00	-57,071.09	
	Bill	09/10/2020	LACO Associates	Professional services from August 2 to August 29, 2020 Coastal permit assistance	New Well:Site 3	-780.00	-57,851.09	
	Bill	09/15/2020	Humboldt County Planning Division	Coastal Development Permit for new well sites on district properties	New Well:Site 3	-5,771.00	-63,622.09	
	Bill	09/16/2020	SHN Consulting Engineers	For professional services for period ending August 31, 2020	New Well	-1,062.50	-64,684.59	
	Bill	09/19/2020	Robin Jordan	Deed Packets-Verick property	New Well:Site 3	-156.75	-64,841.34	
	Bill	10/14/2020	SHN Consulting Engineers	For professional services for period ending September 30, 2020	New Well	-531.25	-65,372.59	
	Check	10/22/2020	City of Trinidad	1 gallon PA 50	New Well	-17.00	-65,389.59	
	Bill	11/20/2020	SHN Consulting Engineers	For professional services for period ending October 31, 2020	New Well	-375.00	-65,764.59	
	Bill	12/11/2020	SHN Consulting Engineers	For professional services for period ending November 30, 2020	New Well	-375.00	-66,139.59	
	Bill	12/22/2020	LACO Associates	Professional services from August 2 to November 8, 2020 to December 5, 2020	New Well:Site 3	-472.00	-66,611.59	
	Bill	01/13/2021	SHN Consulting Engineers	For professional services for period ending December 31, 2020	New Well	-31.25	-66,642.84	
	Total 111.41 New Well Expense						-66,642.84	-66,642.84
Total OTHER NON OPERATING EXPENSES						-66,642.84	-66,642.84	
TOTAL						-67,792.84	-67,792.84	

WESTHAVEN COMMUNITY SERVICES DISTRICT
Treasurer's Report
January 2021

ITEM # 6.5

<u>BALANCE</u>	<u>CURRENT RATE</u>	<u>TYPE LOCATION</u>	<u>F/Y BUDGETED CONTRIBUTION</u>	<u>F/Y CONTRIBUTIONS YET TO BE MADE</u>	<u>F/Y DEPOSITS TO DATE</u>	<u>F/Y WITHDRAWALS TO DATE</u>
\$242,425.45	1.69800	Capital Reserves Hum Co Fund 2600	\$20,000	\$ 20,000	*	
\$52,090.73	1.41000	Operating Reserve LAIF # 16-12-005	\$10,000	\$ 10,000	**	\$188.67 July 2020 Quarterly Interest \$110.20 10/15/20 Interest \$82.23 1/15/21 Interest
\$28,742.12	0.50000	DWR CD Reserve CD Umpqua 2368	Held in reserve for the term of the loan - until 2024		\$	36.14 September 2020 Interest 35.78 December 2020 Interest
\$8,485.07	0.03000	DWR Loan Savings Saving Umpqua 0648	Accumulates for Semi-Annual payments of \$13,200.95 to Dept of Water Resources	Automatic Monthly deposit from checking of \$2200.23 (annual total \$26,402.76)	\$	13,200.95 Sept. 2020 semi-annual pymt
\$24,642.29		Checking Account (after warrants) Umpqua 5013				Checking Balance as of 2/3/2021

*Capital Reserves Contributions Shall be \$20,000 and should be made unless unforeseen District expenses or unexpected revenue shortfalls prevent making a full contribution (from Financial Procedures Manual) **Reserve contributions historically made at end of fiscal year.**

** Operating Reserves Contribution: Sufficient to maintain a minimum reserve of 25% of the total annual budget; surplus may be contributed to the Capital Reserve Funds (From Financial Procedures Manual)

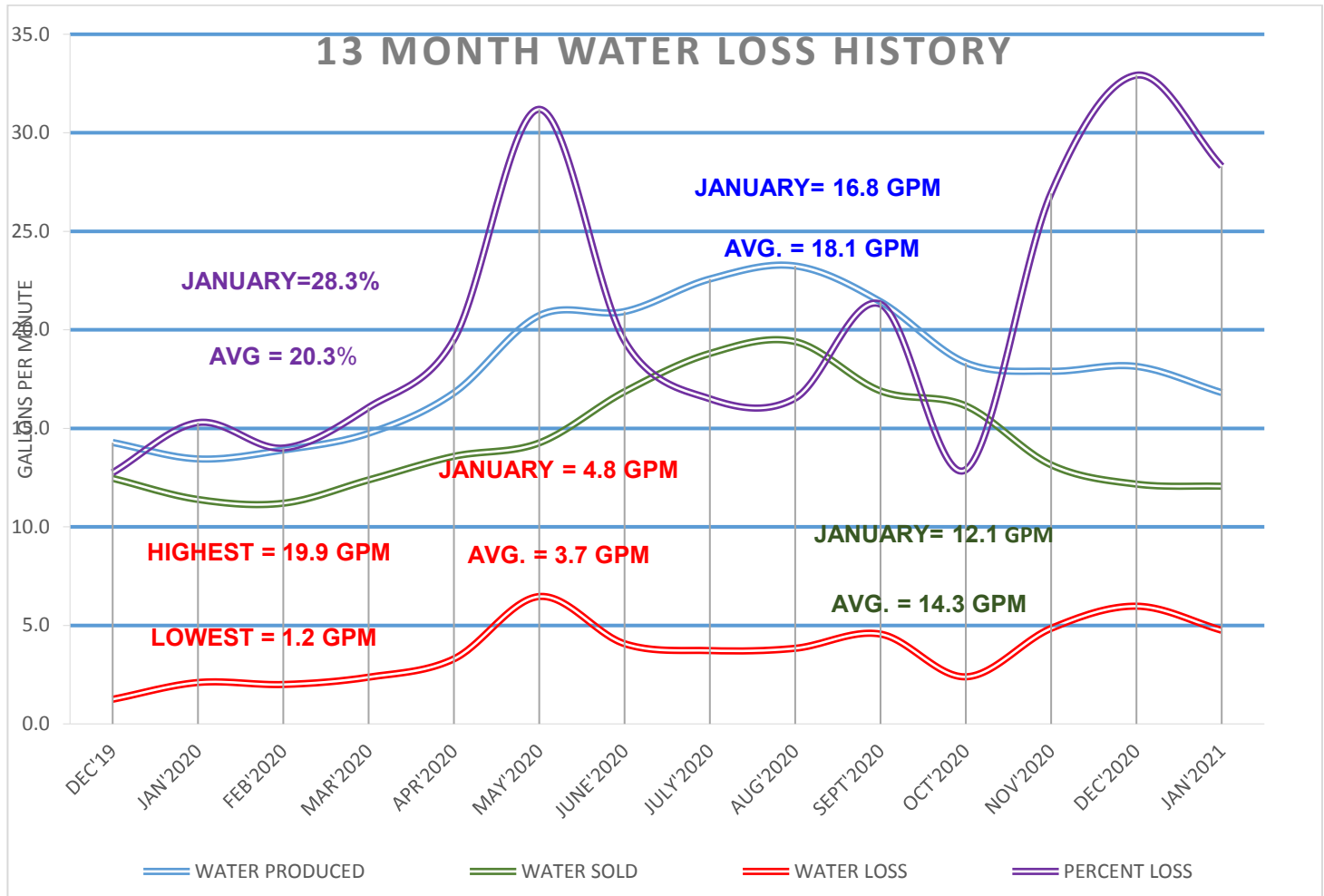
2020/2021 Operating Budget \$206,407 X 25% = \$51,601.75

WESTHAVEN CSD • MANAGER'S REPORT
JANUARY 2021

7.1 Water Loss

Water loss decreased from 6.0 gallons per minute in December to 4.8 gpm in January equaling 28.3% of total production of 677,930 gallons. The table below is a summary of water loss since July 2003.

<u>FROM JULY 2003</u>	<u>PRODUCED</u> <u>GPM</u>	<u>SOLD</u> <u>GPM</u>	<u>LOST</u> <u>GPM</u>	<u>LOSS</u> <u>%</u>	<u>LOSS AS</u> <u>% OF SOLD</u>	<u>MONTHLY</u> <u>PRODUCTION</u> <u>GALLONS</u>	<u>MONTHLY</u> <u>LOSS</u> <u>GALLONS</u>
<u>JAN'2021</u>	16.8	12.1	4.8	28.3	39.4	914,350	301,020
AVG. ALL	21.6	15.1	6.5	28.9	43.1	943,810	285,215
24 MO AVG.	17.6	14.2	3.3	18.7	23.4	770,501	145,723
13 MO AVG.	18.1	14.3	3.7	20.3	25.7	794,086	163,707
MINIMUM MONTH EVER	11.2	10.0	1.2	9.8		488,090	55,490
	JAN 2018	FEB 2013	DEC 2018	MAR 2007		APR 2017	DEC 2018
MAXIMUM MONTH EVER	34.8	27.0	19.9	61.8		1,523,405	916,340
	JUL 2004	JUL 2003	NOV 2016	NOV 2016		JUL 2004	NOV 2016



Annual Data 2/5/17 8.6 gpm 2/5/18 5.3 gpm 2/5/19 4.5 gpm 2/5/20 5.1 gpm 2/5/21 4.4 gpm
 Stream flow monthly avg 2/17 48.8 gpm 2/18 41.0 gpm 2/19 44.6 gpm 2/20 35.7 gpm 2/5/21 (Day) :
 7.1 Manager's Report there was one system leak and one customer connection leak. **Discussion**
 7.2 District's COVID 19 response: credit card payments. **Discussion**
 7.3 Flushing site repair and installation **Discussion**

WESTHAVEN COMMUNITY SERVICES DISTRICT

P.O. Box 2015 (446 B 6th Ave. Westhaven) Trinidad CA 95570 (707) 677-0798 wcsd@suddenlinkmail.com



January 25th, 2021
Humboldt Bay Municipal Water District

Dear General Manager Friedenbach -

The Board of the Westhaven Community Services District (WCSD) met on January 20, 2021 and discussed your letter to WCSD of December 04, 2021. Based on these discussions, Board members have asked to me to provide you with a clarification of the memorandum that we previously submitted to the HBMWD on December 01, 2020, prior to having received your letter of December 04.

1. WCSD is currently under a compliance order from the SWRCB, Division of Drinking Water, which requires us to become compliant with disinfection byproduct (DBP) regulatory standards as soon as possible. Toward that end, our District has been actively exploring the two most promising methods to meet these DBP standards: (a) securing additional groundwater (to reduce levels of pre-cursors in our water supply), and (b) developing improved treatment methods. We hope that we are successful in these efforts and that in the very near future (1-2 years) we will have improved treatment and enhanced supply that will reliably meet DBP standards.
2. Our District's compliance order requires us to consider "consolidation" with some other water district if we are unsuccessful in our efforts to meet DBP regulatory standards via our ongoing efforts. In this event, we would be very definitely interested in exploring opportunities to purchase water via HBMWD. But if our efforts prove successful, as we hope, we would have no clear interest or need to augment or replace our water supply via HBMWD.
3. Board members noted that your letter of December 04, 2020, implied that there would be a cost to WCSD if we were to participate in a feasibility study, but provided no indication of what that cost might be.

To summarize, WCSD has no current interest in water from HBMWD, but it is not impossible that we might have interest in the future if our current efforts prove unsuccessful or do not provide a cost-effective resolution of our DBP issues.

Sincerely,

Paul Rosenblatt
General Manager, WCSD

cc: Humboldt LAFCo; Humboldt County Board of Supervisors; CA Coastal Commission, Trinidad City Council

WESTHAVEN COMMUNITY SERVICES DISTRICT
California

Annual Financial Report

**Years Ended
June 30, 2019 and 2020**

WESTHAVEN COMMUNITY SERVICES DISTRICT

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 Statements of Cash Flows 6

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MARCELLO & COMPANY

CERTIFIED PUBLIC ACCOUNTANTS

Post Office Box 60127 / Sacramento, California 95860-0127

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Westhaven Community Services District
Trinidad, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities of the Westhaven Community Services District, Trinidad, California (the District) as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based upon our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the State Controller's Minimum Audit Requirements for California Special Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purposes of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant estimates made by management, as well as evaluating the overall financial statement presentation.

Except as discussed in the following paragraph, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

We were unable to obtain audit evidence to support the District's value of its Standing Timber valued at \$137,000, which is discussed further in Note 4 to the Financial Statements.

Board of Directors
Westhaven Community Services District
Trinidad, California

Opinion

In our opinion, except for the effects of any adjustments regarding the District's recorded value of its standing timber in the amount of \$137,000, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Westhaven Community Services District, as of June 30, 2020 and 2019, and the respective changes in financial position and cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board (GASB) who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historic context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Management has omitted *management's discussion and analysis* that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Marcello & Company

Certified Public Accountants
Sacramento, California
January 25, 2021

Westhaven Community Services District
Statements of Net Position
June 30, 2020 and 2019

Page 1 of 2

Assets	2020	2019
Current Assets		
Cash and investments	\$ 342,282	\$ 277,369
Receivables	34,437	23,694
Total current assets	376,719	301,063
Noncurrent Assets		
Capital assets not being depreciated	198,497	198,497
Capital assets net of depreciation	1,204,914	1,260,382
Total noncurrent assets	1,403,411	1,458,879
Other Assets		
Restricted cash	26,937	26,937
Standing Timber (Note 4)	137,000	137,000
Total other assets	163,937	163,937
Total assets	\$ 1,944,067	\$ 1,923,879

The accompanying notes are an integral part of these financial statements

Westhaven Community Services District
Statements of Net Position
June 30, 2020 and 2019

Page 2 of 2

Liabilities and Net Position	<u>2020</u>	<u>2019</u>
Current Liabilities		
Payables	\$ 16,316	\$ 4,300
Loan payable - due within one year	<u>23,660</u>	<u>22,861</u>
Total current liabilities	<u>39,976</u>	<u>27,161</u>
Noncurrent Liabilities		
Loan payable - due after one year	<u>62,757</u>	<u>86,417</u>
Total liabilities	<u>102,733</u>	<u>113,578</u>
Net Position		
Net investment in capital assets	1,433,828	1,349,601
Restricted	26,937	26,937
Unrestricted	<u>380,569</u>	<u>433,763</u>
Total net position	<u>1,841,334</u>	<u>1,810,301</u>
Total liabilities and net position	<u><u>\$ 1,944,067</u></u>	<u><u>\$ 1,923,879</u></u>

The accompanying notes are an integral part of these financial statements

Westhaven Community Services District
Statements of Revenue, Expenses, and Change in Net Position
Years Ended June 30, 2020 and 2019

	<u>2020</u>	<u>2019</u>
Operating Revenue		
Water sales	\$ 255,168	\$ 241,452
Water services	14,222	13,933
Total operating revenue	<u>269,390</u>	<u>255,385</u>
 Operating Expenses		
Personnel costs	132,982	145,867
Operations and maintenance	76,737	69,599
Depreciation expense	55,468	56,143
Total operating expenses	<u>265,187</u>	<u>271,609</u>
 Operating income (loss)	<u>4,203</u>	<u>(16,224)</u>
 Nonoperating Revenue (Expenses)		
Interest revenue	1,825	1,807
Interest expense	(2,505)	(4,294)
Contribution of land	-	40,000
Grant awards	34,778	211,375
Grant expenses	(7,461)	(24,570)
Other revenue (expenses)	193	389
Total nonoperating revenue (expenses)	<u>26,830</u>	<u>224,707</u>
 Change in Net Position	31,033	208,483
Net Position - beginning	<u>1,810,301</u>	<u>1,601,818</u>
Net Position - end of year	<u><u>\$ 1,841,334</u></u>	<u><u>\$ 1,810,301</u></u>

The accompanying notes are an integral part of these financial statements

Westhaven Community Services District
Statements of Cash Flows
Years Ended June 30, 2020 and 2019

Cash Flows Provided By (Used For):

	2020	2019
Operating Activities		
Cash received from customers	\$ 258,647	\$ 251,517
Cash payments for personnel costs	(128,770)	(145,867)
Cash payments for operations & maintenance	(64,721)	(69,775)
Net cash provided (used)	65,156	35,875
Capital and Related Financing Activities		
Loan principal payments	(32,391)	(22,104)
Purchase of capital assets	-	(171,274)
Capital grant proceeds	34,778	211,375
Grant expenditures	(7,461)	(24,570)
Net cash provided (used)	(5,074)	(6,573)
Investing Activities		
Investment earnings	7,143	1,807
Interest expense	(2,312)	(3,905)
Net cash provided (used)	4,831	(2,098)
Increase (decrease) in cash	64,913	27,204
Cash and investments - beginning	304,306	277,102
Cash and investments - end of year	\$ 369,219	\$ 304,306
Cash on the Statement of Net Position is as follows:		
Cash and investments	\$ 342,282	\$ 277,369
Restricted cash	26,937	26,937
	\$ 369,219	\$ 304,306
Operating Activities Analysis		
Operating Income (Loss) - page 5	\$ 4,203	\$ (16,224)
Reconciliation adjustments:		
Add depreciation, noncash expense	55,468	56,144
(increase) decrease in trade receivables	(10,743)	(3,868)
increase (decrease) in accrued payables/expenses	16,228	(177)
Net cash provided (used)	\$ 65,156	\$ 35,875

The accompanying notes are an integral part of these financial statements

WESTHAVEN COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2020 and 2019

The notes to the financial statements include a summary of significant accounting policies and other notes considered essential to fully disclose and fairly present the transactions and financial position of the District as follows:

- Note 1 - Defining the Reporting Entity
- Note 2 - Summary of Significant Accounting Policies
- Note 3 - Cash and Investments
- Note 4 - Other Assets Standing Timber
- Note 5 - Retirement Plan
- Note 6 - Risk Management
- Note 7 - Capital Assets
- Note 8 - Long-term Obligations
- Note 9 - Subsequent Events
- Note 10 - New Pronouncements

WESTHAVEN COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2020 and 2019

Note 1 - Defining the Reporting Entity

Reporting Entity

The Westhaven Community Services District (the District), was organized and is governed under the provisions of the California Government Code Section 61000 et seq. The function of the District is to provide, operate and maintain potable water service within its boundaries of the Westhaven area of Humboldt County, California.

The District's reporting entity includes all significant operation and revenue sources as determined under the criteria established by the Governmental Accounting Standards Board (GASB). Oversight responsibility is determined on the basis of selection of the governing board, designation of management, ability to significantly influence operations, accountability for fiscal matters, and the scope of public service. The District is governed by a five member board of directors, elected at large from within the District's service boundaries. The District is exempt from federal income and state franchise taxes.

Note 2 - Summary of Significant Accounting Policies

Basis of Presentation

The Westhaven Community Services District's financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The financial transactions of the District are recorded in a Proprietary Fund type.

Proprietary Funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the expenses of providing goods of services to the general public are recovered through user charges.

Enterprise Funds are used to account for operations (1) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (2) where the governing body has decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. The District is such an enterprise fund.

The basic financial statements are prepared using the accrual basis of accounting. Accordingly, all assets and liabilities (whether current or noncurrent) are included in the statement of net position. The statement of revenue, expenses, and change in net position presents increases (revenue) and decreases (expenses) in total net position. Capital contributions of property and equipment are reported as a separate line item in the statement of revenue, expenses, and change in net position.

Other Agencies

Accounting principles generally accepted in the United States of America require that the reporting entity include (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause that reporting entity's financial statements to be misleading or incomplete. The criteria provided in GASB Statement No. 14 have been considered and there are no agencies or entities, which should be presented with the District.

WESTHAVEN COMMUNITY SERVICES DISTRICT
Notes to Financial Statements
June 30, 2020 and 2019

Accounts and Records

Records of the District are maintained at its office in Trinidad, California. These records include cash receipts and disbursements journals, a general ledger, complete minutes of the Board of Directors meetings, Resolutions, Ordinances and files of supporting documents.

Budgets and Budgetary Accounting

A budget of projected cash receipts and disbursements is prepared for internal use by the Board of Directors. The budget is used to provide financial guidance to the District and to determine the amount of funds required from user fees and other sources. The only material difference between the budgetary basis method, and the accounting principles generally accepted in the United States of America (GAAP) method, is depreciation expense, and the principal portion of debt service payments.

OTHER SIGNIFICANT ACCOUNTING POLICIES ARE:

Cash and Investments

The District maintains investment accounts with the Humboldt County Investment Pool, and the State of California Local Agency Investment Fund (LAIF). These two investment pools essentially operate as demand deposit accounts. The District also maintains financial institution bank accounts that are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000 per individual financial institution.

Cash and Cash Equivalents

The District considers all highly liquid assets purchased with an original term to maturity of ninety days or less to be cash equivalents. Cash and cash equivalents are reported as "cash and investments" on the financial statements.

Restricted Assets

Certain cash and investments of the District are classified as restricted because their uses are limited by loan covenants made by the District with the State of California.

Investment Policy

The District has not adopted an investment policy but generally follows the investment policy guidelines which allow investments in any security authorized by Section 53635 of the Government Code of the State of California.

Allowance for Uncollectible Accounts

Management has elected to record bad debts using the direct write-off method. Accounting principles generally accepted in the United States of America require that the allowance method be used to reflect bad debts. However, the effect of the use of the direct write-off method is not materially different from the results that would have been obtained had the allowance method been followed.

Capital Assets

The water treatment plant, water main lines, water tanks and equipment are accounted for at historical cost or estimated cost at the time of donation. The District is in the process of establishing a capital assets policy. Minor expenditures are charged to expense as incurred. Major expenditures for renewals and betterments are generally capitalized if their estimated life exceeds two years and the amount spent is considered material. In situations where assets are donated to the District, construction costs or estimated market values are recorded on the date received. Assets sold, retired or otherwise disposed of are removed from the general ledger accounts, with any gains or losses reported in the financial statements. The cost of maintenance and repairs, that does not extend an asset's useful life, is expensed as incurred.

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The cost of property and equipment is depreciated from the date of acquisition, using the straight-line method of depreciation over their estimated useful lives, as follows:

<u>Asset Category</u>	<u>Useful Lives</u>
Water Treatment Plant	5 to 40 years
Reservoirs, tanks, distribution system	20 to 50 years
Other Equipment	5 to 20 years

Compensated Absences

Compensated absences are paid from available resources and are classified as accrued expenses on the Statement of Net Position.

Long-term Obligations

Long-term debt and obligations are reported as liabilities on the statement of net position either as current if payments are due within 12 months of the fiscal year-end, otherwise as noncurrent.

Retirement Plan

The District provides the opportunity for its employees to contribute to an individually owned retirement account (IRA). The District is not under any obligation to contribute to the plan.

Net Position

The business-type activities financial statements utilize a net position presentation. Net position represents the difference between assets plus deferred outflow of resources, as compared to liabilities plus deferred inflow of resources, and is displayed in the following three components:

- *Net Investment in Capital Assets* - this component groups all capital assets, reduced by accumulated depreciation, and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of the assets.
- *Restricted Net Position* - this component represents net position that is subject to constraints either (1) externally imposed by creditors (such as debt covenants), grantors, contributors, laws and regulations of other governments or (2) imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Position* - this component represents net position of the District that is not restricted for any other purpose.

Restricted Assets

Certain cash and investments of the District are classified as restricted because their uses are limited by commitments made by the District with grantors or as restricted by bond covenants. When an expense is incurred for purposes for which there are both restricted and unrestricted cash assets available, restricted cash is used first, then unrestricted cash as it is needed.

Operating and Nonoperating Revenue

Operating revenue and expenses consist of revenue that results from the ongoing principal operations of the District. Operating revenue consists primarily of charges for services. Nonoperating revenue results from non-exchange transactions, ancillary activities or subsidies, and investment earnings.

Use of Estimates

Preparing the District's financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP) requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at

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the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Note 3 - Cash and Investments

Cash and investments are classified in the accompanying financial statements as follows:

	<u>2020</u>	<u>2019</u>
Statement of Net Position		
Cash and investments	\$ 342,282	\$ 277,369
Restricted cash	26,937	26,937
	<u>\$ 369,219</u>	<u>\$ 304,306</u>

Cash and investments are comprised of the following:

Deposits with financial institutions:

Checking accounts	\$ 39,923	\$ 141,829
Savings accounts	6,634	6,637
Certificate of deposit	28,527	28,527
Humboldt County investment pool	242,425	76,792
State investment pool	51,710	50,521
	<u>\$ 369,219</u>	<u>\$ 304,306</u>

Participation in an external State Investment Pool

The District is a voluntary participant in the Local Agency Investment Fund (LAIF). LAIF, established in 1977, is regulated by California Government Code Section 16429 and under the day to day administration of the California State Treasurer. There is a five member Local Investment Advisory Board that is chaired by the State Treasurer. LAIF determines fair value of its investment portfolio based on market quotations for those securities where market quotations are readily available, and on amortized cost or best estimate for those securities where market value is not readily available. LAIF is part of the Pooled Money Investment Account (PMIA) and under the control of the State Treasurer's Office, which is audited by the Bureau of State Audits on an annual basis. As of June 30, 2020, PMIA had approximately \$103 billion in investments. The fair value of the District's investment in this pool is reported in the accompanying financial statements at amounts based upon the District's pro-rata share of the fair value provided by LAIF for the entire LAIF portfolio (in relation to the amortized cost of that portfolio). The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. Audited financial statements of PMIA may be obtained from the California State Treasurer's web site at www.treasurer.ca.gov.

Participation in an external County Investment Pool

The District is a voluntary participant in the Humboldt County Investment Pool, which is regulated by the California Government Code and by the County's investment policy. The objectives of the policy are, in order of priority: safety, liquidity, yield and public trust. Interest earnings from these funds are credited to the District's account on a quarterly basis. According to the Humboldt County Treasurer, their investment policy is in compliance with Section 53635 of the Government Code of the State of California, which permits investments in certain securities and participation in certain investment trading techniques or strategies. As of June 30, 2020, the County Pool had approximately \$342 million in investments.

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Detailed information and annual reports concerning the County's investment pool can be obtained from the Humboldt County Treasurer, 825 Fifth Street Room 125, Eureka, California 95501.

Investments Authorized by the District's Investment Policy

The District does not have a specific investment policy, therefore is required to follow the guidelines of California Code Section 53600, et. seq.

Disclosures Relating to Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates.

Disclosures Relating to Credit Risk

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. The County Pool and LAIF do not have a rating provided by a nationally recognized statistical rating organization.

Concentration of Credit Risk

The District's investment choices are stipulated by the California Government Code and are disclosed as follows as of June 30, 2020:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Maturity</u>	<u>Yield</u>	<u>Concentration</u>
Local Agency Investment Fund	\$ 51,710	on demand	1.47%	14%
Humboldt County Investment Pool	242,425	on demand	1.94%	65%
Demand Deposits (checking)	39,923	on demand	0.00%	11%
Certificates of deposit	28,527	3 months	0.50%	8%
Savings accounts	6,634	on demand	0.03%	2%

Custodial Credit Risk

Custodial credit risk for *deposits* is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code does not contain legal or policy requirements that would limit the exposure to custodial credit risk for deposits, other than the following provision for deposits: the California Government Code requires that a financial institution secure deposits made by state or local governmental units by pledging securities in an undivided collateral pool held by a depository regulated under state law (unless so waived by the governmental unit). The market value of the pledged securities in the collateral pool must equal at least 110% of the total amount deposited by the public agencies. California law also allows financial institutions to secure District deposits by pledging first trust deed mortgage notes having a value of 150% of the secured public deposits.

The custodial credit risk for *investments* is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party.

The California Government Code and the County's investment policy do not contain legal or policy requirements that would limit the exposure to custodial credit risk for investments. With respect to investments, custodial credit risk generally applies only to direct investments in marketable securities. Custodial credit risk does not apply to a local government's indirect investment in securities through the

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use of mutual funds or government investment pools.

Note 4 - Other Assets Standing Timber

On January 1, 1988, the District took over operations from its predecessor, the Westhaven Mutual Water Corporation, whom contributed all capital assets appraised with a market value of \$230,475 to the newly formed District. Included in the donation were 20 acres of land with standing redwood trees. The appraised value of the standing timber in 1988 was \$137,000. The value of the standing timber has not been reappraised nor harvested since then, and the current value of that timber is unknown. Consequently, the independent auditor's opinion is qualified with respect to that asset.

Note 5 - Retirement Plan

The District maintains a deferred compensation plan for its eligible employees wherein amounts earned by the employees are tax deferred until withdrawn at a future date. All employees are permitted to participate in the plan, and may elect to make contributions up to the limits established by the Internal Revenue Service, which become 100% vested from the first date of participation. The District is not statutorily required to make contributions to the plan, and is allowed to make discretionary contributions subject to statutory limits.

Note 6 - Risk Management

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District is a member of the Special District Risk Management Authority (SDRMA or Authority), a public entity risk pool that operates as a common risk management and insurance program for its government members.

The relationship between the District and SDRMA is such that the Authority is not a component unit of the District for financial reporting purposes. SDRMA is governed by a Board consisting of representatives from member government entities. The Board controls the operations of the Authority, including selection of management and approval of operating budgets, independent of any influence by members beyond their representation on the Board.

The District pays an annual premium to the risk pool for its property, liability, and general coverage. The agreement with the risk pool provides that it will be self-sustaining through member premiums. Actual surpluses or losses are shared according to a formula developed from overall loss costs and spread to members on a percentage basis after a retrospective rating. Financial statements may be obtained from SDRMA, 11121 Eye Street, Suite 300, Sacramento, California 95814.

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Note 7 - Capital Assets

Capital asset activity for the 2020 fiscal year was follows:

	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
<i><u>Nondepreciable Assets</u></i>				
Land	\$ 198,497	\$ -	\$ -	\$ 198,497
Construction-in-progress	-	-	-	-
	<u>198,497</u>	<u>-</u>	<u>-</u>	<u>198,497</u>
<i><u>Depreciable Assets</u></i>				
Water treatment facility	1,223,681	-	-	1,223,681
Connection lines	600,572	-	-	600,572
Water tanks	454,546	-	-	454,546
	<u>2,278,799</u>	<u>-</u>	<u>-</u>	<u>2,278,799</u>
<i><u>Accumulated Depreciation</u></i>	<u>(1,018,417)</u>	<u>(55,468)</u>	<u>-</u>	<u>(1,073,885)</u>
Depreciable assets, net	<u>1,260,382</u>	<u>(55,468)</u>	<u>-</u>	<u>1,204,914</u>
Total capital assets, net	<u>\$ 1,458,879</u>	<u>\$ (55,468)</u>	<u>\$ -</u>	<u>\$ 1,403,411</u>

Capital asset activity for the 2019 fiscal year was follows:

	<u>Beginning Balance</u>	<u>Additions/ Completions</u>	<u>Retirements/ Adjustments</u>	<u>Ending Balance</u>
<i><u>Nondepreciable Assets</u></i>				
Land	\$ 158,497	\$ 40,000	\$ -	\$ 198,497
Construction-in-progress	-	-	-	-
	<u>158,497</u>	<u>40,000</u>	<u>-</u>	<u>198,497</u>
<i><u>Depreciable Assets</u></i>				
Water treatment facility	1,380,270	-	(156,589)	1,223,681
Connection lines	628,736	-	(28,164)	600,572
Water tanks	98,519	179,953	176,074	454,546
	<u>2,107,525</u>	<u>179,953</u>	<u>(8,679)</u>	<u>2,278,799</u>
<i><u>Accumulated Depreciation</u></i>	<u>(962,273)</u>	<u>(56,144)</u>	<u>-</u>	<u>(1,018,417)</u>
Depreciable assets, net	<u>1,145,252</u>	<u>123,809</u>	<u>(8,679)</u>	<u>1,260,382</u>
Total capital assets, net	<u>\$ 1,303,749</u>	<u>\$ 163,809</u>	<u>\$ (8,679)</u>	<u>\$ 1,458,879</u>

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Note 8 - Long-term Obligations

The following summarizes the changes in long-term debt obligations:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
<u>Year Ended June 30, 2020:</u>					
State Loan	\$ 109,278	\$ -	\$ (22,861)	\$ 86,417	\$ 23,660
<u>Year Ended June 30, 2019:</u>					
State Loan	\$ 131,386	\$ -	\$ (22,108)	\$ 109,278	\$ 22,861

State of California Loan

In 1992, the State of California Department of Water Resources provided a \$470,000 loan to the District to assist with funding of a water treatment facility construction project under the Safe Drinking Water Bond Law of 1986. The secured loan is amortized over 30 years with semi-annual payments of \$13,201, principal and interest at 3.41% per annum.

Future annual principal and interest requirements are as follows:

<u>Year Ending June 30:</u>	<u>Fiscal Year June 30, 2020</u>		
	Principal	Interest	Total
2021	\$ 23,660	\$ 2,742	\$ 26,402
2022	24,459	1,943	26,402
2023	25,258	1,144	26,402
2024	13,040	847	13,887
	<u>\$ 86,417</u>	<u>\$ 6,676</u>	<u>\$ 93,093</u>

Note 9 - Subsequent Events

The management of the District has reviewed the results of operations for the period from its year end June 30, 2020 through January 25, 2021 the date the draft financial statements were available to be issued, and have determined that no adjustments are necessary to the amounts reported in the accompanying financial statements nor have any subsequent events occurred, the nature of which would require disclosure.

Note 10 - New Pronouncements

The Governmental Accounting Standards Board (GASB) has released the following new pronouncements, which can be read in their entirety at <http://www.gasb.org>

In January 2017, GASB issued Statement No. 84, *Fiduciary Activities*. This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary

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component units and postemployment benefit arrangements that are fiduciary activities. The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The requirements in this Statement are effective for fiscal years beginning after June 30, 2020.

In June 2017, GASB issued Statement No. 87, *Leases*. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and a right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. The requirements of this Statement are effective for fiscal years beginning after June 30, 2020.

In June 2018, GASB issued Statement No. 89 *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement established accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62 *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement.

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020.

