

CONSENT

HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors
March 12, 2020

A. **OATH OF OFFICE**

President Woo called the meeting to order at 9:00 am. She conducted the Oath of Office for David Lindberg, new Director of Division Three who was appointed on February 26, 2020. Mr. Lindberg took the oath and was sworn in as the Division Three Director.

B. **ROLL CALL**

Director Rupp conducted the roll call. Directors Fuller, Latt, Lindberg, Rupp and Woo were present. General Manager John Friedenbach, Superintendent Dale Davidsen, Business Manager Chris Harris and Board Secretary Sherrie Sobol were also present. Supervisor Mario Palmero was present for a portion of the meeting. Nathan Stevens, Pat Kaspari and John Winzler of GHD were also present for a portion of the meeting as was District Legal Counsel Ryan Plotz.

C. **FLAG SALUTE**

President Woo led the flag salute.

D. **ACCEPT AGENDA**

President Woo stated Closed Session Item I4 will occur at 3:00 pm due to attorney schedules. On motion by Director Fuller, seconded by Director Rupp, the Board voted 5-0 to approve the agenda.

E. **MINUTES**

Director Fuller requested correction of a few typos in the Minutes of February 13, 2020 Regular Meeting. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve the minutes of the February 13, 2020 and February 26, 2020 Special Meeting minutes with the typo corrections.

F. **PUBLIC COMMENT**

No public comment was received.

G. **CONSENT AGENDA**

On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 approve the Consent Agenda.

H. **CORRESPONDENCE**

1. **District Letter to Planning Commission re: Samoa Pacific Group Final Map Subdivision and Planned Development Permit**

Mr. Friedenbach stated he and staff previously met with representatives of the Samoa Pacific Group including Mr. Johnson. During discussion it was concluded that in order to supply adequate flow to the proposed new water storage tank, the meter needs to be upsized from four inches to six inches so flow will not be restricted. This is important especially for maximum fire protection. The letter to the Planning Commission requested they impose a condition on the applicant that they be required to work with the District to install a new six- inch meter in their six-inch water service lateral supply line. The Planning Commission did make this a condition of approval.

2. **District letter to NOAA re: Habitat Conservation Plan (HCP) Annual Report for 2019**

Mr. Friedenbach stated the letter transmitted the written report to NMFS outlining the activities that occurred in the preceding calendar year, whether take occurred and results of the monitoring activities. This is an annual report required per the District's Habitat Conservation Plan. Dennis Halligan was the biologist on site and staff relocated Foothill Yellow-Legged frogs.

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3. District letter to CDFW re: Long Term Lake and Streambed Alteration Agreement (LTSAA) Annual Report for 2019
This letter transmits the annual report as required per the District's LTSAA. The report summarizes maintenance activities and diversion records for the previous calendar year. The report must include the amount and species of fish that were killed, entrained, rescued, stranded and/or impinged by operations. Mr. Friedenbach stated Samantha Ryan is producing the HCP and LTSAA reports and is doing an outstanding job.
4. District letter to FERC re: R.W. Matthews Dam 2020 Drawdown and Dewatering
This letter to FERC provides the formal 60 days advance notice of planned annual and recurring maintenance work, including dewatering that will occur the week of May 4th to May 8th 2020.
5. District letter to FERC re: R.W. Matthew Dam 2020 Major Maintenance
This letter to FERC provides the formal 60 days advance notice of planned major maintenance beginning the week of May 26, 2020.
6. Letter from OGALS re: Per Capita Allocation Questionnaire
Mr. Friedenbach stated he received notification of Parks and Recreations grant funding available along with a questionnaire regarding qualifications to apply for the grant. This letter states the District is not eligible to apply for its grant funding. Funding would have been utilized to improve Parks 1 and 4 in connection with the advancement of the Annie and Mary trail extension between Arcata and Blue Lake.
7. Letter from Thomas Law Group to DTSC re: McNamara and Peepe Glendale site
Mr. Friedenbach shared the letter from Thomas Law Group regarding the McNamara and Peepe site at Glendale. The District expressed concerns and feels the DTSC needs to aggressively remediate the site, investigate and remediate any off- site migration, and not continue to put the District's water source at risk. The letter detailed three areas of concern: 1) Dioxin Sampling and Analysis; 2) Incorrectly Reported PCP and TCP results; and 3) Site Development Activities.

The Board discussed options in the event the DTSC decides to ignore and file the letter including legal remedies. Mr. Friedenbach stated although there has been no response yet, the letter was only recently sent. He suggested giving the DTSC time to respond. The Board concurred and requested the item be brought back to the April meeting.

8. Letter from District in support of AB 2182
Mr. Friedenbach stated this could be discussed in ACWA or Correspondence. At the request of ACWA, the District submitted a letter to the Chair of the Assembly Utilities and Energy Committee expressing support for AB 2182 that would provide flexibility for the use of backup power generation during public safety power shutoff (PSPS) events.

I. **CONTINUING BUSINESS**

1. Water Resource Planning

Local Sales

Mr. Friedenbach stated Nordic was scheduled to meet with District staff yesterday however, they cancelled since two of their staff was not able to attend. ESS continues to prepare the District's grant application seeking funding for the rehabilitation of Station 6. The Samoa Peninsula Group met and the report should be available for the April meeting.



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Transport

Mr. Friedenbach stated it might be time to engage with groups who are looking at the Potter Valley Project since PG&E decided not to renew their license with FERC as there may be some mitigation opportunities for the District to provide. Also, the Trinidad Hotel project needs a source of water. The Board had a lengthy discussion on what would be involved to provide water to Trinidad and the different options to do so including expansion of boundaries via LAFCo. All agreed a more detailed discussion would be needed before any expansion would be considered.

Instream Flow

The project description is being finalized. It will be brought to the Board in April for possible approval. Once the Board approves, the project description will then go to the WRP Advisory Committee and State Water Resources Control Board.

Mr. Friedenbach inquired if the Board would want to convene the Water Task Force and update them on the Water Resource Planning process. Also, does the Board want to have any District public awareness efforts regarding WRP projects? The Board discussed this and stated yes to the two questions, however-convene the WRP Advisory Committee, not the Water Task Force. The WRP AC will be convened after the Board approves the instream flow project description in April.

2. Cannabis affecting Mad River Watershed

Mr. Friedenbach shared the article "Humboldt County Takes Code Enforcement of Cannabis to New Heights". He noted this was informational only.

3. CLOSED SESSION- Public Employee Performance Evaluation for General Manager (pursuant to Section 54957(b)(1)).

The Board entered into closed session at 4:11 pm. They returned to open session at 4:58 pm. President Woo stated there was no reportable action.

4. CLOSED SESSION - Conference with Legal Counsel –Anticipated Litigation Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 (Vivid Green)

The Board entered into closed session at 3:00 pm. They returned to open session at 3:45. Legal Counsel reported out and stated the Board voted unanimously to issue the consent to a real property variance to reduce the setback applicable to property owned by Vivid Green, LLC, on two conditions: 1) The letter of consent is revised to remove the irrevocable nature of the consent and its application to the District's successors, and 2) Vivid Green, LLC pledges a comprehensive environmental indemnity obligation to the District in a form to be negotiated between the parties.

5. CLOSED SESSION- Conference with Legal Counsel – Anticipated Litigation Initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 (Brosgart)

The Board entered into closed session at 3:46 pm. They returned to open session at 4:10 pm. President Woo reported there was no reportable action.

J. NEW BUSINESS

1. Humboldt County Operational Area Hazard Mitigation Plan (HMP)- Resolution 2020-01

Mr. Friedenbach explained that in order for the District to continue receiving HMG grants, we must be part of the approved Humboldt County HMP. Director Rupp read Resolution 2020-01. The Board voted 5-0 by roll call vote to approve the resolution.

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2. Resolution 2020-03 Adopting the North Coast Resource Partnership Plan, Phase IV, January 2020
Director Rupp stated the North Coast Resource Partnership Plan IRWMP has been very successful in Humboldt County and the District has benefitted from its grant funding. Director Rupp read Resolution 2020-03. The Board voted 5-0 by roll call vote to approve Resolution 2020-03. Director Fuller acknowledged the time and effort it takes to serve on the North Coast Resource Partnership committee and thanked Mr. Friedenbach for being on the committee.
3. Resolution 2020-04 Recognizing and Honoring the Outstanding Service of Lloyd and Barbara Hecathorn and Re-Dedicating the Turbidity Reduction Facility in Their Honor
Director Rupp read the resolution Recognizing and Honoring the Outstanding Service of Lloyd and Barbara Hecathorn and Re-Dedicating the Turbidity Reduction Facility in Their Honor. The Board voted 5-0 by roll call vote to approve the resolution. President Woo presented a framed resolution to Barbara Hecathorn and thanked her for her dedicated service.
4. Supervisor Presentation on Boil Water Notice Process
Operations Supervisor Mario Palmero provided a presentation about the Boil Water Notice Process. He covered what it is; top reasons for it; the three types of notices, how to issue a notice and how to end the notice. The Board thanked him for the presentation.
5. Understanding the Brown Act, May 28, 2020 at McKinleyville CSD
Mr. Friedenbach stated CSDA training on the Brown Act is available locally at the McKinleyville CSD. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve attendance by any Board member or staff as appropriate.
6. Officer and Committee Assignments: Appointment of officers (Excluding President which is done in odd-numbered years) and appointment to committees and JPA Boards
Director Fuller will be the new Assistant Secretary Treasurer and Alternate member for ACWA-JPIA and RCEA. Director Lindberg will be the Alternate for RREDC and the new member of the Education and Outreach Committee. Director Latt will be the new member of the Ad Hoc Committee for Negotiating Wholesale Contracts and President Woo will be the new member of the Joint Agency Aquatic Invasive Species Committee.

K. REPORTS (from Staff)

1. Engineering

Resolution 2020-02 Recognizing and Honoring the Service of Patrick Kaspari

Director Rupp read the resolution honoring Pat Kaspari. The Board voted 5-0 by roll call vote to approve Resolution 2020-02. The Directors, staff, Mr. Stevens and members of the public (the District's former Superintendent and General Manager) shared what it meant to them to be able to work with such a talented, diligent, genuinely nice team member who will be greatly missed. Mr. Kaspari was presented with the framed resolution and he thanked the Board for the opportunity to work with the District and develop many friendships.

12kV Switchgear Replacement (\$441,750 District Match)

The 12kV Project costs came in much higher than expected. Staff has applied for additional grant funding to make up the difference. Mr. Stevens stated CalOES requested a new match letter. This likely means the additional funding is approved although no official word has been received.



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The first pay request for the project was received from Sequoia Construction Specialties in the amount of \$39,000.00 less retainage of \$1,950.00 for a net of \$37,050.00. Work on the project has slowed way down but will pick up again in May when the ground is drier.

Matthews Dam Survey

Mr. Stevens shared the biennial Matthews Dam Settlement, West Abutment Landslide, and Spillway Wingwall Monitoring Survey, September 2019. He noted there appears to be some settling in the spillway floor however, nothing requires immediate action. He recommended the District survey the spillway floor again in 2020 instead of waiting until 2021.

Collector Mainline Redundancy Hazard Mitigation Grant (\$790,570 District Match)

Mr. Stevens stated CalOES has sent the project to FEMA for funding.

Reservoir Structural Retrofit Hazard Mitigation Grant (\$914,250 District Match)

Phase I funding is expected to be released in the summer.

TRF Generator Hazard Mitigation Grant (\$460,431 District Match)

Mr. Stevens stated there is no news on the project.

Status report re: other engineering work in progress

Mr. Stevens introduced Malia Gonzales of GHD. He stated she works full-time, is his "go to" person and is working on her Master's Degree at Humboldt State University. She shared her background and noted she worked on the design and construction management for the District's 12kV project.

2. Financial

Financial Report

Ms. Harris provided the February 2020 financial report. She highlighted several areas of the report for to provide a more detailed clarification. President Woo reviewed the bills. She noted the GRS bill for Collector 4 emergency work was around \$300,000 but staff is still hoping to have FEMA cover a portion of the necessary emergency work. Although CalOES has initially denied funding, staff is preparing an appeal of that decision. On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to approve the February 2020 financial statement & vendor detail report in the amount of \$651,850.62.

FY2020/21 Budget Schedule

Ms. Harris shared the proposed Budget Schedule for the FY 20/21 with the Board. The initial introduction of the budget will be on May 14 with potential approval of the budget on July 9, 2020. The Board did not have any issues or concerns with the dates however, Director Rupp stated he would not be at the June meeting.

Update US Bank Signature Cards, CalTrust, LAIF and PARS

Mr. Friedenbach stated Board approval is needed to remove former Director Hecathorn and add new Director Lindberg to the signature cards for US Bank, CalTrust, LAIF and PARS. On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to approve adding Director Lindberg and remove former Director Hecathorn.

3. Operations

Mr. Davidsen provided the February Operational Report. A new electrician/instrumentation tech was hired and began work on February 24. This was a difficult position to fill. The WISE project is moving along with a commission date of March 30, 2020. Training offsite included Compliance

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Monitoring and Reporting and Keep Pumping When Stuff Happens. The Safety Meeting topic was Respirator Safety and Fit testing. Hearing and Respiratory exams for all Operations staff was conducted February 24-28.

Mr. Davidsen stated he and Ms. Harris attended the Nordic Aquafarms pre-permitting meeting. It was good for Nordic to hear from all the entities at once. Was a good meeting.

In response to COVID-19, staff has been taking extra precautions wiping down surfaces, increased hand washing and although it is not the most efficient way to operate, they are working with a split crew-part at Essex and part at the TRF to minimize contact between District staff.

L. MANAGEMENT

Laptop/Diligent- electronic agenda training

The Directors and Management team received District laptops to access Board packets which will be on the Community by Diligent platform. A brief training of the platform took place.

M. DIRECTOR REPORTS & DISCUSSION

1. General -comments or reports from Directors

Director Latt stated the Board previously discussed GHD billing practices. He inquired if staff had an opportunity to discuss this with GHD. Mr. Friedenbach responded and noted the GHD billing system is based on quarter hours so they cannot bill in increments less than that. Also, billing is based on expertise. The rate for Mr. Stevens was increased and we requested a lesser rate which they agreed to going forward.

2. ACWA

AB 2182 re: Public Safety Power Shutoff

Mr. Friedenbach shared the ACWA articles regarding AB 2182. As noted in Correspondence, the District did provide a letter in Support of AB 2182 which proposes a narrow exemption from existing laws that limit the emissions of air contaminants when operating an alternative power source. Mr. Friedenbach added that he has already checked with our local air quality office to let them know that during a PSPS we are going to be using a generator outside of the normal hours. He was informed that PSPS situations are considered an emergency and to operate the generators as needed during PSPS events.

New Headwaters documents

Director Rupp stated he requested ACWA's Recommendations for Resilient Headwaters and Recommended Actions for California's Headwaters be in the Board Packet. He wants the Board and staff to be aware of the importance of headwaters and suggested the District partner with the Six Rivers National Forest to protect them. Mr. Friedenbach stated he has already reached out to the Forest Service to enter into a Good Neighbor Agreement. He is also looking for grant opportunities for headwaters protection and timber harvest plans as well.

PFOA, PFOS

Mr. Davidsen stated he has taken water samples to be tested for the PFOA and PFOS however, the results are not in yet. They should be available for the April meeting.

3. ACWA – JPIA

Director Rupp attended a strategic planning meeting. The meeting was good and they established goals and core values.



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Mr. Friedenbach shared the following webinar training opportunities: a) Board Boot Camp: Being a Better Board Member, b) Chair a Meeting with Confidence, c) Sexual Harassment Prevention Training for Managers and Board.

4. Organizations on which HBMWD Serves: RCEA, RREDC

President Woo stated there is not much to report. The offshore wind energy project is moving along but there is still a long way to go on the project.

Director Latt stated he was unable to the RREDC meeting and there was no alternate at the time.

ADJOURNMENT

The meeting adjourned at 4.59 pm.

Attest:

Sheri Woo, President

J. Bruce Rupp, Secretary/Treasurer



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Minutes for Audit Committee Special Meeting
Via Telephone due to COVID-19

March 26, 2020 4:00 p.m.

The Audit Committee is a standing committee of the Board composed of the following representatives: the Secretary/Treasurer and one additional Board member appointed by the President. The purpose of the Audit Committee is to oversee the District's annual audit process, and to provide input to the Board about the process. The Committee is advisory to the Board of Directors and shall have no decision-making authority.

The Audit Committee convened at 4:00 pm. In attendance via telephone (due to COVID-19 restrictions) were: President Woo and Director Rupp; in attendance in person were: General Manager, John Friedenbach and Business Manager, Chris Harris.

1. DISCUSSION:

- a. Director Rupp asked for clarification regarding the purpose of a "Single Audit," and why the District is subject to a Single Audit for the year-ended 6/30/19. Ms. Harris explained this is supplementary to the full audit (which is still in progress). Ms. Harris further explained that a Single Audit is required any fiscal year that an entity has \$750,000 of activity related to Federal funds. For the year ended 6/30/2019, the District had extensive activity related to the Blue Lake-Fieldbrook Under-River Crossing Project, which was funded in part by FEMA. Ms. Harris further explained that she anticipates the District will be subject to a Single Audit again for the year ended 6/30/2020 due to the amount of Federal grant-funded projects the District is involved in this year.
- b. Mr. Friedenbach noted that the "clean opinion" statement from the auditor could be found on page 8.
- c. Ms. Harris pointed out that while the BLFB Under-River Crossing was just finished this past year, the project itself started long before her time at the District, and it speaks very highly of Becky that all back-up information was easy to find and provide as requested by the auditor.
- d. There were no additional questions regarding the Single Audit, and the Audit Committee was satisfied with the information provided and discussed and concluded that they would be able to formulate a recommendation to Board for audit report at the April 9th Board meeting

2. ADJOURNMENT: 4:10 pm

Attest:

Sheri Woo, President

J. Bruce Rupp, Secretary/Treasurer

A2

MAD RIVER UNION

MARCH 11, 2020

Meet the McK CSD's new general manager

McKINLEYVILLE COMMUNITY SERVICES DISTRICT

McKINLEYVILLE – At the Wednesday, March 4 Board of Directors meeting for the McKinleyville Community Services District (MCSD), the board approved a five (5) year employment agreement with Patrick Kaspari, PE as general manager of the district beginning June 1, 2020.

Consistent with MCSD's transition plan, the board embarked on a comprehensive recruitment process in November 2019 to replace current General Manager Greg Orsini, whose planned retirement is in July 2020. The process culminated with interviews and selection of Kaspari.

Kaspari is a licensed civil engineer currently with GHD Inc. in Eureka. He has served as the district engineer for the Humboldt Bay Municipal Water District since 2008 and has worked on numerous projects with MCSD including the Ramey Pump Station upgrades and the current water/sewer master planning efforts for replacement of MCSD's water and sewer infrastructure.

Kaspari is very excited about starting this new position as the general manager of MCSD and working with the MCSD board, staff, and customers. "The main reason that I decided to apply to this position is the MCSD



HE SEEMS NICE Patrick Kaspari.

SUBMITTED PHOTO

staff and community." Kaspari said. "Having worked with almost all of the cities and CSDs throughout Humboldt County and beyond, I have found the MCSD staff unparalleled in its professionalism and expertise. Greg Orsini has been a pleasure to work with over the years and it is going to be very difficult to replace. However, I am confident that MCSD staff, along with the district board members, will continue to lead the district very well, tomorrow and into the future. I look forward to being part of this team."

General Manager Orsini gave no-

tice of his retirement in August 2019. The board intends to have Orsini and Kaspari work together through the month of June with Orsini's retirement on July 17.

"I'm very impressed with the board's process and discernment in selecting the next district general manager," stated Orsini. "Furthermore, Pat is an excellent choice to lead the district into the future."

"Our executive search yielded some excellent candidates and the board's decision to bring Mr. Kaspari on as general manager reflects his preparedness to manage our district." MCSD Board President Mary Burke stated. "Kaspari's experience, knowledge, and positive relationships with our staff will immediately be called upon as MCSD is undertaking multiple large grant-funded projects – solar microgrid, an additional water tank, and repair and replacement of pipes as well as continued dedication to providing recreational opportunities for people of all ages. In our close-knit community, when someone as skilled and dedicated as Pat Kaspari makes a career change it is felt in many places. For MCSD, this transition gives us another reason to celebrate our 50th year anniversary knowing we are in a strong position to address current and future needs."

15 DAYS TO SLOW THE SPREAD

Listen to and follow the directions of your **STATE AND LOCAL AUTHORITIES**.

IF YOU FEEL SICK, stay home. Do not go to work. Contact your medical provider.

IF YOUR CHILDREN ARE SICK, keep them at home. Do not send them to school. Contact your medical provider.

IF SOMEONE IN YOUR HOUSEHOLD HAS TESTED POSITIVE for the coronavirus, keep the entire household at home. Do not go to work. Do not go to school. Contact your medical provider.

IF YOU ARE AN OLDER PERSON, stay home and away from other people.

IF YOU ARE A PERSON WITH A SERIOUS UNDERLYING HEALTH CONDITION that can put you at increased risk (for example, a condition that impairs your lung or heart function or weakens your immune system), stay home and away from other people.



DO YOUR PART TO SLOW THE SPREAD OF THE CORONAVIRUS

Even if you are young, or otherwise healthy, you are at risk and your activities can increase the risk for others. It is critical that you do your part to slow the spread of the coronavirus.

Work or engage in schooling **FROM HOME** whenever possible.

IF YOU WORK IN A CRITICAL INFRASTRUCTURE INDUSTRY, as defined by the Department of Homeland Security, such as healthcare services and pharmaceutical and food supply, you have a special responsibility to maintain your normal work schedule. You and your employers should follow CDC guidance to protect your health at work.

AVOID SOCIAL GATHERINGS in groups of more than 10 people.

Avoid eating or drinking at bars, restaurants, and food courts — **USE DRIVE-THRU, PICKUP, OR DELIVERY OPTIONS.**

AVOID DISCRETIONARY TRAVEL, shopping trips, and social visits.

DO NOT VISIT nursing homes or retirement or long-term care facilities unless to provide critical assistance.

PRACTICE GOOD HYGIENE:

- *Wash your hands, especially after touching any frequently used item or surface.*
- *Avoid touching your face.*
- *Sneeze or cough into a tissue, or the inside of your elbow.*
- *Disinfect frequently used items and surfaces as much as possible.*

CORONAVIRUS.GOV

SECTION 

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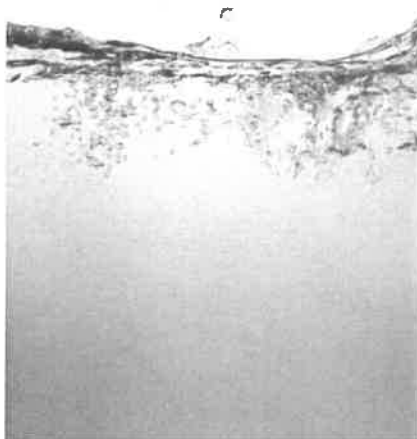
School operations can accelerate the spread of the coronavirus. Governors of states with evidence of community transmission should close schools in affected and surrounding areas. Governors should close schools in communities that are near areas of community transmission, even if those areas are in neighboring states. In addition, state and local officials should close schools where coronavirus has been identified in the population associated with the school. States and localities that close schools need to address childcare needs of critical responders, as well as the nutritional needs of children.

Older people are particularly at risk from the coronavirus. All states should follow Federal guidance and halt social visits to nursing homes and retirement and long-term care facilities.

In states with evidence of community transmission, bars, restaurants, food courts, gyms, and other indoor and outdoor venues where groups of people congregate should be closed.

State Board Reminds Californians that Drinking Water is Safe

By *California Water News Daily* on March 25, 2020



The State Water Resources Control Board (SWRCB) is reminding Californians that the state's drinking water systems remove viruses including COVID-19 and therefore the water is safe to drink.

California's comprehensive and safe drinking water standards require a multi-step treatment process that includes filtration and disinfection. This process removes and kills viruses, bacteria and other pathogens.

Having safe, reliable water service for drinking, hand washing, and surface cleaning is a critical tool in the battle against COVID-19, and while you may be stocking up on emergency supplies in case you need to stay home, please know that you do *not* need to worry about your tap water.

All public water systems in California are routinely monitored for bacteria to ensure that water delivered to customers is free of disease-causing agents.

Additionally, COVID-19 is transmitted person to person, not through water, according to the CDC. Californians can take prevention measures such as staying home, washing hands with soap and water for 20 seconds, and cleaning and disinfecting frequently touched objects and surfaces to protect themselves. For more information, visit [the Centers for Disease Control and Prevention website](#) or [click here](#) for the full statement from the SWRCB.



Fact Sheet

Reminder About California's Drinking Water Systems ***State-Required Treatment Process Removes Viruses, Including COVID-19***

- California's comprehensive and safe drinking water standards require a multi-step treatment process that includes filtration and disinfection. This process removes and kills viruses, including coronaviruses such as COVID-19, as well as bacteria and other pathogens.
- The State Water Board's [Division of Drinking Water](#) establishes and enforces drinking water standards that ensure the delivery of pure, safe, and potable water. In addition to health-based water quality standards, treatment facilities must comply with stringent performance measures to ensure treatment processes are continuously operating at peak performance.
- The treatment process must destroy at least 99.99% of viruses. The limited number that might pass through the removal process are quickly inactivated in the disinfection process, typically in less than 10 minutes. All treatment facilities for surface water sources in California are required to maintain disinfection facilities sufficient to destroy *giardia cysts*, which are much more resilient than viruses.
- COVID-19 is transmitted person to person, not through water, according to the [Centers for Disease Control and Prevention](#).
- Public water systems that utilize groundwater sources maintain protective physical measures, including soil barriers, to ensure that water sources are protected from pathogens, including viruses. In addition, most of these systems use chlorine disinfection to inactivate viruses or bacteria that might find their way into the water.
- All public water systems in California are routinely monitored for bacteria to ensure that water delivered to customers is free of disease-causing agents. Other parameters, including temperature, pH, turbidity, chlorine residual, electrical conductivity, lead and copper, corrosion indices and disinfection byproducts, are monitored to alert operators about changing water quality conditions and avert potential problems.
- The State Water Board works closely with local water systems to ensure the safety of water that flows through public water systems to residential customers.





Fact Sheet

Contact your [local water agency](#) for more specific information about the drinking water treatment process. Refer to your water bill for your water provider's website, phone number and email contacts.

In addition, California has established a [COVID-19](#) website with prevention tips all Californians can take to protect themselves from COVID-19. They include staying home, washing hands with soap and water for 20 seconds, and cleaning and disinfecting frequently touched objects and surfaces.

Additional Resources

For more information and frequent updates about what California is doing to prepare for the impacts of [Coronavirus \(COVID-19\)](#), please visit the [Governor's Office of Emergency Services](#) and the [California Department of Public Health](#).

[United States Environmental Protection Agency](#): "Americans can continue to use and drink water from their tap as usual."

<https://www.epa.gov/coronavirus/coronavirus-and-drinking-water-and-wastewater>

[Federal Centers for Disease Control](#): "The COVID-19 virus has not been detected in drinking water. Conventional water treatment methods that use filtration and disinfection, such as those in most municipal drinking water systems, should remove or inactivate the virus that causes COVID-19."

<https://www.cdc.gov/coronavirus/2019-ncov/php/water.html>

(This Fact Sheet was last updated on March 19, 2020)

John Friedenbach

From: lyris@swrcb18.waterboards.ca.gov
Sent: Wednesday, March 25, 2020 2:19 PM
To: John Friedenbach
Subject: Water Designated as Essential Function during COVID-19 Emergency



This is a message from the State Water Resources Control Board.

Hello, Public Water Systems, Partners, and Stakeholders:

Provision of Potable Water is an Essential Function

It has come to our attention that some Public Water Systems (PWS), partners, and stakeholders may not have the clear understanding about the criticality of drinking water and that it is designated as an essential function to be maintained during emergencies, including the current COVID-19 emergency.

The operation of PWSs and the implementation of all associated activities, (including regulatory oversight, inspections, operations & maintenance, treatment, sampling, laboratory analysis, and others) that support the continued delivery of potable water during this pandemic are essential functions. If the provision of drinking water is curtailed it could mean the unavailability of water for maintaining sanitation, basic hydration, fighting fires, cooling, dust suppression, and water protection of public health. That service must continue.

Recent citations identifying water as an essential function include the following:

- From the Department of Homeland Security (DHS), Cybersecurity and Infrastructure Security Agency (CISA) - Information supporting the federal designation that drinking water is an essential function is provided at the following links - <https://www.cisa.gov/identifying-critical-infrastructure-during-covid-19>, <https://www.cisa.gov/water-and-wastewater-systems-sector>, and [https://www.cisa.gov/sites/default/files/publications/CISA Guidance on the Essential Critical Infrastructure Workforce 508C 0.pdf](https://www.cisa.gov/sites/default/files/publications/CISA_Guidance_on_the_Essential_Critical_Infrastructure_Workforce_508C_0.pdf)
- Governor Newsom Executive Order N-33-20 dated March 19, 2020 - <https://www.gov.ca.gov/wp-content/uploads/2020/03/EO-N-33-20-COVID-19-HEALTH-ORDER-03.19.2020-002.pdf> - all residents are directed to immediately heed the current State public health directives, which the Governor ordered the Department of Public Health to develop for the current statewide status of COVID-19 - consistent with the March 19, 2020, Memorandum on Identification of Essential Critical Infrastructure Workers During COVID-19 Response, found at: <https://covid19.ca.gov/>.
- State Public Health Officer order all individuals living in the State of California to stay home or at their place of residence except as needed to maintain continuity of operations of the federal critical infrastructure sectors, as outlined at <https://www.cisa.gov/identifying-critical-infrastructure-during-covid19> - <https://www.cdph.ca.gov/Programs/CID/DCDC/Pages/Immunization/ncov2019.aspx>

- Notification from the SWRCB - UPDATED AS OF MARCH 20, 2020 Compliance with Water Board Requirements During the Coronavirus 2019 (COVID-19) Emergency - the Water Boards consider compliance with board-established orders and other requirements to be within the essential activities, essential governmental functions, or comparable exceptions to shelter-in-place directives provided by local public health officials - https://www.waterboards.ca.gov/resources/covid-19_updates/.
- Crisis Event Response and Recovery Access (CERRA) Framework, a voluntary guidance developed for emergency response planners at the State, local, tribal, or territorial level and outlines a process for managing access into restricted areas or emergency zones during an incident – identifies utility responders, including water/wastewater personnel, as needing Tier 1 (highest or immediate) access during and following disasters - <https://www.cerraaccess.org/>

So, being an essential function, those working in the water sector must be flexible and collectively work toward solutions to accomplish the essential tasks and maintain the essential services to which we have committed and of which our communities so critically depend upon.

Thank you

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The Mercury News

Coronavirus: Is the drinking water supply safe?

How water agencies plan to keep drinking water plants running

By **PAUL ROGERS** | progers@bayareanewsgroup.com | Bay Area News Group
PUBLISHED: April 1, 2020 at 6:00 a.m. | UPDATED: April 1, 2020 at 3:13 p.m.

As the coronavirus pandemic continues to spread, water agencies across the Bay Area and California are taking unprecedented steps to keep the water flowing that millions of people need for drinking and washing their hands, but which is also critical for fighting fires, serving hospitals, running sewer systems and other vital uses.

The main goal: Preventing the workers who run the drinking water treatment plants from getting sick.

“This event is unique,” said Alexander Gordon, emergency services and security manager for the Santa Clara Valley Water District, which provides drinking water to 2 million people in and around San Jose. “Pipelines didn’t break. Flooding didn’t happen. You have an emergency where people are the problem, in terms of passing potential infection.”

In San Diego County, 10 employees are living in rented RVs at the massive ocean desalination plant in Carlsbad to avoid all contact with the outside world. Their food is delivered. They communicate with their families through web video chats. They come into contact with no one except each other. The plant generates 50 million gallons of water a day, about 10% of San Diego’s supply.

That hasn’t happened yet at major Bay Area water agencies. But it remains an option, water managers say.

The Santa Clara Valley Water District and East Bay Municipal Utility District have cots and military MREs — meals ready to eat — in case their drinking water plant operators need to live at the plants in cloistered safety.

They have stockpiled chemicals like chlorine. They are calling back retirees. And they are not letting anybody into control rooms or anywhere near their operators, treating them like public works Fort Knoxes.

“The control rooms are completely isolated. Only the operators can go in,” said Bhavani Yerrapotu, deputy operating officer of the Santa Clara Valley Water District’s treated water division.

The workers who help run the Hetch Hetchy water system in the Sierra Nevada, which provides drinking water to 2.7 million people in San Francisco, San Mateo, northern Santa Clara and southern Alameda counties, may be asked to live in houses near Cherry Lake, a reservoir in Tuolumne County, to reduce their risk of contracting the disease.

“We aren’t just talking about the operators, but we are also thinking about their families,” said Michael Carlin, deputy general manager of the San Francisco Public Utilities Commission.

A poll done from March 10 to March 16 found that absenteeism was the top coronavirus concern of water utilities in the U.S., with 75% of water industry leaders saying they are anticipating challenges due to illness.

“Our preliminary research shows that nearly half of water utilities either already have plans to assure essential workers can live on-site at their jobs or are considering developing those plans,” said David LaFrance, CEO of the American Water Works Association, and industry group that conducted the poll.

The workers may be at risk. But the drinking water that comes out of taps is safe.

The World Health Organization, the U.S. Environmental Protection Agency and the Centers for Disease Control and Prevention all have issued statements in recent weeks saying that normal filtering and disinfection already required at drinking water plants with chlorine, ultraviolet light and other methods kills viruses, including coronavirus, along with bacteria and other pathogens.

“The same treatment processes that protect tap water from other viruses and other harmful organisms also protect against coronavirus,” said Stefan Cajina, a section chief for the State Water Resources Control Board’s Division of Drinking Water, in Richmond. “Chlorine kills viruses very effectively even in small concentrations.”

But the challenge is keeping workers healthy to run those systems.

Cajina said he hasn’t heard of drinking water plants in California where workers have become infected with COVID-19 yet. But as the disease spreads, the risk grows.

Three weeks ago, after an employee at the Santa Clara Valley Water District was hospitalized with COVID-19, several staff members, including CEO Norma Camacho, had to self-quarantine for two weeks. The worker was not employed in the district’s three drinking water plants, but the issue highlighted the risk.

In a worst case situation, where a water agency had all of its plant operators sick and was running out of chemicals, it could keep the plants running, Cajina said, and issue a “boil water” notice to the public. But he said that is unlikely.

“If we get to that point, you really are looking at the effects we would see from a major earthquake. I really don’t think we are going to get to anything like that,” he said.

He noted, however, that if water systems ever reached the point of not being able to handle fundamental operations of providing safe drinking water, “we’d be more concerned first about the smaller systems that don’t have the depth. We are in touch with them daily.”

Small water systems that serve a few hundred people can be hooked up to other water systems, or run by the National Guard or military in case of emergencies. In California’s drought, when some ran dry, water was trucked in temporarily to some communities.

In Napa, after a 6.0 earthquake wrecked part of the city’s water delivery system in 2014, crews set up stations for residents to drive up with containers and get water until the pipes were fixed.

Until modern water treatment standards were put in place 100 years ago, contaminated water regularly caused epidemics of diseases like typhoid, cholera and dysentery that killed thousands of Americans. It still does in some of the world’s poorest countries.

“One of the first things you need for a successful civilization is that you can wake up everyday and not think about safe drinking water,” said Jay Lund, a professor of civil and environmental engineering at UC Davis.

“These plants are essential,” he said. “The people who run them know they are essential. They are generally well prepared. But if you are a drinking water regulator now you need to make sure everybody is doing their job.”

In recent weeks, water agencies around California have activated an organization called Cal-WARN, or California Water Agency Response Network. Just like with a wildfire, when fire departments ask other fire departments to provide firefighters to help battle big blazes, the network allows water agencies borrow workers from other agencies in emergencies.

So far, workers haven’t been needed.

To reduce the risk they will be, plant operators at major Bay Area water districts are being kept “in reserve.” Some are being deliberately kept home to preserve them in case their co-workers on duty contract COVID-19.

“If we still get people sick, we have a reserve. We have a pretty deep bench that we can draw on,” said Clifford Chan, director of operations and maintenance at East Bay MUD, which provides drinking water to 1.5 million people in Alameda and Contra Costa counties, and has 18 of its 36 plant operators at home.

There are other plans beyond that.

“Should one of our three plants get exposed, in spite of us isolating individual operators, then we could shut down one plant and supply the water flow from another plant,” said

After the 1989 Loma Prieta earthquake, the major water agencies in the Bay Area connected the pipes of their systems. Those links could come in handy now.

“We saw the need to create sort of a water super highway to be able to exchange water during critical periods,” Carlin said. “If something happens to somebody’s system, and somebody else has treated water, then we can move it back and forth. It’s really important.”

Buying some bottled water is OK, experts say. But storing large amounts at home is not necessary.

“People should be as prepared as they are for an earthquake,” said Cajina. “But we don’t expect this to reach that level.”

Coronavirus Outbreak Tests Resilience Of Western Water Workforce

By LUKE RUNYON - 03/25/2020



Some western water agencies have asked their employees to work on-site to ensure operations continue during the outbreak, but the majority are taking less drastic measures to control the spread within their workforces.

NICK COTE FOR KUNC/LIGHTHAWK

Water agencies throughout the West are changing their operations during the coronavirus outbreak to make sure cities and farms don't run dry.

Their responses range from extreme measures to modest adjustments to ensure their most critical workers don't succumb to the virus.

In San Diego, leadership at the Carlsbad desalination plant asked staff to volunteer for a 21-day isolated stay at the facility. A second set of workers are self-isolating at home to arrive on site for their stay at the treatment plant should the outbreak extend beyond the initial 21-day period.

Many others aren't taking as drastic a step as asking employees to live at work. The water agency for millions in southern California, the Metropolitan Water District of Southern California, is scaling back on-site staff and increasing telework capabilities for a portion of its workforce.

In Colorado, two Front Range water providers aren't to the point of asking workers to house on-site at pumping, treatment or dam sites.

"For now, the answer is no, we are not housing our pump plant operators on site in Grand County," said Jeff Stahla, spokesperson for Northern Water, which serves a broad sweep of northern Colorado's municipal and agricultural water needs. "We have changed protocols during shift changes to ensure operators maintain social distancing and control room sanitization, however."

As of now Northern's operations have continued without interruption, and the agency is preparing for a spring snowmelt runoff likely to ramp up in the next few weeks, Stahla said.

Some water treatment facilities ran with minimal contact among workers even before the threat of coronavirus, said Todd Hartman, a spokesman for Denver Water.

"Water treatment plants readily operate with people spread apart in different sections of the facilities," Hartman said. "Social distance is also easy to achieve at our dams and reservoirs."

Some of Denver Water's critical infrastructure already house year-round caretakers to keep an eye on remote dam operations, Hartman added. That's also true of the city of Colorado Springs' Grizzly Reservoir in the mountains outside Aspen.

In Arizona, operators at the Central Arizona Project have been shuffled around to avoid exposure to the virus. At the project's Phoenix headquarters workers have been pulled out of their sometimes cramped control room into adjacent rooms to oversee the operation of the 330 mile canal that hauls water from the Colorado River to the Phoenix and Tucson metro areas.

"The actions we are taking to protect the health of our water operators are aimed at creating isolated bubbles for this small, yet highly critical, team," said Central Arizona Project spokesperson Crystal Thompson.

The control room's HVAC system has also been altered to limit the chance of spreading the virus through the building, Thompson said.

The country's most expansive operator of dams and reservoirs, the U.S. Bureau of Reclamation, has also stopped short of housing critical staff on-site during the outbreak. The agency oversees some of the tallest dams in the U.S., including the Hoover and Glen Canyon dams along the Colorado River.

Reclamation has "taken measures to maximize telework flexibility, implement staggered work schedules and use social distancing and other mitigations where appropriate," said agency spokesman Marlon Duke. The agency didn't say what conditions would warrant further actions, including the possibility of housing workers at dams or other critical infrastructure.

This story is part of a project covering the Colorado River, produced by KUNC and supported through a Walton Family Foundation grant. KUNC is solely responsible for its editorial content.



Water Utilities' Biggest Coronavirus Concern Is Staffing

March 25, 2020/in Water News, WEF /by Brett Walton

Potential quarantines have utilities shoring up their contingency plans in case essential employees cannot work.

By Brett Walton, Circle of Blue

Keeping the water flowing, even in times of emergency, requires certified workers to operate treatment plants. But operators cannot work when they are sick.

As the coronavirus spreads across the country, water utility leaders say that potential staffing shortages due to illness and quarantine are their biggest current concern in the Covid-19 pandemic.

That conclusion comes from interviews with water utility representatives and data from an [American Water Works Association survey](#) of several hundred water utilities about challenges they expect to face as a result of the outbreak, which has now touched every state.

Staffing concerns are especially acute for small utilities, which have fewer immediate resources to draw upon than their urban counterparts.

"We have a very small staff, only seven of us total. So it's very important that we keep this infection away from the plant because we could easily have our staff be overwhelmed by it," said Joey Witcher, plant manager at Sinclair Water Authority, during an AWWA webinar on March 20. Sinclair is a water wholesaler in central Georgia that serves about 30,000 people.

Those views are widely shared, according to the AWWA survey.

Out of more than 300 respondents to the survey, three-quarters said that they were concerned about staffing and employees missing work. No other option in the multiple-choice question — from supply chains to the ability to read meters and repair pipes — received more than 46 percent.

AWWA conducted the survey the week of March 10 and plans to conduct a second round of the survey later this week.

Many utilities are taking extra precautions to prevent Covid-19 outbreaks in the workplace. They have closed their facilities to the public. They are requiring office employees to work from home. They are reducing contact between operational staff.

Witcher said that Sinclair is splitting its four operators into teams of two that work alternating shifts. There is no overlap between the shifts so that operators have limited contact with other workers. The utility is also disinfecting the plant between shifts and minimizing interactions with delivery drivers, by placing a bin for packages at the entry gate.

As they prepare for the worst case, utilities are also revising their contingency plans.

Robert White is the executive director of the Alabama Rural Water Association, a trade group for small utilities.

White told Circle of Blue that his association and those that represent other states are compiling lists of volunteer operators who are certified to operate drinking water and wastewater plants and can assume control if regular staff are quarantined or unable to work. Volunteers are drawn from retired operators and from neighboring utilities that might have extra staff on hand.

"The water and wastewater industry is really close and works together," White said.

Collaboration is also the plan in Coupeville and Langley, two towns on Whidbey Island, in Washington state. Randi Perry, the utilities supervisor in Langley, said that the towns are prepared to assist each other if necessary.

Witcher, at Sinclair Water Authority, said he can contact three former operators who still live in the area to run the treatment plant if his staff needs to be quarantined.

Because outsiders may need to take over operations, White is advising his members to update their system operating manual as quickly as they can. The manual is a blueprint for how to operate a treatment plant so that it produces drinking water that meets all state and federal standards. It's also a guidebook for volunteer operators, who might not be familiar with a particular plant's water chemistry and treatment process.

"If it's a quality manual, there's a short learning curve," Wright said, adding that clear guidance is essential in these turbulent times.

"The past seven days have felt like six months," he said.

FBI Warns of Teleconferencing and Online Classroom Hijacking During COVID-19 Pandemic

By Paul V. Kelly on April 2, 2020

As large numbers of people turn to video-teleconferencing (VTC) platforms to stay connected in the wake of the COVID-19 crisis, reports of VTC hijacking (also called “zoom-bombing”) are emerging nationwide. The FBI has received multiple reports of conferences being disrupted by pornographic and/or hate images and threatening language.

For example, two schools in Massachusetts reported the following incidents:

- A Massachusetts-based high school reported that while a teacher was conducting an online class using the teleconferencing software Zoom, an unidentified individual(s) dialed into the classroom. This individual yelled a profanity and then shouted the teacher’s home address in the middle of instruction.
- A second Massachusetts-based school reported a Zoom meeting being accessed by an unidentified individual. In this incident, the individual was visible on the video camera and displayed swastika tattoos.

As individuals continue the transition to online lessons and meetings, the FBI recommends exercising due diligence and caution in your cybersecurity efforts. The following steps can be taken to mitigate teleconference hijacking threats:

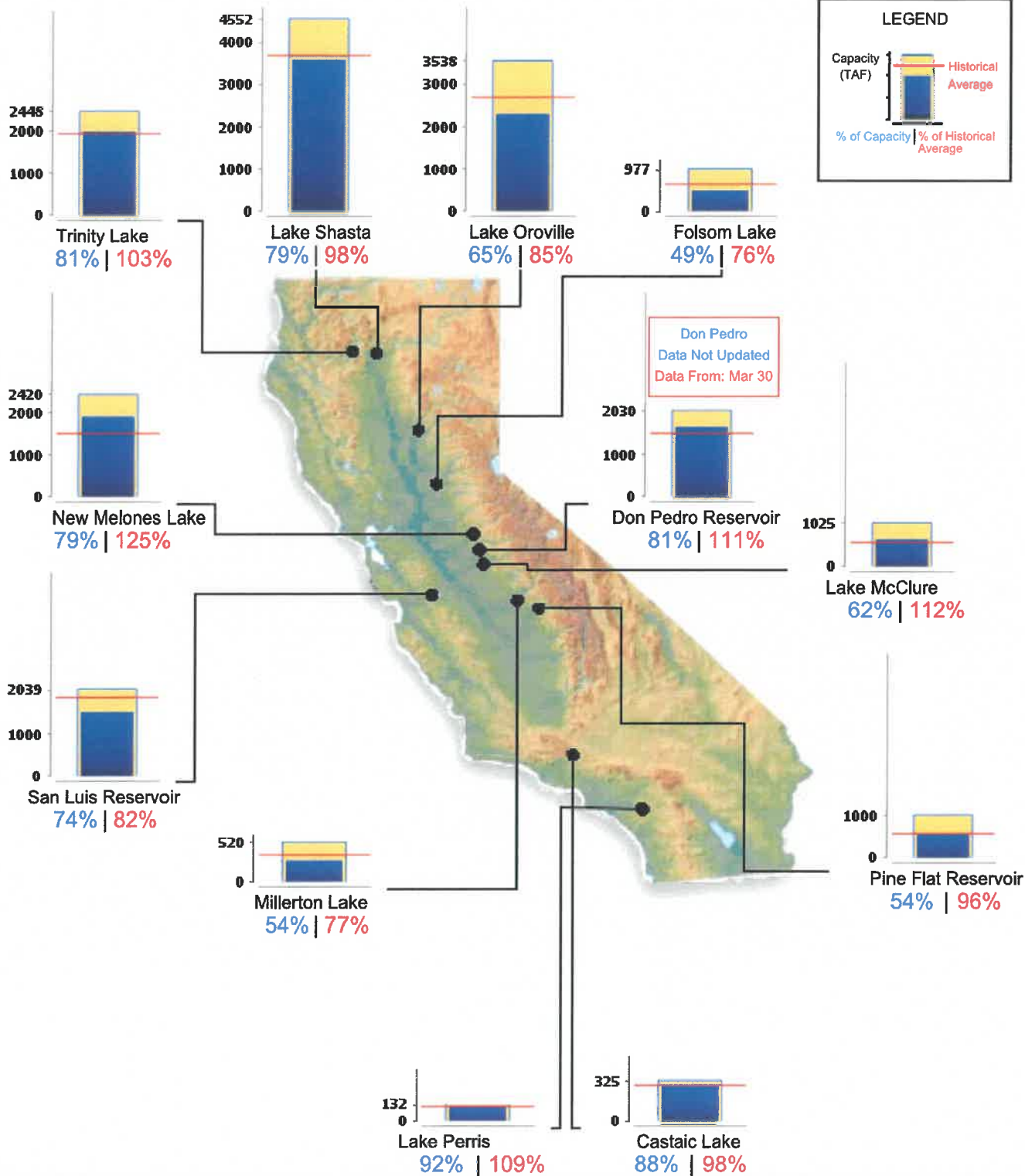
- Do not make meetings or classrooms public. In Zoom, there are two options to make a meeting private: require a meeting password or use the waiting room feature and control the admittance of guests.
- Do not share a link to a teleconference or classroom on an unrestricted publicly available social media post. Provide the link directly to specific people.
- Manage screensharing options. In Zoom, change screensharing to “Host Only.”
- Ensure users are using the updated version of remote access/meeting applications. In January 2020, Zoom updated their software. In their security update, the teleconference software provider added passwords by default for meetings and disabled the ability to randomly scan for meetings to join.
- Lastly, ensure that your organization’s telework policy or guide addresses requirements for physical and information security.



Reservoir Conditions

Ending At Midnight - March 31, 2020

CURRENT RESERVOIR CONDITIONS



THIS JUST IN ... MARCH PRECIPITATION NOT ENOUGH TO OFFSET DRY WINTER

Maven

April 1, 2020



Statewide, the Sierra snowpack is 53% of average

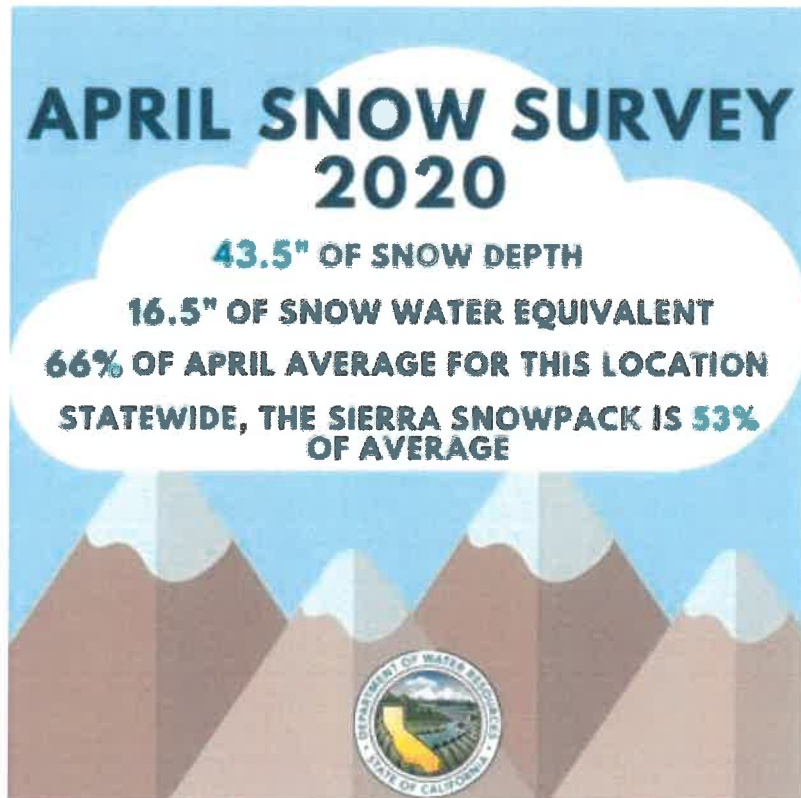
From the Department of Water Resources:

The Department of Water Resources (DWR) today conducted the fourth manual snow survey of 2020 at Phillips Station. Due to the ongoing COVID-19 pandemic, DWR is providing [video of the results](#) in lieu of conducting a live media event on site.

Today's manual survey recorded 43.5 inches of snow depth and a snow water equivalent (SWE) of 16.5 inches, which is 66 percent of the April average for this location. The SWE measures the amount of water contained in the snowpack, which provides a more accurate forecast of spring runoff. Measurements from the 130 electronic snow sensors, scattered throughout the state, indicate that the statewide snowpack's water equivalent is 15.2 inches, or 53 percent of the April average.

In addition to the manual snow surveys and automated snow measuring sites, DWR is collaborating to augment the measurements with satellite and air-borne remote-sensed data. These experimental data products provide additional detail to the spatial patterns of snow water accumulation in the watersheds that helps inform and guide forecast runoff quantities and timing. Such data gathering will be a key adaptation strategy as climate change impacts continue to mount.

"While today's survey results show our snowpack is better off than it was just last month, they still underscore the need for widespread, wise use of our water supplies," said DWR Director Karla Nemeth. "California's climate continues to show extreme unpredictability, and February's record dryness is a clear example of the extremes associated with climate change."



California is experiencing increased extremes and variability due to climate change. In one year, California has gone from having the fifth best recorded snowpack to one of the 10 worst.

"Over the last decade, California's snowpack has been alternating between extremely wet and extremely dry," stated Sean de Guzman, chief of DWR's Snow Survey and Water Supply Forecast Section. "In the past 10 years, we've seen three of our smallest snowpacks on record, but we've also seen three of our largest snowpacks on record."

On average, the snowpack supplies about 30 percent of California's water needs as it melts in the spring and early summer.

The state's six largest reservoirs currently hold between 82 percent (San Luis) and 125 percent (Melones) of their historical averages for this date. Lake Shasta, California's largest surface reservoir, is 98 percent of its historical average and sits at 79 percent of capacity.

CAL MATTERS

BY DAN WALTERS PUBLISHED: MARCH 30, 2020

PG&E makes two deals to survive

In any other week, major actions affecting Pacific Gas and Electric's chances of emerging from bankruptcy as an intact and operational utility would have been big news.

But with everyone in and out of government riveted on battling the COVID-19 pandemic, there was only proforma media attention to two big PG&E events:

—Gov. Gavin Newsom announced that he and utility executives had reached an agreement on finances and corporate governance that probably allows PG&E to close bankruptcy later this year. “This is the end of business as usual for PG&E,” Newsom said in a statement. “Through California’s unprecedented intervention in the bankruptcy, we secured a totally transformed board and leadership structure for the company, real accountability tools to ensure safety and reliability and billions more in contributions from shareholders to ensure safety upgrades are achieved.”

—PG&E agreed to plead guilty to 84 involuntary manslaughter counts in connection with the 2018 Camp Fire, the most destructive wildfire in California’s history. The fire destroyed much of the town of Paradise, which had about 26,000 people. In a plea agreement with the Butte County district attorney’s office, PG&E also pleaded guilty to one count of unlawfully starting a fire, agreed to pay a fine and build a new water system for the town.

PG&E financial, legal and political issues are not completely resolved, but the twin actions indicate it will survive as an investor-owned, state-regulated monopoly providing electric power and natural gas service to millions of customers in Northern California, rather than being converted into some kind of cooperative or government-owned entity, or acquired by new owners.

However, even when and if its other issues are settled, such as direct compensation to victims of the Camp Fire and other destructive wildfires caused by poorly maintained power lines that failed during high winds, the utility, its stockholders, its creditors and its customers still face years of financial turmoil.

The settlements which PG&E is negotiating will be very costly and no matter how financing them is structured, including some special state-blessed bonds, ultimately the burden will largely fall on customers who write their monthly checks for service.

Although one of the provisions of the deal with Newsom suspends dividends to stockholders for three years to generate, on paper, about \$4 billion in savings, PG&E must be able to tap the

financial markets for capital and that ability, in turn, is based on profitability and having a stock that is sufficiently attractive to investors.

The California Public Utilities Commission, which is appointed by the governor, has a duty not only to protect the interests of consumers, but to protect the financial viability of PG&E and other utilities it regulates. Over the long run, it must approve power rates that resonate positively on Wall Street, as noxious as that might seem to those who see profit as a dirty word.

Post-bankruptcy, therefore, PG&E's fate will depend on the PUC's ability to balance its competing mandates, which raises another issue — the role played by the state, including the commission, in PG&E's lapses.

The Legislature and recent governors have imposed many new obligations on the state's utilities in recent years, mostly having to do with reducing greenhouse gas emissions. Is it possible that absorbing those expensive obligations contributed to insufficient spending on transmission line maintenance? And is it possible that in overseeing PG&E operations, the PUC failed to insist that no-see-appeal but vital maintenance receive the priority it deserves?

Somehow and someday, those questions should be answered.



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March 30, 2020

Greetings—

As some of you may be aware, on March 18, 2020 the Families First Coronavirus Response Act (FFCRA) was signed into law. While there are many layers to the FFCRA, this memo will review the items that directly impact the District staff immediately.

For all employers with less than 500 employees (including government agencies), the FFCRA provides an additional 80-hours of COVID-9 Emergency Sick Leave as well as the potential for up to 12-weeks off for Emergency Family Medical Leave. The COVID-19 Emergency Sick Leave is *separate* from the Sick Leave District Staff accrue with each pay period. The COVID-19 Sick Leave and Emergency Family Medical Leave are specifically and only for the COVID-19 Pandemic Emergency, and both have strict requirements for use.

1. COVID-19 EMERGENCY SICK LEAVE – 80 HOURS¹

For the purposes of the COVID-19 Emergency Sick Leave, the District considers the schedule to be 5/days a week, 8/hours a day – 80 hours is two full weeks. There are two separate aspects of this sick leave, selfcare and care of others. Please see details below.

- a. **Federal Requirements for 100% OF PAY RECEIVED FOR 80-HOURS**¹ (any one of the following):
 - i. The employee must be subject to a quarantine or isolation order related to COVID-19 *****THIS REQUIREMENT IS NOT APPLICABLE TO DISTRICT (OR ANY OTHER “ESSENTIAL”) EMPLOYEES*****
 - ii. The employee has been advised by a health care provider to self-quarantine due to conditions related to COVID-19.
 - iii. The employee is experiencing symptoms of COVID-19 and seeking a medical diagnosis.
- b. **Federal Requirements for 66% OF PAY (up to \$25.00/hr.) RECEIVED FOR 80-HOURS**¹ (any one of the following):
 - i. The employee is caring for an individual who is subject to items #a.i and/or #a.ii above.
 - ii. The employee is caring for a son/daughter due to school/daycare closure based on COVID-19 precautions.
 - iii. The employee is experiencing any other substantially similar conditions of COVID-19, but has not/cannot seek medical assistance (instructed to self-isolate by Department of Health, for example).
 - iv. For qualifications above (b.i-b.iii), employees will be paid 66% of their regular pay (up to \$25.00/hr), and will need to use additional leave banks to bring their pay up to 100% of regular pay. Eureka office staff will calculate the hours needed and provide documentation with the paystub.

c. **Additional Requirements**

¹ Full-Time Employees. Permanent, Part-Time employees will receive hours commensurate with an average 2-weeks worked.

- i. This paid sick leave will not carry over and expires on 12/31/2020. (Federal Requirement).
- ii. Employees claiming 100% COVID-19 Sick Leave are required to have medical documentation (District requirement).
- iii. If either (100% or 66%) COVID-19 Sick Leave is used by an employee, for the health and safety of remaining staff, that employee is required to use all 80-hours (2-weeks) and is not permitted to return to work, nor will the employee be permitted entrance onto/into District facilities during this 14-day quarantine. (Health Department Self-Quarantine Guidance and District requirement).
- iv. Illness lasting more than 2-weeks will require the employee to utilize their existing District sick leave. Under no circumstances is an employee to return to work until they are completely healthy.
- v. Based on the continually changing conditions of the emergency COVID-19 pandemic, Management reserves the right to revisit the quarantine restrictions (c-iii, above) as needed.

2. COVID-19 – EMERGENCY FAMILY MEDICAL LEAVE – UP TO 12-WEEKS

For the purposes of the COVID-19 Emergency Family Medical Leave, the District considers the schedule to be 5/days a week, 8/hours a day.

a. Federal Requirements for Emergency Family Medical Leave

- i. The employee is unable to work due to a need to care for their son or daughter under 18 years of age due to the school or place of childcare being closed, or due to the child care provider of the son or daughter being unavailable, due to the COVID-19 public health emergency.
- ii. The first 10-days are unpaid, the employee may access other leave banks to cover these 10-days.
- iii. After the first 10-days, the employee is paid 66% of their current rate (maximum \$25.00/hr) for an additional maximum of 10-weeks (12-weeks total).
- iv. The employee ****may not**** access additional leave banks to reach 100% paid. "In no event shall such paid leave exceed \$200 per day and \$10,000 in aggregate."

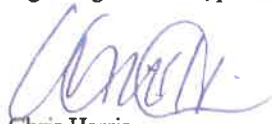
3. ADDITIONAL INFORMATION

a. Payroll Activity in the online system are:

- i. 100%-COVID-MEDICAL – For 100% Pay Rate/80-hours¹ (Medical Documentation Required).
- ii. 66%-COVID-OTHER – For 66% Pay Rate/80-hours¹ (will be supplemented with other leave).
- iii. 66%FML-COVID-EFML – For 66% Pay Rate/10-Weeks (no supplementation from other leave).

PLEASE SEE THE INCLUDED FLOWCHART

Thank you all for the continued endeavors to remain safe and healthy during this challenging time. If you have any questions/concerns regarding the above, please don't hesitate to call me.



Chris Harris
Business Manager

¹ Full-Time Employees. Permanent, Part-Time employees will receive hours commensurate with an average 2-weeks worked.

FEDERAL EMPLOYEE RIGHTS

PAID SICK LEAVE AND EXPANDED FAMILY AND MEDICAL LEAVE UNDER THE FAMILIES FIRST CORONAVIRUS RESPONSE ACT

The **Families First Coronavirus Response Act (FFCRA or Act)** requires the Federal government to provide all of its employees with paid sick leave and, for employees who are covered under Title I of the Family and Medical Leave Act (FMLA), with expanded family and medical leave for specified reasons related to COVID-19. These provisions will apply from April 1, 2020 through December 31, 2020.

▶ PAID LEAVE ENTITLEMENTS

Generally, the Federal government must provide Federal employees:

Up to two weeks (80 hours, or a part-time employee's two-week equivalent) of paid sick leave based on the higher of their regular rate of pay, or the applicable state or Federal minimum wage, paid at:

- 100% for qualifying reasons #1-3 below, up to \$511 daily and \$5,110 total; and
- ⅔ for qualifying reasons #4 and 6 below, up to \$200 daily and \$2,000 total.

Federal employees including those not covered under Title I of the FMLA can receive either ⅔ of the higher of their regular rate of pay, or the applicable state or Federal minimum wage for the two-week period for qualifying reason #5 below. However, for leave under qualifying reason #5, Federal employees covered under Title I of the FMLA can receive 10 additional weeks of expanded family and medical leave for reason #5 below, up to \$200 daily and \$12,000 total.

A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

▶ ELIGIBLE EMPLOYEES

All Federal employees are eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reasons (see below). *Federal employees who are covered under Title I of the FMLA and have been employed for at least 30 days prior to their leave request are eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for reason #5 below.*

Most federal employees are not covered under Title I of the FMLA and so would not be eligible for partially paid expanded family and medical leave. Please consult with your agency to determine whether you are covered under Title I of the FMLA. The Office of Personnel and Management will issue guidance on this question.

▶ QUALIFYING REASONS FOR LEAVE RELATED TO COVID-19

A Federal employee is entitled to take leave related to COVID-19 if the employee is unable to work, including unable to **telework**, because the employee:

- | | |
|--|--|
| <ol style="list-style-type: none"> 1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19; 2. has been advised by a health care provider to self-quarantine related to COVID-19; 3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis; 4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2); | <ol style="list-style-type: none"> 5. is caring for his or her child whose school or place of care is closed (or child care provider is unavailable) due to COVID-19 related reasons; or 6. is experiencing any other substantially-similar condition specified by the U.S. Department of Health and Human Services. |
|--|--|

▶ ENFORCEMENT

The U.S. Department of Labor's Wage and Hour Division (WHD) has the authority to investigate and enforce compliance with the FFCRA for Federal employers covered under Title I of the FMLA. Employers may not discharge, discipline, or otherwise discriminate against any employee who lawfully takes paid sick leave or expanded family and medical leave under the FFCRA, files a complaint, or institutes a proceeding under or related to this Act. Federal employers covered under Title I of the FMLA in violation of the provisions of the FFCRA will be subject to penalties and enforcement by WHD.



WAGE AND HOUR DIVISION
UNITED STATES DEPARTMENT OF LABOR

For additional information
or to file a complaint:

1-866-487-9243

TTY: 1-877-889-5627

dol.gov/agencies/whd



EMPLOYEE RIGHTS

PAID SICK LEAVE AND EXPANDED FAMILY AND MEDICAL LEAVE UNDER THE FAMILIES FIRST CORONAVIRUS RESPONSE ACT

The Families First Coronavirus Response Act (FFCRA or Act) requires certain employers to provide their employees with paid sick leave and expanded family and medical leave for specified reasons related to COVID-19. These provisions will apply from April 1, 2020 through December 31, 2020.

▶ PAID LEAVE ENTITLEMENTS

Generally, employers covered under the Act must provide employees:

Up to two weeks (80 hours, or a part-time employee's two-week equivalent) of paid sick leave based on the higher of their regular rate of pay, or the applicable state or Federal minimum wage, paid at:

- 100% for qualifying reasons #1-3 below, up to \$511 daily and \$5,110 total;
- ⅔ for qualifying reasons #4 and 6 below, up to \$200 daily and \$2,000 total; and
- Up to 12 weeks of paid sick leave and expanded family and medical leave paid at ⅓ for qualifying reason #5 below for up to \$200 daily and \$12,000 total.

A part-time employee is eligible for leave for the number of hours that the employee is normally scheduled to work over that period.

▶ ELIGIBLE EMPLOYEES

In general, employees of private sector employers with fewer than 500 employees, and certain public sector employers, are eligible for up to two weeks of fully or partially paid sick leave for COVID-19 related reasons (see below). *Employees who have been employed for at least 30 days* prior to their leave request may be eligible for up to an additional 10 weeks of partially paid expanded family and medical leave for reason #5 below.

▶ QUALIFYING REASONS FOR LEAVE RELATED TO COVID-19

An employee is entitled to take leave related to COVID-19 if the employee is unable to work, including unable to telework, because the employee:

<ol style="list-style-type: none"> 1. is subject to a Federal, State, or local quarantine or isolation order related to COVID-19; 2. has been advised by a health care provider to self-quarantine related to COVID-19; 3. is experiencing COVID-19 symptoms and is seeking a medical diagnosis; 4. is caring for an individual subject to an order described in (1) or self-quarantine as described in (2); 	<ol style="list-style-type: none"> 5. is caring for his or her child whose school or place of care is closed (or child care provider is unavailable) due to COVID-19 related reasons; or 6. is experiencing any other substantially-similar condition specified by the U.S. Department of Health and Human Services.
--	--

▶ ENFORCEMENT

The U.S. Department of Labor's Wage and Hour Division (WHD) has the authority to investigate and enforce compliance with the FFCRA. Employers may not discharge, discipline, or otherwise discriminate against any employee who lawfully takes paid sick leave or expanded family and medical leave under the FFCRA, files a complaint, or institutes a proceeding under or related to this Act. Employers in violation of the provisions of the FFCRA will be subject to penalties and enforcement by WHD.



WAGE AND HOUR DIVISION
UNITED STATES DEPARTMENT OF LABOR

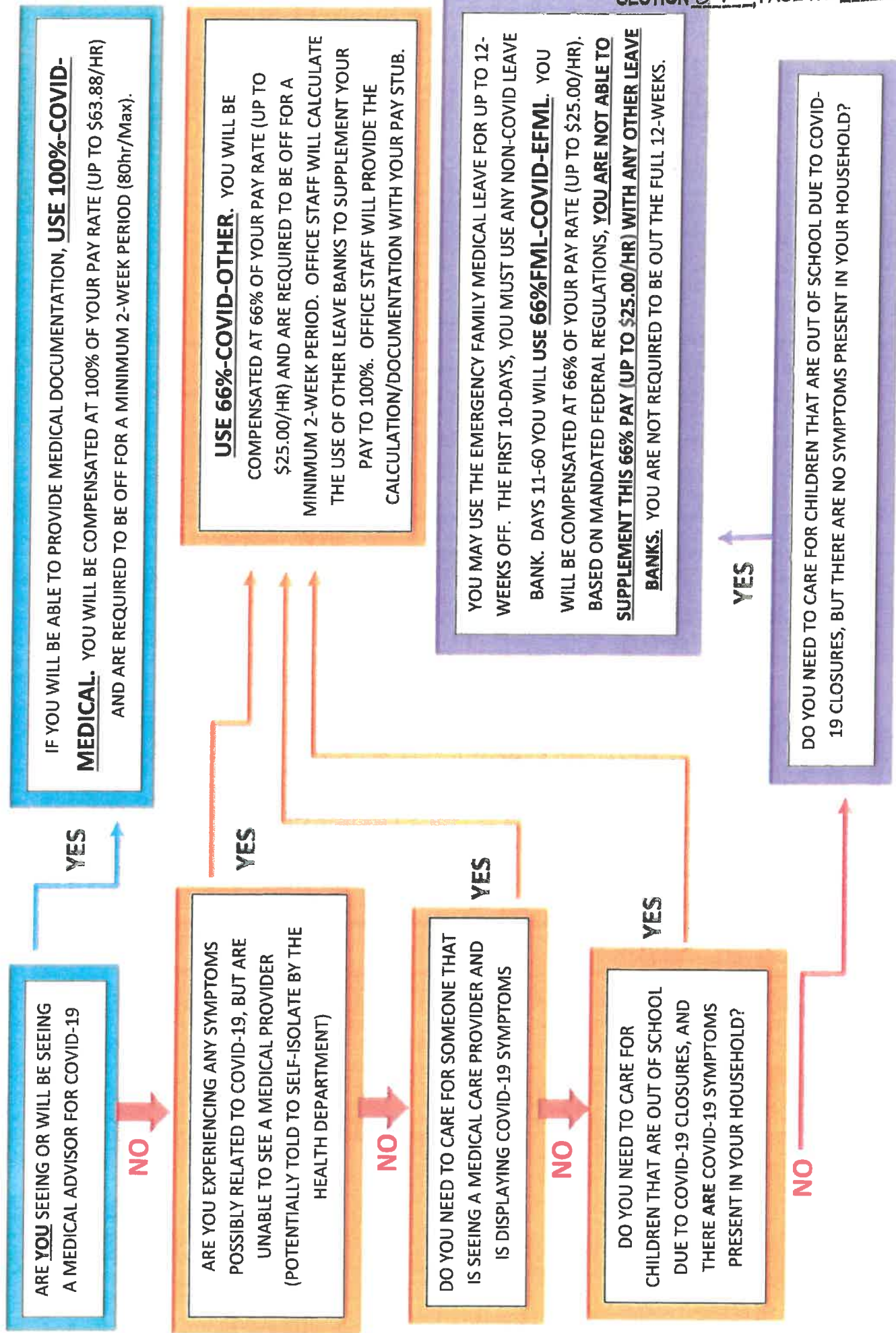
For additional information
or to file a complaint:
1-866-487-9243

TTY: 1-877-889-5627

dol.gov/agencies/whd



HOW TO USE THE 80/HR COVID-19 SICK LEAVE AND EMERGENCY FAMILY MEDICAL LEAVE



EXECUTIVE DEPARTMENT
STATE OF CALIFORNIA

SECTION E4a, PAGE NO. 6

EXECUTIVE ORDER N-42-20

WHEREAS on March 4, 2020, I proclaimed a state of emergency to exist in California as a result of the threat of COVID-19; and

WHEREAS it is the established policy of the State under Water Code section 106.3 that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes; and

WHEREAS to limit the spread of COVID-19 it is crucial that Californians wash their hands regularly and thoroughly; and

WHEREAS many Californians are experiencing or will experience substantial losses of income as a result of business closures, the loss of work hours or wages, or layoffs related to COVID-19, which may hinder their ability to make payments for water service and subject them to water shutoffs due to non-payment; and

WHEREAS many small businesses that provide services essential to the health and well-being of Californians have experienced substantial reductions in income, which may hinder their ability to make payments for water service and subject them to water shutoffs due to non-payment; and

WHEREAS the California Public Utilities Commission has directed private water utilities under its jurisdiction to implement customer service protections, including a moratorium on service disconnections, during the COVID-19 emergency; and

WHEREAS more than 100 public and private water systems have voluntarily agreed to halt disconnections as well; and

WHEREAS under the provisions of Government Code section 8571, I find that strict compliance with the various statutes and regulations concerning water shutoffs specified in this order would prevent, hinder, or delay appropriate actions to prevent and mitigate the effects of the COVID-19 pandemic.

NOW, THEREFORE, I, GAVIN NEWSOM, Governor of the State of California, in accordance with the authority vested in me by the State Constitution and the statutes of the State of California, and in particular, Government Code sections 8567, 8570, 8571, and 8627, do hereby issue the following order to become effective immediately:

IT IS HEREBY ORDERED THAT:

- 1) The authority of urban and community water systems, as defined in Health and Safety Code section 116902, subdivision (d), to discontinue residential service, as defined in Health and Safety Code section 116902, subdivision (c), for non-payment under Health and Safety Code sections 116908 and 116910, is suspended.
- 2) Water systems not subject to the requirements of Health and Safety Code sections 116908 and 116910 shall not discontinue residential

service, as defined in Health and Safety Code section 116902, subdivision (c), for non-payment.

- 3) Water systems shall restore any residential service to occupied residences that has been discontinued for nonpayment since March 4, 2020.
- 4) Water systems shall not discontinue service to any business in the critical infrastructure sectors designated by the State Public Health Officer as critical to protect the health and well-being of all Californians that qualifies as a small business under 13 C.F.R. § 121.201 of the Small Business Administration's regulations.
- 5) The State Water Resources Control Board shall identify best practices, guidelines, or both to be implemented during the COVID-19 emergency (i) to address non-payment or reduced payments, (ii) to promote and to ensure continuity of service by water systems and wastewater systems, and (iii) to provide measures such as the sharing of supplies, equipment and staffing to relieve water systems under financial distress.

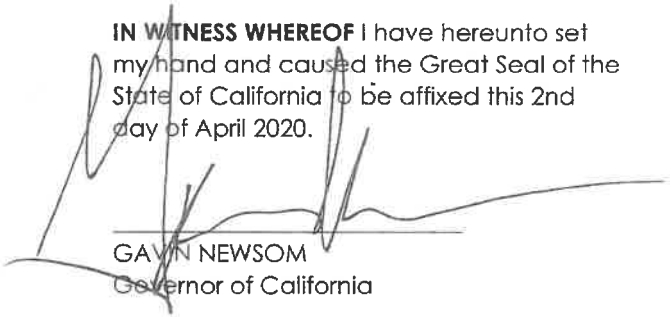
Nothing in this Order eliminates the obligation of water customers to pay for water service, prevents a water system from charging a customer for such service, or reduces the amount a customer already may owe to a water system.

Nothing in this Order modifies the obligations of urban and community waters systems to comply with provisions of the Water Shutoff Protection Act not specifically addressed by this Order or other applicable laws, regulations, and guidelines.

IT IS FURTHER ORDERED that as soon as hereafter possible, this Order be filed in the Office of the Secretary of State and that widespread publicity and notice be given of this Order.

This Order is not intended to, and does not, create any rights or benefits, substantive or procedural, enforceable at law or in equity, against the State of California, its agencies, departments, entities, officers, employees, or any other person.

IN WITNESS WHEREOF I have hereunto set my hand and caused the Great Seal of the State of California to be affixed this 2nd day of April 2020.



GAVIN NEWSOM
Governor of California

ATTEST:

ALEX PADILLA
Secretary of State



FEDERAL ENERGY REGULATORY COMMISSION
Office of Energy Projects
Division of Dam Safety and Inspections – San Francisco Regional Office
100 First Street, Suite 2300
San Francisco, CA 94105-3084
(415) 369-3300 Office – (415) 369-3322 Facsimile

H.B.M.W.D. MAR 17 2020

March 12, 2020

In reply refer to:
Project No. 3430-CA

Mr. John Friedenbach
General Manager
Humboldt Bay Municipal Water District
828 Seventh Street
P.O. Box 95
Eureka, CA 95502-0095

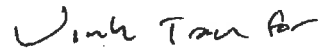
Re: 2019 Emergency Action Plan (EAP) Five-Year Reprint

Dear Mr. Friedenbach:

This is in response to Ms. Samantha Ryan's letters dated June 28, 2019 and July 10, 2019 that submitted the 2019 Revised Emergency Action Plan (EAP) for the R.W. Matthews Dam Project, FERC No. 3430. We have reviewed the submittal and we have no comments.

Your cooperation in this aspect of the Commission's public safety program is appreciated. If you have any questions, please contact Mr. Samuel Lee at (415) 369-3393.

Sincerely,



Frank L. Blackett, P.E.
Regional Engineer

FEDERAL ENERGY REGULATORY COMMISSION
Office of Energy Projects
Division of Dam Safety and Inspections – San Francisco Regional Office
100 First Street, Suite 2300
San Francisco, CA 94105-3084
(415) 369-3300 Office – (415) 369-3322 Facsimile

H.B.M.W.D. MAR 17 2020

March 12, 2020

In reply refer to:
Project No. 3430-CA

Mr. John Friedenbach
General Manager
Humboldt Bay Municipal Water District
828 Seventh Street
P.O. Box 95
Eureka, CA 95502-0095

Re: 2019 Annual Emergency Action Plan Status Report

Dear Mr. Friedenbach:

This letter is in response to your letter dated December 11, 2019 submitting the 2019 Emergency Action Plan (EAP) Status Report for the R.W. Matthews Dam Project, FERC No. 3430. We have reviewed the submittal and we have no comments.

We appreciate your continued efforts in this aspect of the Commission's public safety program. If you have any questions, please contact Mr. Samuel Lee at (415) 369-3393.

Sincerely,



Frank L. Blackett, P.E.
Regional Engineer

FEDERAL ENERGY REGULATORY COMMISSION
Office of Energy Projects
Division of Dam Safety and Inspections – San Francisco Regional Office
100 First Street, Suite 2300
San Francisco, CA 94105-3084
(415) 369-3300 Office – (415) 369-3322 Facsimile

March 17, 2020

H.B.M.W.D. MAR 26 2020

In reply refer to:
Project No. 3430-CA
NATDAM No. CA00833

Mr. John Friedenbach
General Manager
Humboldt Bay Municipal Water District
PO Box 95
Eureka, CA 95502-0095

Re: Eighth Independent Consultant's Safety Inspection Report for R.W. Matthews Dam

Dear Mr. Friedenbach:

This is in response to your letter dated October 18, 2016 that submitted the Eighth Independent Consultant's Safety Inspection Report (Part 12D report) for R.W. Matthews Dam, which is part of the R.W. Matthews Dam Project, FERC No. 3430. We have reviewed the submittal, and have the following comments:

1. We agree with the conclusions made by the independent consultant as stated in Section 1.2 of the report and with the recommendations that are listed in Section 1.3.
2. We note that the eLibrary copy of the Part 12D report was not signed by the independent consultant on page 1-7 of the report. The hard copies of the report submitted to our office were signed. Please eFile the Part 12D report again using a signed copy or submit another signed hard copy to our office for our eFiling of the report.

The report conforms to the requirements of Chapter 14 of the Commission's Engineering Guidelines and is accepted. Matthews Dam meets Commission dam safety standards and criteria.

Within 30 days of the date of this letter, please address our comments or provide a plan and schedule to address our comments. We appreciate your cooperation in this aspect of the Commission's dam safety program. If you have any questions, please contact Mr. Samuel Lee at (415) 369-3393.

Sincerely,

A handwritten signature in cursive script that reads "Frank L. Blackett".

Frank L. Blackett, P.E.
Regional Engineer

FEDERAL ENERGY REGULATORY COMMISSION
Office of Energy Projects
Division of Dam Safety and Inspections – San Francisco Regional Office
100 First Street, Suite 2300
San Francisco, CA 94105-3084
(415) 369-3300 Office – (415) 369-3322 Facsimile

H.B.M.W.D. MAR 31 2020

March 17, 2020

In reply refer to:
Project No. 3430-CA

Mr. John Friedenbach
General Manager
Humboldt Bay Municipal Water District
828 Seventh Street
P.O. Box 95
Eureka, CA 95502-0095

Re: 2019 Emergency Action Plan Functional and Tabletop Exercise Evaluation Report

Dear Mr. Friedenbach:

This letter is in response to your letters dated December 27, 2018 and November 8, 2019 that submitted the 2018 Emergency Action Plan (EAP) Status Report and the 2019 EAP Functional and Tabletop Exercise Evaluation Report for the R.W. Matthews Dam Project, FERC No. 3430. We have reviewed the submittal, and we have no comments.

We appreciate your continued efforts in this aspect of the Commission's public safety program. If you have any questions, please contact Dr. Samuel Lee at (415) 369-3393.

Sincerely,



Frank L. Blackett, P.E.
Regional Engineer

POST PERFORMANCE MONITORING REPORT

Grantee: County of Humboldt

Implementing Agency: Humboldt Bay Municipal Water District

Agreement No.: 4600009714 **Funding Grant Source/Round:** Prop. 84 IRWM Round 1

Project Title: Blue Lake Fieldbrook (BL/FB) Pipeline Support Retrofit

Project Location: Latitude 40°54'04.0" N Longitude 124°01'48.5" W

Type of Report: PPR 1

Date of Report: 3/2/2020 **Report No.:** 1 **Project Completion Date:** 12/7/2018

John Friedenbach,

Time Period of This Report: Jan 2019 - Dec 2019 **Submitted by:** General Manager

I. Post-Performance Reports Schedule:

PPR 1	PPR 2	PPR 3
Due 3/2020	Due 3/2021	Due 3/2022

II. Short project description (per the Agreement and/or original application language)

HBMWD provides wholesale water to the City of Blue Lake and the Fieldbrook-Glendale Community Services District (FGCSD), who in turn serve potable water to approximately 2,700 residents in the communities of Blue Lake, Fieldbrook, and Glendale. Prior to the implementation of the BL/FB Project, the sole source of water for these residents was a 14-inch HBMWD pipeline that crossed the Mad River via a 1930s-era railroad trestle bridge owned by the North Coast Railroad Authority (NCRA). The railroad is no longer in service, and the NCRA has not maintained this trestle for decades. Recent evaluations of the trestle noted that it is susceptible to catastrophic failure during a large seismic or storm event. Over time this trestle will continue to degrade. Eventually it will fail, which would cause associated failure of the old HBMWD pipeline and leave the residents of Blue Lake, Fieldbrook, and Glendale without potable water service and fire flow protection. To mitigate this risk, the BL/FB Project installed a new high-density polyethylene (HDPE) pipeline underneath the Mad River. The communities of Blue Lake, Fieldbrook, and Glendale are now provided with potable water through this new pipeline.

III. List the project benefits (Primary and Secondary) (per the Agreement and/or original application language)

Physical benefits from the project include providing regional and local areas with environmental, recreational, and other benefits (social, cultural, economic) by ensuring that HBMWD distribution system is able to reliably serve the drinking water needs into the future. The two main benefits achieved are: 1) Increase the water supply reliability for Blue Lake and FGCSD; and 2) Contribute to long-term attainment and maintenance of water quality for Blue Lake and FGCSD.

IV. List and/or explain any differences between the expected versus actual project benefits in meeting IRWM priorities as stated in the original IRWM Implementation Grant application.

There were no differences between the expected versus actual project benefits.

V. Where applicable, the reporting should include quantitative metrics.

Primary Benefit:

Desired Outcome	Increased water supply reliability for the City of Blue Lake and FGCS
Output Indicators	Construction of underground pipeline crossing of the Mad River
Outcome Indicators	Equivalent water supplied through the underground pipeline that crosses the Mad River that meets existing seismic standards and is expected to withstand foreseeable earthquake and flooding events
Measurement Tools & Methods	Raw water demand records and metered water records per HBMWD's SCADA system
Targets	100% of water supplied to Blue Lake and FGCS through improved river crossing pipeline

Secondary Benefit:

Desired Outcome	Contribute to long-term attainment and maintenance of water quality
Output Indicators	Construction of underground pipeline crossing of the Mad River
Outcome Indicators	Water supplied through the underground pipeline that crosses the Mad River meets existing primary and secondary drinking water standards
Measurement Tools & Methods	Water quality sample test results from FGCS
Targets	100% of water supplied to Blue Lake and FGCS meets all primary and secondary drinking water standards

VI. Summary of any additional costs and/or benefits deriving from the project since its completion, if applicable.

<i>Component/Benefit</i>	<i>Original Cost(s)</i>	<i>Additional Cost(s)</i>	<i>Short Explanation of Additional Cost(s)</i>
None			

VII. Continued reporting on meeting the Output Indicators and Targets discussed in the Project Monitoring Plan discussed in Paragraph 21 of the Grant Agreement.

Primary Benefit:

The City of Blue Lake and FGCS receive all their water through the pipeline that now crosses under the Mad River. To ensure the pipeline is providing the intended water, daily flow through the two water meters beyond the river crossing that measure water usage for the City of Blue Lake and FGCS is monitored using the SCADA system at HBMWD's Essex

facility. Anytime usage is not shown in the SCADA system, operational staff confirms source of the issue and that it is with either metering or the SCADA system; not actual water delivery. In 2019, over 128 million gallons of water were delivered to the City of Blue Lake and FGCS D; an average 0.351 million gallons per day.

Secondary Benefit:

Water quality tests are collected throughout the FGCS D distribution system during the year; this includes tests for Coliform, E. coli, total trihalomethanes and haloacetic acids. The results of these tests can confirm that the pipeline is continuing to convey water of a good quality. If none of the tests exceed the maximum contaminant levels (MCLs), the pipeline can be assumed to be contributing to on-going satisfactory water quality. In 2019, there were no contaminants above the MCL in the FGCS D distribution system.

(It should be noted that a test result above the MCL does not indicate a contaminant problem in the new pipeline. It is evidence that there may be a problem somewhere in the treatment or distribution system. In this situation, further investigations of the given contaminant would likely reveal the source.)

VIII. Any additional information relevant to or generated by the continued operation of the project.

There is no additional information generated by the continued operation of the project.

H.B.M.W.D. MAR 20 2020
via email

SECTION 443 PAGE NO. 1



COUNTY OF HUMBOLDT

JOHN BARTHOLOMEW
TREASURER-TAX COLLECTOR

825 FIFTH STREET ROOM 125
EUREKA, CALIFORNIA 95501

PHONE: 707-476-2450
FAX: 707-445-7608
TOLL FREE: 877-448-6829
EMAIL: taxinfo@co.humboldt.ca.us

Subject: Interest Apportionment Rate and Other Considerations

March 20, 2020

Honorable Board Members,

Your fund balances in the County Treasury from July through September 2019 (Fiscal 2019/20 1st Quarter) earned an annualized interest rate of 1.70%. For comparison purposes, the LAIF (Local Agency Investment Fund) rate was 2.45%.

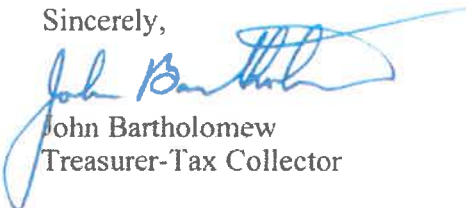
Sorry this report is later than usual, but the data we require to run interest apportionment can only be completed once transaction data in the county financial system is up to date for each quarter; and that reconciliation is beyond the control of this department.

1st Quarter factors: The Federal Reserve cut rates by 25 basis points (bps), or .25%, at both the July and September Federal Open Market Committee (FOMC) meetings. Trade tensions, weakening manufacturing activity, and heightened concern for a recession drove yields downward. The July through September quarter is also when expenses for the County are at their highest and when cash inflows are at their lowest; meaning treasury pool assets on average are reduced relative to the rest of the year.

Interest rates were again reduced 25 bps in October due to continued recessionary concerns; then cut by 50 bps the first week of March when an understanding of COVID-19 began to sink in. Then the Fed surprised the market on Sunday (yes, Sunday 3/15) with a 100 bps reduction when reality slapped the government awake regarding the true financial impacts of the corona virus. The Fed Funds rate now sits at 0 - .25%; or 225 bps less than it was at the beginning of last summer. Ergo we are now in the same Fed Funds rate environment we were in to help pull us out of the 2008-09 recession. Bummer. We live in strange and uncertain times.

As always, our goals are Safety, Liquidity and Yield. Be well, safe, and take care of your family.

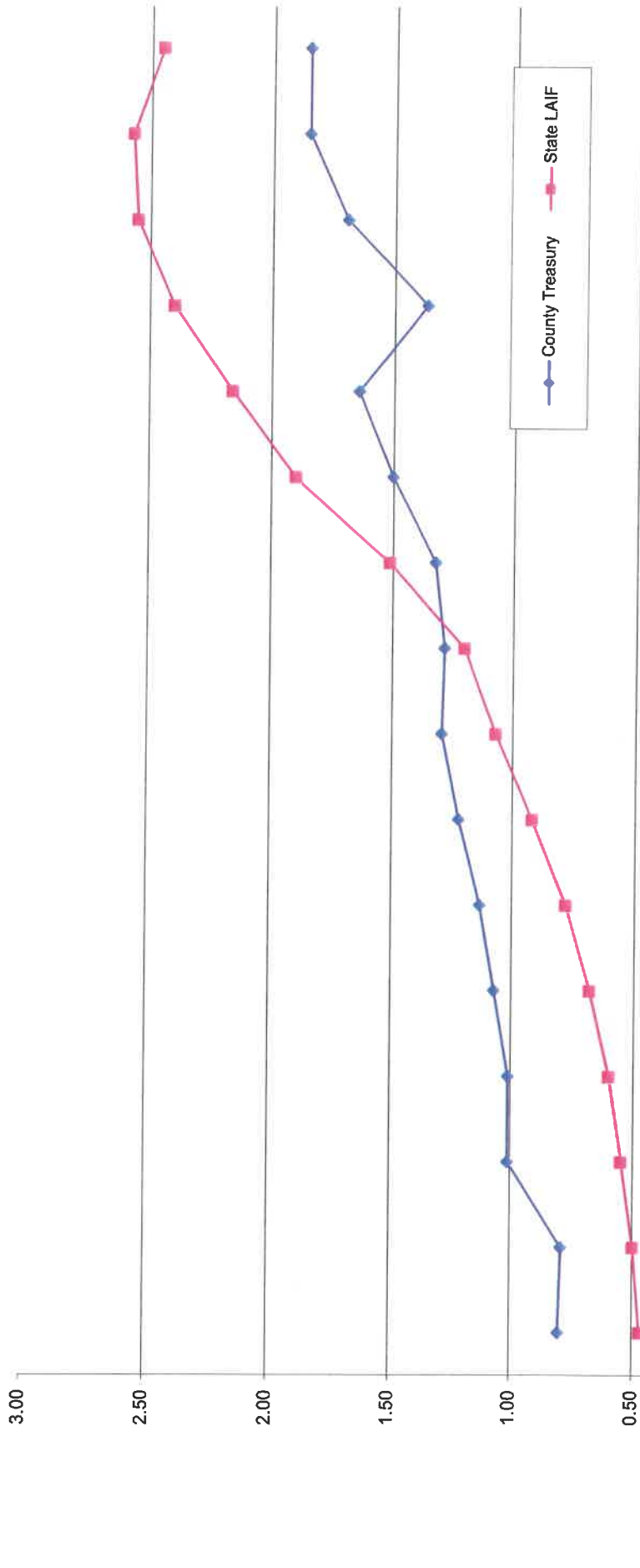
Sincerely,


John Bartholomew
Treasurer-Tax Collector

Humboldt County Treasury Team:

Whitney Morgan – Treasury Assistant
Amy Christensen – Treasury Assistant

Comparison of County Treasury and State LAIF Investment Earning Rates
October 2015 - September 2019

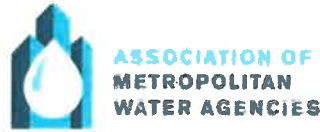


Month	County Treasury	State LAIF
Oct - Dec 2015	0.80	0.47
Jan - Mar 2016	0.79	0.5
Apr - Jun 2016	1.01	0.55
Jul - Sep 2016	1.01	0.6
Oct - Dec 2016	1.07	0.68
Jan - Mar 2017	1.13	0.78
Apr - Jun 2017	1.22	0.92
Jul - Sep 2017	1.29	1.07
Oct - Dec 2017	1.28	1.2
Jan - Mar 2018	1.32	1.51
Apr - Jun 2018	1.5	1.9
Jul - Sep 2018	1.64	2.16
Oct - Dec 2018	1.36	2.4
Jan - Mar 2019	1.69	2.55
Apr - Jun 2019	1.85	2.57
July - Sept 2019	1.85	2.45

FUND BALANCES
Allocation Account Activity
October 1, 2019 - October 1, 2019

Interest July - September 2019

Account	Fund	Security ID	Current Transaction Rate	Transaction Date	Receipt	Trans. Type	Contributions / Transfer In	Disbursements / Transfer Out / Fees	Allocated Earnings	Balance
2710	2710	SYS	1.703	10/01/2019		Alloc/Fee			150.27	73,069.90
	1% Taxes		1.703				0.00	0.00	150.27	73,220.17
	Subtotal and Ending Balance									73,220.17
2711	2711	2711	1.703	10/01/2019		Alloc/Fee			1,878.67	437,766.99
	MSRA		1.703				0.00	0.00	1,878.67	439,645.66
	Subtotal and Ending Balance									439,645.66
2712	2712	2712	1.703	10/01/2019		Alloc/Fee			2,198.26	487,060.90
	Remat		1.703				0.00	0.00	2,198.26	489,259.16
	Subtotal and Ending Balance									489,259.16
3873	3873	3873	1.703	10/01/2019		Alloc/Fee			6,290.27	1,714,902.09
	Investment Account		1.703				0.00	0.00	6,290.27	1,721,192.36
	Subtotal and Ending Balance									1,721,192.36
3874	3874	3874	1.703	10/01/2019		Alloc/Fee			1,026.45	239,184.31
	DWF P		1.703				0.00	0.00	1,026.45	240,210.76
	Subtotal and Ending Balance									240,210.76
3876	3876	3876	1.703	10/01/2019		Alloc/Fee			249.93	5,189.81
	SRF Payment		1.703				0.00	0.00	249.93	5,439.74
	Subtotal and Ending Balance									5,439.74



The Honorable Mitch McConnell
Majority Leader, United States Senate
Washington, DC 20510

The Honorable Nancy Pelosi
Speaker, United States House of Representatives
Washington, DC 20515

The Honorable Charles Schumer
Minority Leader, United States Senate
Washington, DC 20510

The Honorable Kevin McCarthy
Minority Leader, United States House of Representatives
Washington, DC 20515

Dear Leader McConnell, Speaker Pelosi, Leader Schumer, and Leader McCarthy

We, the nation's public water sector, write to alert you to an urgent issue that directly affects all state and local government employees.

H.R. 6201, the Families First Coronavirus Response Act, expands paid sick leave and family medical leave benefits for all public sector employees who are affected by the coronavirus crisis. While we support this provision, with appropriate limitations to ensure that certain critical operational water system staff are available at to maintain water service, the enacted legislation includes a glaring flaw that will place a strain on taxpayers across the country.

Unfortunately, the bill treats private companies and public employers very differently. Both are required to provide paid sick and family leave to employees affected by the coronavirus pandemic, but only private sector employers will receive a payroll tax credit to offset the costs. Public sector employers are explicitly prohibited from receiving those same tax credits, even though state and local governments pay payroll taxes to the federal government.

We strongly urge you to include a provision in the Coronavirus Aid, Relief, and Economic Security Act to strike Secs. 7001(e)(4) and 7003(e)(4) from HR 6201 and explicitly clarify that state and local governmental employers, including those exempt from 26 USC 3111, fully qualify for both the Section 7001 and Section 7003 credits.

Water utilities have incredibly tight budgets in the best of times. Especially because water utilities across the country are doing their part to keep clean, safe, reliable, and affordable water service flowing and actively help slow and reverse the coronavirus outbreak, it is imperative that water systems and other public sector employers benefit from the same payroll tax credits as their private sector counterparts.

As the voices of the public water sector, we stand ready to assist our communities in this crisis. If you have any further questions, please do not hesitate to contact us.

Sincerely,

Nathan Ohle
CEO
Rural Community Assistance Partnership

David Reynolds
Director of Federal Relations
Association of California Water Agencies

Walter T. Marlowe P.E., CAE
Executive Director
Water Environment Federation

G. Tracy Mehan
Executive Director for Government Affairs
American Water Works Association

Diane VanDe Hei
CEO
Association of Metropolitan Water Agencies

Emily Feenstra
Managing Director, Government Relations
American Society of Civil Engineers

Julia Anastasio
Executive Director and General Counsel
Association of Clean Water Administrators

Adam Link
Executive Director
California Association of Sanitation Agencies

Adam Krantz
CEO
National Association of Clean Water Agencies

Alan Roberson
Executive Director
Association of State Drinking Water
Administrators

Sherrie, will you please share this with the Directors?

SECTION EHI, PAGE NO. 1

Thank you,
Dan

From: "Daniel Edrich"

To: "neil latt" , "mike wilson" , "mike cipra" Cc: FRIEDENBACH > , "Friends of the dunes" > , "mike cipra"

Subject: Stripping dune vegetation under a Negative Declaration to an EIR

Date: Sat, 28 Mar 2020 09:18:56 -0700

Dear Neal and John, thank you for your time in our tele-conference.
There is much left unsaid,
Seven questions;

"In the most comprehensive study of its sort to date, UC San Diego economists show that U.S. counties with more wetlands experienced substantially less property damage from hurricanes and tropical storms over a recent 20-year period than those with fewer wetlands.

A major focus of the study is estimating the monetary value of wetlands' property-protecting services. On average, the marginal value of one square kilometer

of wetlands is estimated at \$1.8 million per year. The study also finds there is considerable spatial variation in the value of wetlands' protective services, with their

value in heavily populated areas that are at frequent risk of being hit by major storms often being considerably higher."

The paper, titled "Coastal wetlands reduce property damage during tropical cyclones," is published in the *Proceedings of the National Academy of Sciences*.

Neil or John,

1. Do you understand how wetlands impact your coastal water-mains?
2. Are you familiar with FEMA's 540 Rule? (pre-frontal dunes)
3. Are you familiar with the permanent wetlands delineated Federally in 1989, given extraordinary 250' buffers found on the National Wetlands Inventory (NWI),
State Aquatic Resources Inventory (CARI) and the County's own GIS?
4. Were you aware that FODs worked in those wetlands without a wetlands permit, subsequently draining the very wetlands they were paid to enhance?
5. Did you know that FEMA will credit a dune as a structure (Federal Insurance Rate Map FIRM) IF it has been vegetated for ten consecutive years? If not vegetated 10 years consecutively FEMA does not credit the dune as a structure.
6. Did you know that Friends of the Dunes were stripping vegetation from pre-frontal, primary and hind-dunes?
7. Do you know why the Friends of the Dunes are recipients of FEMA "resilience grants? Seems counter-intuitive, please explain.
8. When may we expect repairs?

I hope you and your families are safe in this C-19 period,

Respectfully,

Dan Edrich, Manila

HUMBOLDT BAY MUNICIPAL WATER DISTRICT

To: Board of Directors
From: John Friedenbach
Date: April 2, 2020
Subject: Water Resource Planning (WRP) – Status Report

.....

The purpose of this memo is to summarize recent activities and introduce next steps for discussion.

1) Top-Tier Water Use Options**a) Local Sales**

Nordic Aquafarms – no update.

ESS of Laguna Hills continues to prepare our grant application to the US Economic Development Agency seeking funding for rehabilitating Station 6.

A report from Samoa Peninsula Stakeholder Group working group is expected in April. Staff will distribute to the Board when it is received.

b) Transport

Staff was contacted by Ken Davlin of Oscar Larsen & Associates regarding the status of our Transport Option. He has been contacted by a water agency in the San Diego area who has expressed some interest. He was directed to our Water Resource Planning section of our website and corresponding information. He was familiar with our WRP. He was aware of our solicitation of our Transport option to other municipalities when the pipeline reconnaissance level study was prepared and circulated. Staff will update the Board if this materializes further.

c) Instream Flow Dedication

Progress continues with the tasks contained in our WCB instream flow grant and claim reimbursements have been received. At the May Board meeting we will be reviewing our draft project description for consideration and approval prior to taking it to the Water Board staff. Additional refinements to our project description are being made as a result of our last committee meeting in March.

Fish farmers advance aquaculture

3/21/2020 Daniel Mintz Mad River Union



FISHY FACILITIES Marianne Naess, Nordic Aquafarms' commercial director, describes her company's aquaculture project design. Photos by Daniel Mintz | Union

HUMBOLDT – The Nordic Aquafarms company has advanced its plans to build a major aquaculture facility on Humboldt Bay and has released designs of its proposed project.

The company's managers have also said that the preferred species to be raised at this point is Atlantic salmon, which concerns the fishing industry locally and coastwide.

The Norway-based Nordic Aquafarms unveiled its project design and answered questions at a March 10 forum at Eureka's Wharfinger Building. About 25 people were there.

The project will consist of six buildings on the Samoa Peninsula at the site of the former Louisiana-Pacific pulp mill.

A first phase will include a smolt raising facility and a 201,000-square-foot fish holding facility. A second phase includes a larger 337,000-square-foot holding facility.



The design features multiple buildings for raising and holding fish.

Engineers from the local GHD and SHN consulting firms were there and said earthquake, tsunami and sea level rise resistance is a key aspect of project design.

Elements relevant to that include consecutive placement of buildings to buffer oncoming waters and elevated height of tanks.

As project designs were projected, David Noyes, Nordic's vice president of technology, said the land-based facility has multiple barriers against fish escape.

"We have a series of measures between us and the water to make sure that there's no interaction between the outside environments and our indoor facilities," he continued. "This adds up to roughly 12 physical barriers between the fish and the outside water to make sure that we don't have any co-mingling and escape issues."

A wastewater treatment loop includes nitrogen reduction and removal of "a majority" of particulate matter and phosphorous, Noyes said. An "ultra-filtration membrane bio-reactor" can "actually filter out bacteria" and removes 99.9 percent of solids in the water, Noyes continued.

He said the process can remove matter "orders of magnitude smaller" than E. coli bacteria.

Nordic is in the permitting phase of a similar project in Belfast, Maine, which is encountering controversy. But unlike the Maine project, a zoning change isn't needed for the Humboldt project, the Samoa site is previously-developed and a discharge pipe doesn't need to be constructed.

The Humboldt site's existing outfall pipe extends 1.5 miles into the ocean.

Controversy is minimal in Humboldt and community support is ramping up, particularly from all tiers of the county's educational system. Eureka High School, College of the Redwoods and Humboldt State University have had discussions with Nordic's representatives on how the project and the schools can interface.

Until now, the company has held off on indicating a preference for the type of fish that will be produced. At the forum, Marianne Naess, Nordic's commercial director, said it will either be steelhead or Atlantic salmon and the company will "probably apply for both."

Since the facility will produce 33,000 metric tons of fish per year, fishing communities coastwide are concerned about saturating the market with farmed salmon that is cheaper than wild-caught.

The company is leaning toward Atlantic salmon but the intent is to compete against imported salmon. "I think that commercially, (Atlantic) salmon is an easier choice for marketing our fish and replacing imports," Naess said.

She added that the company is meeting with local fishermen and tribal representatives and is in the midst of "market assessments" to firm up a decision.

"It's not determined yet but I would say that it's probably a 40-60 lean toward salmon," Naess said.

The Humboldt Fishermen's Marketing Association will take a stance on the project once a fish species is identified and the project nears permitting.

The company plans to submit a first round of permit applications this summer. Start of first phase construction is estimated to be at the end of 2021.

Second phase construction is expected to begin six months to a year after that and the project is expected to be fully built out by 2025, with fish marketing starting in 2024.



the Northcoast Environmental Center

Trinidad Rancheria Hotel One Step Closer

By **Caroline Griffith**

March 26, 2020

Caroline Griffith

A six story, 100-room hotel proposed by the Trinidad Rancheria at their Cher-Ae Hieghts Casino has received a green-light from the Bureau of Indian Affairs (BIA). On March 6, the BIA issued a Finding of No Significant Impact (FONSI) in their Environmental Analysis (EA) of the project, opening up a two-week public comment period on the ruling.

According to federal law, if the BIA is initiating, funding or approving a project (in this case, it is guaranteeing a loan), then it is considered a federal project and subject to the National Environmental Policy Act (NEPA). The BIA then gets to determine the level of study needed. Generally, if a federal action is expected to have “significant effects on the human environment”, an Environmental Impact Statement (EIS) will be prepared. An EA is used to determine if the effects are significant and if an EIS is needed. This Finding of No Significant Impact, if upheld, would mean that on a federal level the environmental review of this project would be finished.



Six story Hyatt Place hotel design presented in the BIA’s draft Environmental Assessment, October 2018, courtesy of HARP. The proposed hotel, meeting rooms, gym and pool have been opposed by many locals and conservation groups, including the NEC, since first unveiled in 2018. One of the most vocal groups in opposition to the

project is the Humboldt Alliance for Responsible Planning, or HARP. HARP held 2 public meetings in 2018, when the first public comment period on the project was opened, generating over 60 public comments to the original EA.

There have been many concerns, including impact to migratory birds and viewshed impacts, but the two main concerns of letter writers were lack of a viable water source and wastewater discharge. Last August, the Coastal Commission voted to accept the BIA's draft EA with one caveat: The Rancheria and the BIA needed to come back to the Coastal Commission with proof of a viable water source that will not adversely affect other coastal resources. The FONSI states that the Rancheria now has two wells and that it anticipates getting city water as well, but there is still a question of whether the wells will produce enough water, and there is no mention in the FONSI of water quality. It also says it will truck in water, if necessary, but Richard Johnson, a member of HARP, questions if that is really a "viable" water source.

Johnson, who is also on the City of Trinidad Planning Commission, says that the City is in the process of writing a new set of water policies. The City Planner and City Engineer are determining how much water can be pumped from Luffenholz Creek and what the capacity is of the City's water processing plant. They are also trying to project into the future to anticipate growth and determine the City's requirements to supply water within city limits, as well as to areas outside the city that already get water service. "There is a great deal of concern that, with climate change and other factors, the city may not want to give up any water right now," says Johnson. "We all recognize that February was the third driest February on record."

According to Johnson, tough decisions will have to be made regarding how water is allocated. Complicating this process is the fact that the Rancheria has invested in the Trinidad water system by helping to replace water mains and upgrade the water plant. "It's complex," says Johnson. The current plan is to have the water policy in place sometime in April. At that point, the Rancheria will have to go to the City of Trinidad to request water service.

Also at issue, says Bryce Kenny, attorney and founding member of HARP, is the fact that the hotel is part of a larger master development plan, but the individual aspects of the project are being evaluated separately. The development plan includes an expansion of the RV park, a convenience store and a highway interchange. When these projects are evaluated individually, the environmental impacts appear smaller, and less detrimental, than if they were evaluated as part of a single plan, which HARP argues they are. NEC has argued the same thing. In fact, the piece-mealing of the project was part of the original objection to the plan. NEC asserts that the hotel, convenience store, highway interchange and RV park are "connected actions", and as Larry Glass, Executive Director, posits, "They (the tribe) are intentionally disconnecting these pieces of the project, because if they had to look at the whole picture, it doesn't look as good for them."

By the time you are reading this, the BIA public comment period will be closed, but this process will be far from over. NEC was able to sign onto a comment letter with HARP and we will be waiting for a response from the BIA. There is also a possibility that the Coastal Commission will comment on the FONSI as well. The City of Trinidad will have to decide whether it can provide water to the hotel, which could happen as soon as April. Those wishing to know more or get involved in the process can contact HARP on their Facebook page, look for updates at humboldtalliance.org or reach out directly to HARP spokesman Ted Pease at tedpeasemedia@gmail.com.

1. Engineering

- a. 12 kV Switchgear Replacement (\$441,750 District Match) – Status Report*
 - i. We received the rest of the electrical portion of the submittal from the contractor for the new switchgear, but we are still missing the structural portion. We cannot forward the submittal on to PG&E for their review/approval until we have a complete submittal package, but we have begun our review of the electrical portion of the submittal. They have had setbacks and difficulties getting the submittal due to COVID-19 issues, but they said that equipment manufacturing should be on schedule once they get an approved submittal. This is the critical path item for the project schedule.
 - ii. We are currently working with Humboldt County to obtain a grading permit for the project.
 - iii. John Friedenbach sent an updated funding request letter to Cal OES on March 18, 2020 with an associated updated Match Commitment Letter (see attachment). The request was for an additional \$1,256,328, which includes additional construction costs over the original grant amount (\$1,096,328), North Coast Railroad Authority licensing costs of \$60,000, and unforeseen PG&E permitting costs of \$100,000. We have not heard back yet from Cal OES on this request.
- b. Appeal of FEMA Funding Denial for Collector 4 Emergency Restoration Work – Status Report*
 - i. As a result of the February 2019 storms, high river flows exposed the pipeline from Collector 4 and significantly eroded the nearby bank. Emergency work was performed immediately to armor the bank with rock slope protection as much as possible and to construct rock jetties to divert river flows away from the collector. This immediate emergency work was reimbursed by FEMA.
 - ii. Additional emergency repair work was completed in the summer in 2019 after river flows dropped. These repairs included new concrete encasement for a portion of the exposed pipeline, protecting the pipeline on either side with large boulders, and re-establishing the bank near Collector 4 that had eroded away. FEMA did not approve this work for reimbursement (\$686,000 on the grounds that the damage was done to a natural feature that is not considered a constructed facility. In an attempt to recoup some of these funds from FEMA, an appeal is being filed. The appeal process could take multiple rounds of appeals (maximum of 3) and could last for years.
- c. Collector Mainline Redundancy Hazard Mitigation Grant (\$790,570 District Match) – Status Report

As discussed at the March board meeting, this project has been forwarded from Cal OES to FEMA for review and funding consideration. FEMA will need to go through their environmental review process, and Phase 1 funding is anticipated to be released for this project late summer/early fall at the earliest.
- d. Reservoir Structural Retrofit Hazard Mitigation Grant (\$914,250 District Match) – Status Report

FEMA contractors were here in January to evaluate the project for Phase 1 environmental clearance prior to releasing Phase 1 funding. We have not heard anything new since that visit, but we anticipate Phase 1 funding to be released late spring/early summer.
- e. TRF Generator Hazard Mitigation Grant (\$460,431 District Match) – Status Report

We received a letter from Cal OES in December 2019 stating that this project has been put on the funding waitlist, and we have not heard anything new since then.

f. Status report re: other engineering work in progress Temperature during Matthews Dam Spillway Survey.

As discussed at the March Board meeting, thermal expansion/contraction of the spillway floor could be introducing marginal survey error. Concrete temperature is not taken during the survey. Director Lindberg asked whether or not we knew what the ambient temperature was during the 2019 spillway floor survey as compared to the 2017 spillway floor survey. While general ambient air temperatures are taken the day of the survey (which includes other surveys at the dam besides just the spillway floor), it is unknown what the specific temperatures were during the spillway floor portion of the survey work for 2017 and 2019. General temperature data indicates that it may have been slightly warmer during the 2017 survey. That being said, it is unlikely that the measured elevation differences are due to thermal expansion/contraction alone, and as previously discussed, the next step is to do another spillway floor survey in 2020.

Nathan Stevens, PE
Civil Engineer

GHD
Proudly employee-owned



HUMBOLDT BAY MUNICIPAL WATER DISTRICT

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BOARD OF DIRECTORS

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GENERAL MANAGER

JOHN FRIEDENBACH

March 31, 2020

California Governor's Office of Emergency Services
Hazard Mitigation Grants Program Unit
3650 Schriever Avenue
Mather, CA 95655

RE: HBMWD Collector Mainline Redundancy Project Maintenance Letter

Dear State Hazard Mitigation Officer,

This letter serves to confirm that the Humboldt Bay Municipal Water District is committed to perform the necessary maintenance for the entire useful life of this project (50+ years) once completed. The District allocates an annual budget which will allow maintenance to occur as needed to ensure the redundant collector mainline components remain operational and in good repair.

Entity responsible for the maintenance: Humboldt Bay Municipal Water District

Maintenance Task: Inspect and exercise valves and pipes, and replace components as required.

Maintenance Schedule and Cost: The new valves that would be installed along the redundant collector mainline would be placed on the District's annual valve inspection schedule. It is estimated that as a part of this annual inspection, 5 hours per year (\$250/year at \$50/hour) would be spent inspecting and exercising the new valves. In addition, it is estimated that \$500/year would be spent replacing parts (e.g. diaphragms, pipe leaks, etc.), resulting in a total annual maintenance cost of \$750/year.

Associated Budget: \$750/year

Please contact us if you have any questions.

Respectfully,


John Friedenbach,
General Manager

Memo to: HBMWD Board of Directors
From: Dale Davidsen, Superintendent
Date: April 1, 2020
Subject: Essex/Ruth March 2020 Operational Report

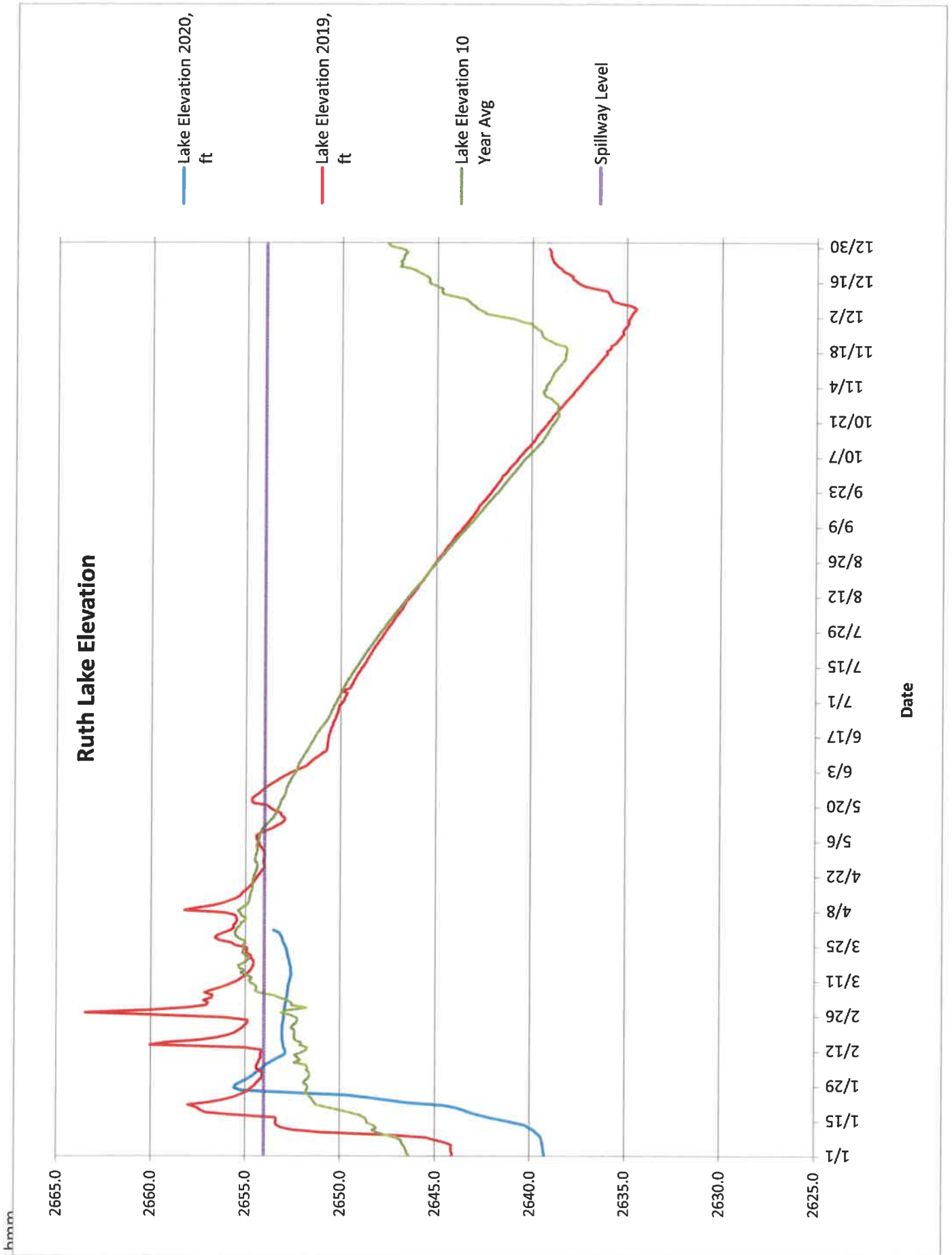
Upper Mad River, Ruth Lake, and Hydro Plant

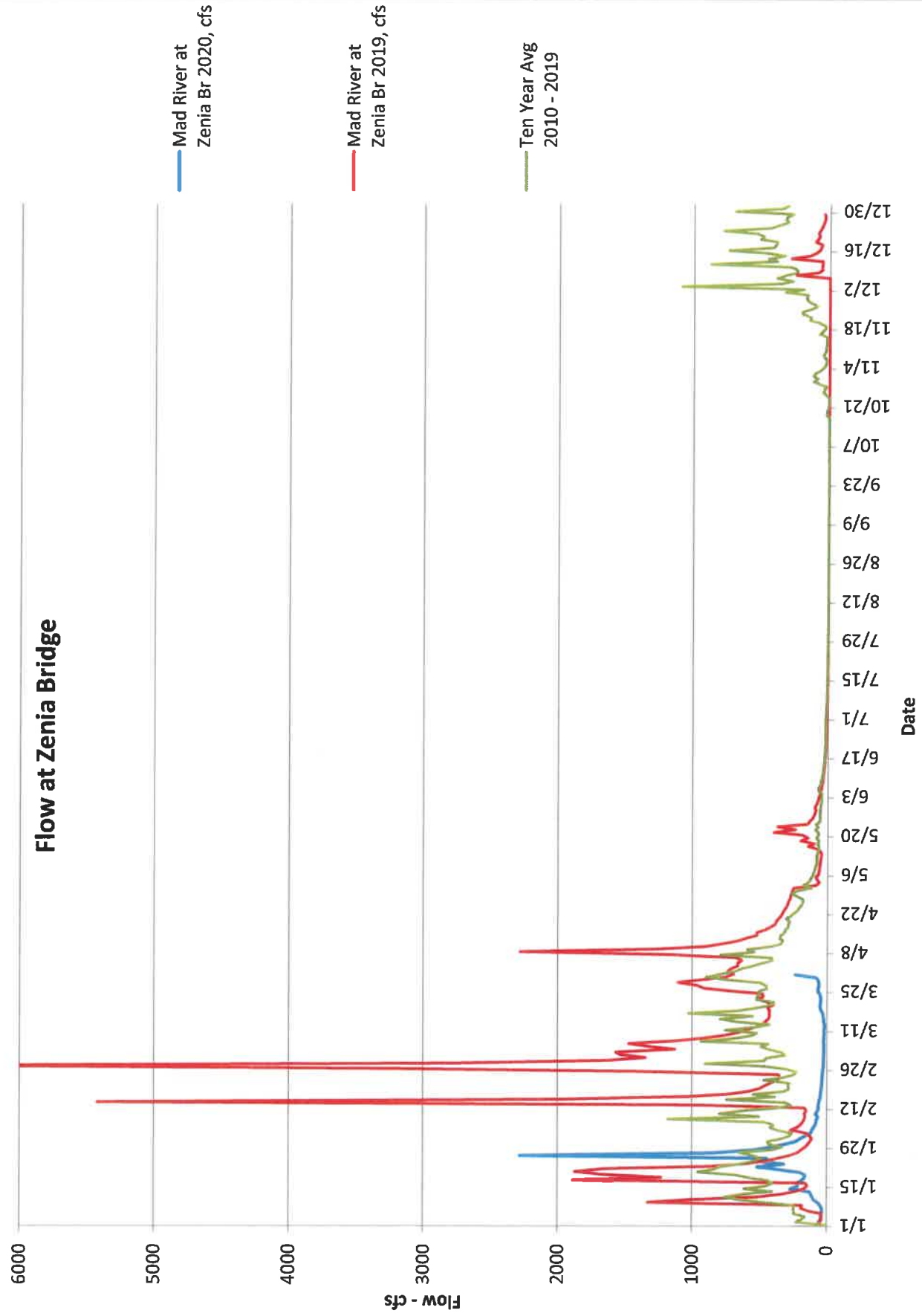
1. The flow at Mad River above Ruth Reservoir (Zenia Bridge) averaged 42 cfs. The low flow of 17 cfs was on March 12th and the high flow of 232 cfs was on March 31st.
2. The conditions at Ruth Lake for March were as follows:
The lake level on March 31st was 2653.50 feet which is:
 - 0.60 feet higher than February 29th, 2020
 - 0.13 feet higher than March 31st, 2019
 - 0.92 feet lower than the ten year average
 - 0.50 feet below the spillway
3. There were 5.40 inches of recorded rainfall for March at Ruth Headquarters.
4. Ruth Hydro produced 148,607 KWh. The hydro plant ran all month with 1 shutdown resulting in a loss of 193 KWh.
5. The discharge from the lake averaged 42 cfs with a high of 47 cfs on March 10th.

Lower Mad River, Winzler Control, and TRF

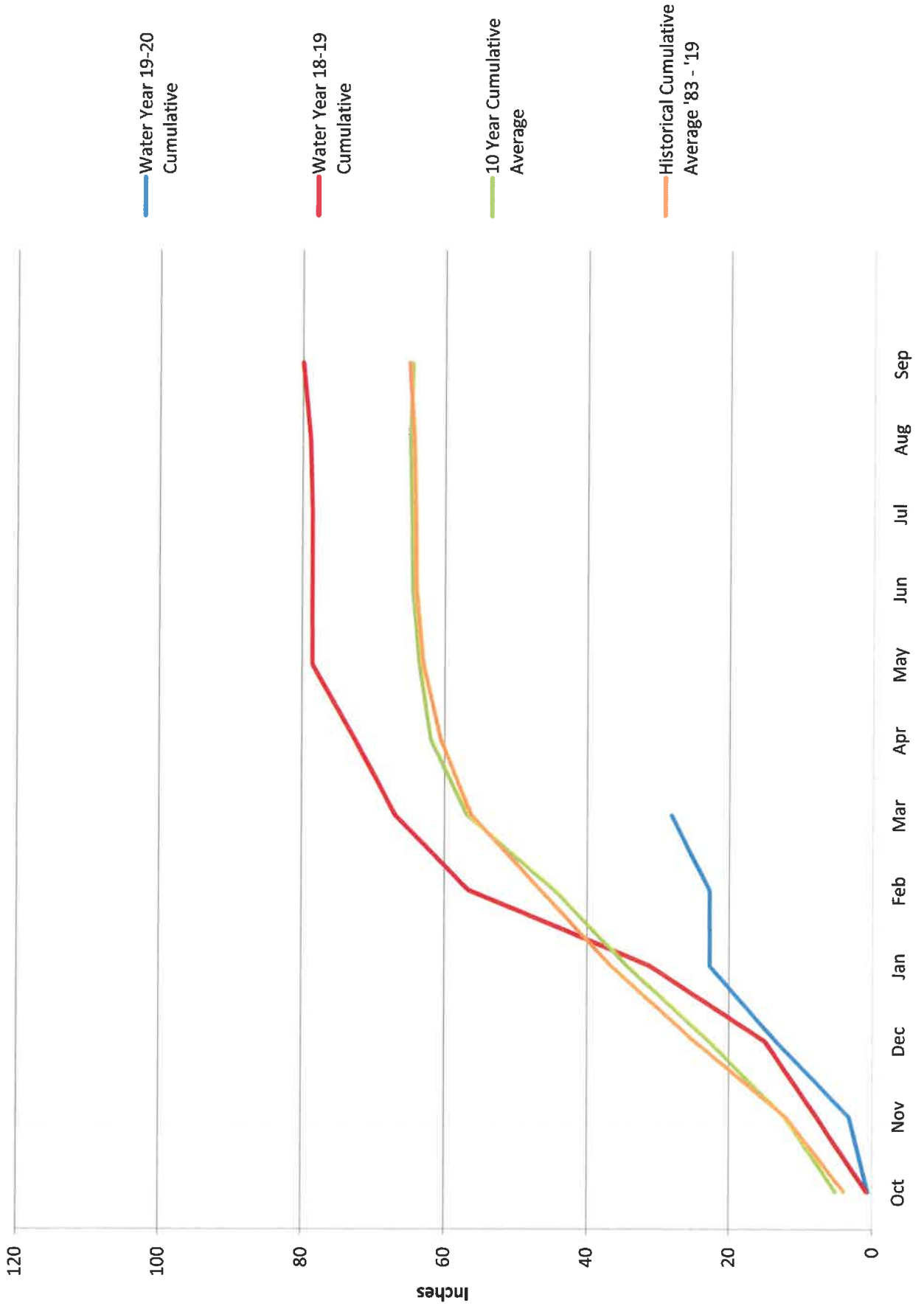
6. The river at Winzler Control Center for March had an average flow of 453 cfs. The river flow reached a high flow of 1130 cfs on March 31st.
7. The domestic water conditions were as follows:
 - The monthly turbidity average was 0.05 NTU, which meets Public Health Secondary Standards.
 - As of March 31st, we pumped 229.072 million gallons at an average of 7.296 MGD.
 - The maximum metered daily municipal customer use was 7.790 MGD on March 10th.
8. The Turbidity Reduction Facility ran 31 days in March.
9. The TRF conditions were as follows:
 - Average monthly filtered water turbidity was 0.05 NTU.
 - There were 47 backwashes on the TRF filters in March.

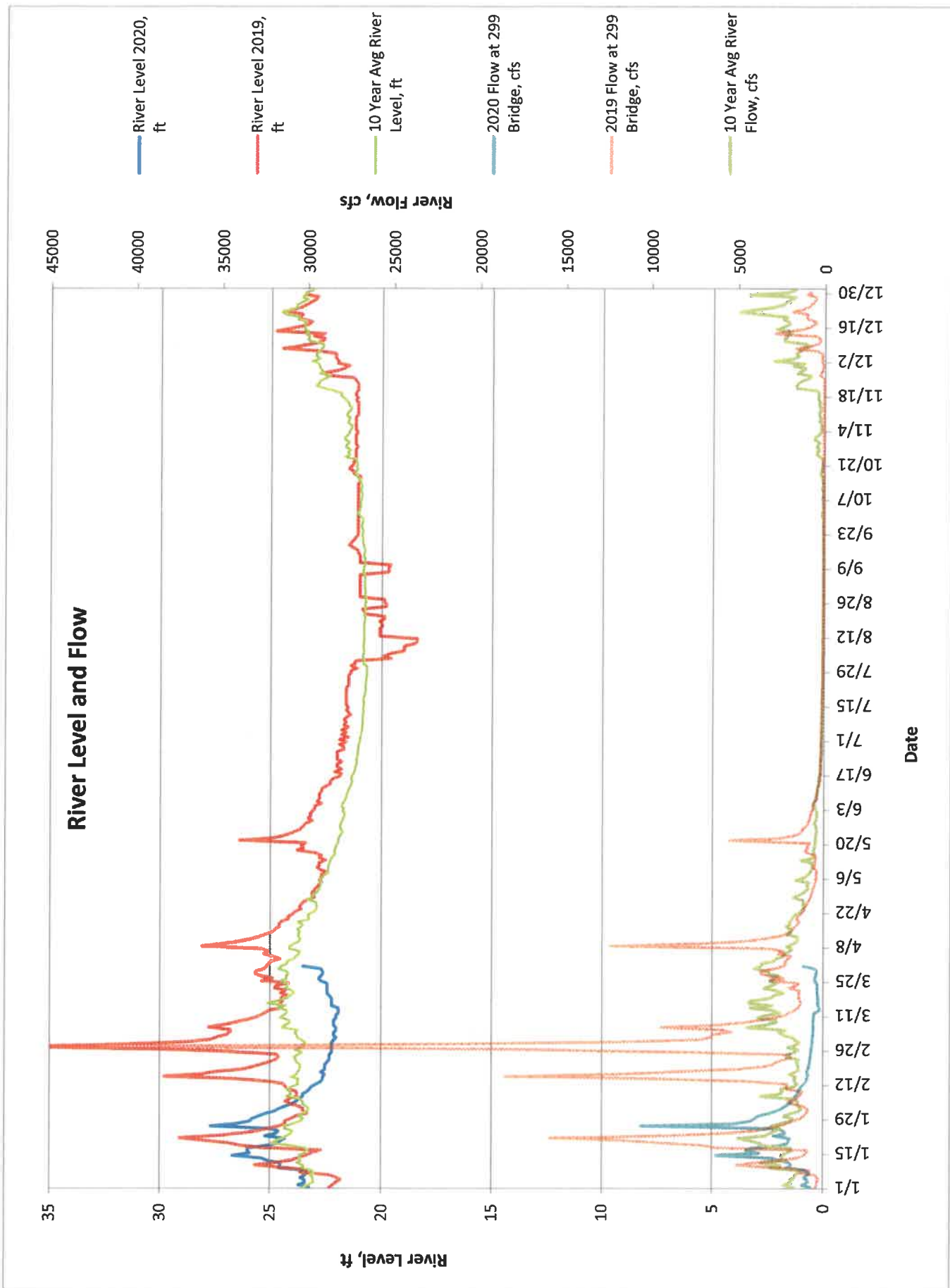
10. March 9th – Met with Fieldbrook and Humboldt County Public Works regarding a large culvert replacement on Murray Rd.
11. March 16th – Met with Operations and Maintenance supervisors and collectively made a plan on how we could maintain operations if someone here were to get sick with the Coronavirus and best way to protect staff from getting sick and spreading to all of the staff.
12. March 17th
 - Implemented plan discussed above.
 - DHHS inspection of Hazardous materials and wastes.
13. March 18th – Maintenance staff installed new Collector 3 meter. This is part of the WISE project.
14. March – 26th & 27th - Silverline Tree Service was onsite at the TRF to remove some hazard trees.
15. March 30th – A chemical delivery truck (with a new driver) got stuck on a neighbor's driveway when his GPS directed him up the wrong road. The vendor called a towing company and they got the truck out of the ditch, but it took 3 of us (2 tow truck operators and I) to get him backed back down the hill without getting stuck again, in the dark and rainy conditions.
16. Current and Ongoing Projects
 - COVID 19 – Besides above mentioned operational changes, due to the shelter-in-place and social distancing restrictions put in place by the State and County, all third party/off site safety trainings, technical trainings, and certification exam this month were cancelled. At this time none of these events have been rescheduled. Also due to these restrictions, our in house safety program trainings were cancelled due to our staff not being able to gather in our small breakroom and not working out of the same location. We are working on a plan and method to facilitate these safety trainings with power point slides, and individual online training classes when possible.
 - Working on FY 20/21 Budget.
 - Working on the WISE energy efficiency project, SCADA and power monitoring. One flow meter installed.
 - 12kV project. – No activity at Essex this month.
 - Routine annual equipment maintenance and services.



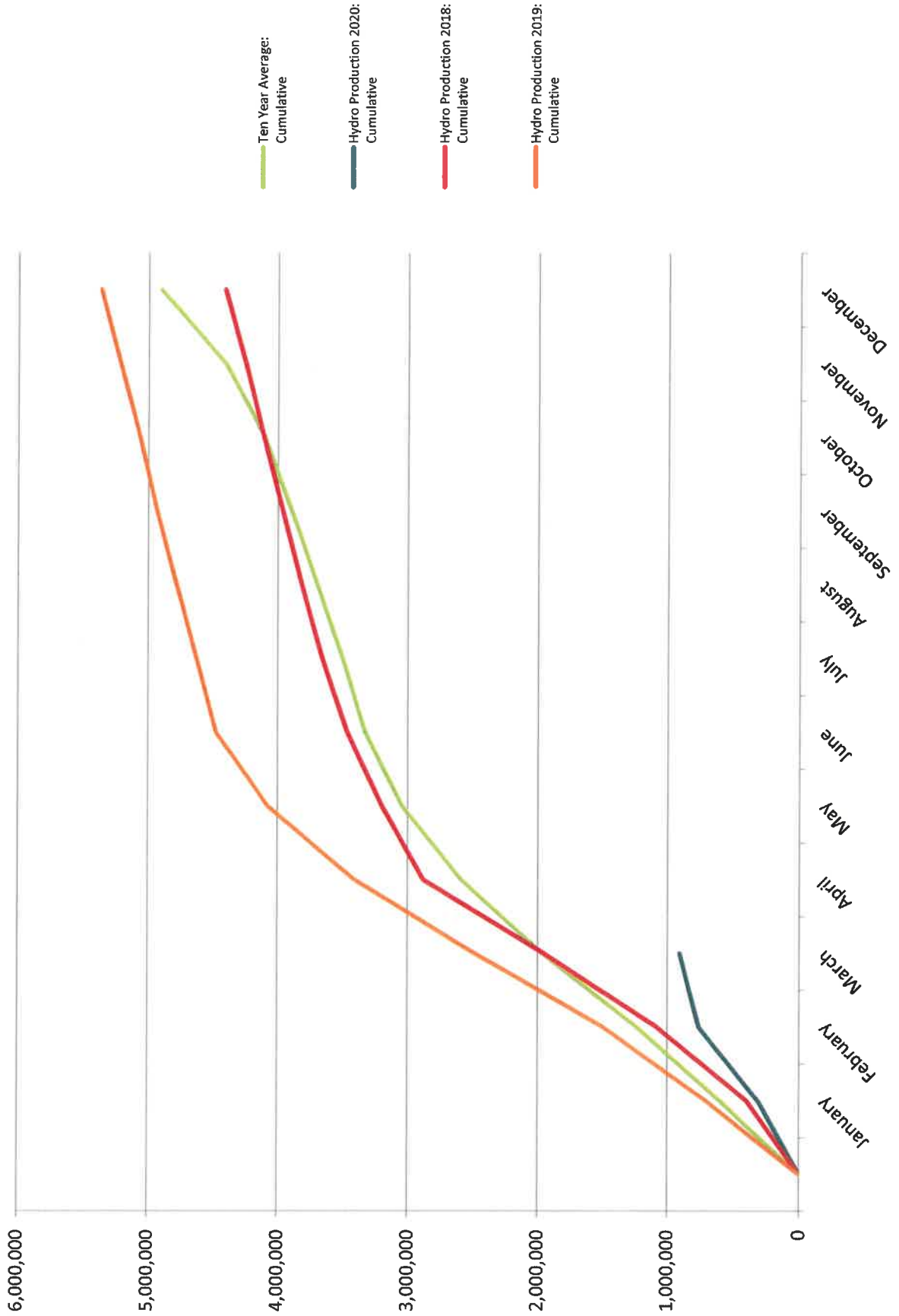


Ruth Rainfall - Water Year 2019-2020





Ruth Hydro Production: kW per Month



Updated 3/18/20

Please be informed that ACWA's Spring Conference is rescheduled to July 28 – 31.

ACWA is in the process of automatically transferring all conference registrations and hotel reservations. As these changes are being made, a new registration confirmation email will be sent that reflects the new dates. Please allow a week for these changes to be made. After that time, please contact ACWA Event Coordinator Teresa Taylor with any registration questions. Attendees who want to cancel their conference registration can do so without penalty by emailing her at TeresaT@acwa.com. Information about any hotel cancellations will be provided soon. ACWA appreciates your patience as the details continue to be worked out.

ACWA is continually monitoring health updates from the Centers for Disease Control and Prevention and the California Department of Public Health. The safety of attendees and guests is ACWA's highest priority and we are taking all appropriate precautions.

ACWA conferences are the premier destination for water industry professionals to learn and connect. Program offerings include Statewide Issue Forums, Town Hall discussions, Region Programs and sessions covering a wide range of topics including groundwater management, water rates issues, crisis communications, affordable drinking water issues, municipal finance, and more.

**** Plan on attending this conference AND the CLE Workshop?** Discounted pricing is available if registering for both events.

Important Links

- **ONLINE REGISTRATION**
- Preliminary Agenda
- Pricing Reference Sheet
- Exhibitor Information
- Sponsorship Information
- Registration Terms & Conditions



Redwood Coast Energy Authority
633 3rd Street, Eureka, CA 95501

Phone: (707) 269-1700 Toll-Free (800) 931-7232 Fax: (707) 269-1777

E-mail: info@redwoodenergy.org Web: www.redwoodenergy.org

SECTION E9 PAGE NO. 1

BOARD OF DIRECTORS MEETING **CANCELLATION NOTICE**

Humboldt Bay Municipal Water District Office
828 7th Street, Eureka, CA 95501

March 26, 2020
Thursday, 3:30 p.m.

The Redwood Coast Energy Authority
Board of Directors
March 26, 2020 regular meeting
has been cancelled.

NEXT REGULAR MEETING
Thursday, April 23, 2020, 3:30 p.m.

The location or means of attending April's meeting will be announced
no less than three days prior to the scheduled meeting date.



Redwood Region Economic Development Commission
Prosperity Center 520 E Street, Eureka, California 95501
Phone 707.445.9651 Fax 707.445.9652 www.rredc.com

REDWOOD REGION ECONOMIC DEVELOPMENT COMMISSION
Regular meeting of the Board of Directors
At the Prosperity Center 520 E Street, Eureka
March 23, 2020 at 6:30 pm
AGENDA

This meeting has been cancelled
to help reduce spread of COVID-19.

The Redwood Region Economic Development Commission will, on request, make agendas available in appropriate alternative formats to persons with a disability, as required by Section 202 of the Americans with Disabilities Act of 1990 (42 U.S.C. Sec. 12132), and the federal rules and regulations adopted in implementation thereof. Individuals who need this agenda in an alternative format or who need a disability-related modification or accommodation in order to participate in the meeting should contact the Board Secretary at (707) 445-9651. Notification 48 hours prior to the meeting will enable the Commission to make reasonable arrangements for accommodations.

RREDC
Member
Agencies

*Cities Arcata · Blue Lake · Eureka · Ferndale · Fortuna · Rio Dell · Trinidad
Community Services Districts Humboldt · Manila · McKinleyville · Orick · Orleans · Redway · Willow Creek
Humboldt Bay Harbor, Recreation and Conservation District · Humboldt Bay Municipal Water District
County of Humboldt · Hoopa Valley Tribe · Redwoods Community College District*

New Business

Memo to: Board of Directors
From: Dale Davidsen, Superintendent
Date: April 2, 2020
Subject: Surplus Equipment

The District has two pieces of equipment that I propose to be declared surplus.

- 1- 2004 Ford F-250, 5.4 L Triton V-8, super cab, long bed, 4x4, 138,397 miles.
Replaced in current budget.

- 1- 1995 Onan 4500 watt, 120/240, propane generator. Surplus from Pickett Peak radio installation. Has 7942.9 hours. No longer needed with the large Trinity County / Verizon tower and power facility.

Humboldt Bay Municipal Water District

To: Board of Directors
From: John Friedenbach
Date: April 2, 2020

Re: Ruth Lease Lot Tree Removal Procedures

Background / History

As the Board is aware, the District owns property adjacent to Ruth lake. Typically, this property is referred to as the "Buffer Strip". The Buffer Strip has been subdivided into lots that are leased through the Ruth Lake Community Services District (RLCSD) to individuals for recreational use. RLCSD and our District have developed policies and procedures regarding use and improvements to the Lease Lots. One policy that has become a burdensome issue relates to tree removal.

The District is the owner of the underlying property. As such, the trees growing on the property are legally District property. Consequently, there are strict policies for their removal which are listed below:

- See attached HBMWD Removing Dead, Dying, and Diseased Trees procedure
- See attached HBMWD Tree Cutting Policy (11/8/01)
- See attached RLCSD Policy Number 6350

The District's LTO has been unresponsive to the District and Lease Lot holders under this procedure. The resulting delays have caused unnecessary frustration by staff and Lease Lot holders and is negatively affecting the timely removal of dead, dying and diseased trees from the Buffer Strip.

Discussion

In addition to non-responsiveness of the LTO, the lack of availability of certified arborist in the rural Ruth area has also become a challenge. Consequently, soliciting the services of a certified arborist from Weaverville or Redding is cost prohibitive. These factors promote non-compliance with the current procedure which results in uncontrolled removal or non-removal of hazard or dead trees. Both situations create increased liability risk to District.

Proposed New Procedure

As an alternative to the current procedure, staff proposes that the Lease Lot holder be allowed to self-remove dead, dying or diseased trees up to 12 inch diameter (37 inch circumference), with prior review and authorization by District. Larger than 12 inch diameter trees will require removal by licensed tree faller with certificate of liability insurance provided to District naming District as an additional insured under the policy.

The application process to remove trees would remain the same and our Ruth Area Representative would still perform onsite review and recommendations to the District.

Next Steps

Staff requests that the Board confirm the proposed revised procedure allowing Lease Lot Holders to self-remove trees less than 12 inches in diameter or use a licensed tree faller for trees larger than 12 inches in diameter if the LTO is non-responsive.

SECTION F2, PAGE NO. 2

HUMBOLDT BAY MUNICIPAL WATER DISTRICT PROCEDURES

Removing Dead, Dying, and Diseased Trees

Cancels:

See Also:

Approved by: John Friedenbach, General Manager

A. Background:

- a. Humboldt Bay Municipal Water District (The District) considers the timber existing on its property surrounding Ruth Lake and the R.A. Matthews Dam to be an asset belonging to the District.
- b. The District acknowledges that dead, dying, and diseased trees can pose a threat to people and property.
- c. The District acknowledges that trees felled in close proximity to Ruth Lake have a potential to add debris to Ruth Lake and/or potentially damage infrastructure of the R. A. Matthews Dam.
- d. The District maintains an annual contract with a Licensed Timber Operator (LTO) to better manage the timber asset.
- e. The District LTO is required to maintain insurance, indemnifying the District.
- f. The District requires its LTO be contacted/consulted regarding all tree-removal issues for trees greater than 12 inches in diameter.

B. Procedures:

- a. All requests for removal of dead, dying, and diseased trees shall follow the established & approved policy regarding any land lease improvements.
- b. Additionally, lessee must contact the District's LTO for an evaluation of the tree(s) in question.
 - i. If the tree is greater than 12 inches in diameter (37 inch circumference)
 - ii. if the tree is less than 12 inches in diameter, Lease Lot holder may remove the tree without LTO. Lease Lot Holder will be required to sign waiver of liability with the District.
- ~~b.c.~~ _____ The LTO will have two weeks to respond, inspect, and provide a report to the District.
- ~~e.d.~~ _____ If the LTO fails to respond or is unavailable, the lessee may (at their own expense) contact another licensed/certified arborist/tree faller.
 - i. Licensed/certified arborist/tree faller must provide a copy of their credentials to the District
 - ii. Licensed/certified arborist must provide a report regarding the status of the tree(s) in question to the District
 - iii. Licensed/certified arborist/tree faller may be required to provide a Certificate of Insurance (see g.i. below)
- ~~d.e.~~ _____ District's decision will be based on input from the LTO (or other licensed/certified arborist/tree faller) if tree is greater than 12 inches in diameter; or Ruth Area Representative if tree is less than 12 inches in diameter.
- ~~e.f.~~ _____ District will issue a written decision within 14 days of receiving report from LTO (or licensed/certified arborist/tree faller).
- ~~f.g.~~ _____ If approved, the felling/removal of the tree(s) greater than 12 inches in diameter must be performed by either the District's LTO or a licensed/certified arborist/tree faller.
 - i. If licensed/certified arborist/tree faller is used for felling/removal of tree(s), a Certificate of Insurance, indemnifying the District and District's LTO (Linn Dillon) is required.
- ~~g.h.~~ _____ At no time may a tree be felled/removed without prior written approval by Humboldt Bay Municipal Water District.

HUMBOLDT BAY MUNICIPAL WATER DISTRICT
PROCEDURES

Removing Dead, Dying, and Diseased Trees

Cancels:

See Also:

Approved by: John Friedenbach, General Manager

- h.i.** _____ At no time may an approved tree greater than 12 inches in diameter be felled/removed without using the Districts LTO (or a licensed/certified arborist-tree faller with appropriate insurance on file (see g.i. above)).
- i.j.** Intentional felling/removal of trees without authorization may be considered unpermitted timber harvest and/or theft of timber asset.

**HUMBOLDT BAY MUNICIPAL WATER DISTRICT
PROCEDURES
Removing Dead, Dying, and Diseased Trees**

Cancels:
See Also:

Approved by: John Friedenbach, General Manager

A. Background:

- a.** Humboldt Bay Municipal Water District (The District) considers the timber existing on its property surrounding Ruth Lake and the R.A. Matthews Dam to be an asset belonging to the District.
- b.** The District acknowledges that dead, dying, and diseased trees can pose a threat to people and property.
- c.** The District acknowledges that trees felled in close proximity to Ruth Lake have a potential to add debris to Ruth Lake and/or potentially damage infrastructure of the R. A. Matthews Dam.
- d.** The District maintains an annual contract with a Licensed Timber Operator (LTO) to better manage the timber asset.
- e.** The District LTO is required to maintain insurance, indemnifying the District.
- f.** The District requires its LTO be contacted/consulted regarding removal issues for trees greater than 12 inches in diameter.

B. Procedures:

- a.** All requests for removal of dead, dying, and diseased trees shall follow the established & approved policy regarding any land lease improvements.
- b.** Additionally, lessee must contact the District's LTO for an evaluation of the trees(s) in question.
 - i.** If the tree is greater than 12 inches in diameter (37 inch circumference)
 - ii.** if the tree is less than 12 inches in diameter, Lease Lot holder may remove the tree without LTO. Lease Lot Holder will be required to sign waiver of liability with the District.
- c.** The LTO will have two weeks to respond, inspect, and provide a report to the District.
- d.** If the LTO fails to respond or is unavailable, the lessee may (at their own expense) contact another licensed/certified tree faller.
 - i.** Licensed/certified tree faller must provide a copy of their credentials to the District
 - ii.**
 - iii.** Licensed/certified tree faller may be required to provide a Certificate of Insurance (see g.i. below)
- e.** District's decision will be based on input from the LTO (or other licensed/certified tree faller) if tree is greater than 12 inches in diameter; or Ruth Area Representative if tree is less than 12 inches in diameter.
- f.** District will issue a written decision within 14 days of receiving report from LTO (or licensed/certified tree faller).
- g.** If approved, the felling/removal of the tree(s) greater than 12 inches in diameter must be performed by either the District's LTO or a licensed/certified tree faller.
 - i.** If licensed/certified tree faller is used for felling/removal of tree(s), a Certificate of Insurance, indemnifying the District and District's LTO is required.
- h.** At no time may a tree be felled/removed without prior written approval by Humboldt Bay Municipal Water District.

HUMBOLDT BAY MUNICIPAL WATER DISTRICT
PROCEDURES
Removing Dead, Dying, and Diseased Trees

Cancels:

See Also:

Approved by: John Friedenbach, General Manager

- i.** At no time may an approved tree greater than 12 inches in diameter be felled/removed without using the Districts LTO (or a licensed/certified tree faller with appropriate insurance on file (see g.i. above)).
- j.** Intentional felling/removal of trees without authorization may be considered unpermitted timber harvest and/or theft of timber asset.



**Humboldt Bay Municipal Water District
Tree Cutting Policy
Ruth Lake Buffer Strip**

POLICY # 6350

APPROVED 12-13-2001

RECEIVED DEC 19 2001

PURPOSE and OVERVIEW

The purpose of this statement is to define the policies and procedures regarding removal of trees or vegetation by a Sublessee on recreational leases within the Ruth Lake "buffer strip." The buffer strip is the area around Ruth Lake owned by the Humboldt Bay Municipal Water District (HBMWD).

All trees and vegetation on land located within the buffer strip are the property of the HBMWD. It is HBMWD's intent to keep tree removal to a minimum in order to preserve the natural beauty of the area and minimize damage to the land and watershed. However, HBMWD will consider requests to remove trees or other vegetation by a Sublessee in accordance with the procedures outlined below. A Sublessee may not cut, clear or otherwise remove any tree or vegetation without the prior written approval of HBMWD.

It is important for Subleases to understand that HBMWD may periodically conduct forestry assessments and timber operations on the buffer strip. Nothing in this policy shall limit or impair HBMWD's ability to remove trees anywhere on the buffer strip, including on individual lease sites.

PROCEDURES

A Sublessee must submit a request for approval to cut, limb, or otherwise remove any tree, or other vegetation, on their lease site within the buffer strip. The request for approval shall be submitted to the Ruth Lake Community Services District (RLCSD) and HBMWD, in accordance with the established process for improvements on the buffer strip. RLCSD and HBMWD will consider the request within 30 days. No tree cutting or removal shall commence until an approved permit is granted to the Sublessee.

HBMWD will consider for approval the cutting or removal of trees (or vegetation) within the buffer strip for two reasons: 1) to allow development or improvements of recreational lease sites, or 2) to abate hazards, which may include removal of diseased trees which pose a hazard. Each of these situations will be addressed below.

▪ **Removal of Trees for Improvements on Buffer Strip**

HBMWD will consider for approval the cutting/removal of trees to allow development or improvement of recreational lease sites. Under such circumstances, HBMWD will first make a determination as to the merchantability of trees proposed in the application for cutting/removal.

If HBMWD determines the tree(s) to be merchantable, one of the following options will be implemented, at HBMWD's discretion:

- **Market Trees to a Mill** - This option will be implemented by HBMWD if the requests for tree removal on leases, coupled with any cuts by HBMWD, yield a volume of timber sufficient to warrant hiring a contractor and hauling logs to a mill. If such a determination is made by HBMWD, the Sublessee shall be responsible for cutting the trees and decking the logs on the lease lot at a location designated by HBMWD. The Sublessee shall also be responsible for cleaning up the lease lot in accordance with the conditions noted in the permit.
- **Charge Scaled Value of Tree** – Alternatively, if HBMWD determines that marketing the tree(s) to a mill is not feasible, the Sublessee shall pay HBMWD the scaled value of the tree, at which point the tree(s) shall become the Leaseholder's property. The scaled value shall be determined "on-the-stump" using the California State Board of Equalization's rate tables, or via another method which assesses fair market value, as determined by HBMWD. The Sublessee shall dispose of the tree and clean up the lease lot in accordance with the conditions noted in the permit.

If HBMWD determines the tree(s) are not merchantable, the Sublessee may cut the tree after receiving an approved permit. The Sublessee shall dispose of the tree and clean up the lease lot in accordance with the conditions noted in the permit.

Removal of Hazard Trees

HBMWD shall separately consider removal of "hazard trees." Hazard trees include: a) dead, dying or damaged trees which pose a significant threat to people or property, b) trees or limbs which pose a threat due to interference with utility lines, or c) trees, or other vegetation, which pose a fire danger immediately around improvements. Trees determined to be diseased or pest infested may also be considered hazard trees.

If a Sublessee identifies a hazard tree on their lease lot, the Sublessee should immediately contact the RLCSD to request its cutting/removal. RLCSD will coordinate with HBMWD for immediate assessment. Alternatively, if RLCSD or HBMWD identifies a hazard tree on a lease lot, RLCSD shall notify the Sublessee.

Upon determination that a tree is a "hazard tree", HBMWD shall immediately authorize its removal. Under such circumstances:

- HBMWD shall not charge the Sublessee the scaled value of the tree;
- The Sublessee shall be responsible for removing the tree within 60 days of the date HBMWD authorized its removal, unless another date is requested by the Sublessee and specified in the permit;

- The Sublessee may not sell or market a hazard tree under any circumstance;
- The Sublessee shall dispose of the tree and clean up the lease lot in accordance with the conditions noted in the permit; and
- If a Sublessee fails to cut/remove the hazard tree in accordance with the permit requirements, RLCSD or HBMWD may take appropriate action and invoice the Sublessee for actual costs incurred in so doing.

(Policy adopted September 1998, and Revision Adopted November 8 2001)

RUTH LAKE COMMUNITY SERVICES DISTRICT
Policy Handbook

POLICY TITLE: TREE CUTTING RUTH LAKE BUFFER STRIP

POLICY NUMBER; 6350

PURPOSE AND OVERVIEW

The purpose of this statement is to define the policies and procedures regarding removal of trees or vegetation by a Sublessee on recreational leases within the Ruth Lake "buffer strip." The buffer strip is the area around Ruth Lake owned by the Humboldt Bay Municipal Water District (HBMWD).

All trees and vegetation on land located within the buffer strip are the property of the HBMWD. It is HBMWD's intent to keep tree removal to a minimum in order to preserve the natural beauty of the area and minimize damage to the land and watershed. However, HBMWD will consider requests to remove trees or other vegetation by a Sublessee in accordance with the procedures outlined below. A Sublessee may not cut, clear or otherwise remove any tree or vegetation without the prior written approval of HBMWD.

It is important for Subleases to understand that HBMWD may periodically conduct forestry assessments and timber operations on the buffer strip. Nothing in this policy shall limit or impair HBMWD's ability to remove trees anywhere on the buffer strip, including on individual lease sites.

PROCEDURES

A Sublessee must submit a request for approval to cut, limb, or otherwise remove any tree, or other vegetation, on their lease site within the buffer strip. The request for approval shall be submitted to the Ruth Lake Community Services District (RLCSD) and HBMWD, in accordance with the established process for improvements on the buffer strip. RLCSD and HBMWD will consider the request within 30 days. No tree cutting or removal shall commence until an approved permit is granted to the Sublessee.

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HBMWD will consider for approval the cutting/removal of trees to allow development or improvement of recreational lease sites. Under such circumstances, HBMWD will first make a determination as to the merchantability of trees proposed in the application for cutting/removal.

If HBMWD determines the tree(s) to be merchantable, one of the following options will be implemented, at HBMWD's discretion:

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date HBMWD authorized its removal, unless another date is requested by the Sublessee and specified in the permit;

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The Sublessee shall dispose of the tree and clean up the lease lot in accordance with the conditions noted in the permit; and

If a Sublessee fails to cut/remove the hazard tree in accordance with the permit requirements, RLCSD or HBMWD may take appropriate action and invoice the Sublessee for actual costs incurred in so doing.

Policy approved December 13, 2001

FINANCIAL

HUMBOLDT BAY MUNICIPAL WATER DISTRICT
STATEMENT OF FUND BALANCES - PAGE 1 OF 2

BANK ACCOUNT BALANCES AT MONTH-END

March 31, 2020

March 31, 2019

GENERAL ACCOUNTS

1. US Bank - General Account	1,679,854.42	1,253,411.52
2. US Bank - Xpress BillPay/Electronic Payments Account	1,674.27	-
<i>Subtotal</i>	1,681,528.69	1,253,411.52

INVESTMENT & INTEREST BEARING ACCOUNTS

3. US Bank - DWR/SRF Money Markey Accnt	303,331.33	301,544.86
4. US Bank - DWR/SRF Reserve CD Account	547,336.94	547,336.94
5. US Bank - PARS Investment Account	761,745.87	668,741.55
6. L. A. I. F Account - General Account	1,687.78	1,656.41
7. L. A. I. F Account - MSRA Reserve Account	436,009.70	-
8. CalTRUST - Restricted Inv. Account (Medium Term)	1,353,429.33	-
9. CalTRUST - Unrestricted Inv. Account (Medium Term)	358,905.56	-
10. CalTRUST - DWFP Reserve Account (FedFund)	239,466.91	-
11. CalTRUST - ReMat Account (LEAF Fund)	553,190.78	-
12. CalTRUST - General Reserve Account (Short-Term)	1,219,889.70	-
13. Humboldt County - SRF Loan Payment Account	-	50,188.75
14. Humboldt County - 1% Tax Account	-	472,628.97
15. Principle Investment Account	16,735.56	26,801.46
<i>Subtotal</i>	5,791,729.46	2,068,898.94

OTHER ACCOUNTS

16. ReMat Deposit - Mellon Bank	27,000.00	27,000.00
17. Cash on Hand	650.00	650.00
18. Humboldt County - Investment Account (clsd)	-	1,392,408.02
19. Humboldt County - DWFP Reserve Account (clsd)	-	237,004.31
20. Humboldt County - MSRA Reserve Account (clsd)	-	433,777.05
21. Humboldt County - ReMat Account (clsd)	-	341,766.58
<i>Subtotal</i>	27,650.00	2,432,605.96

TOTAL CASH

7,500,908.15

5,754,916.42

HUMBOLDT BAY MUNICIPAL WATER DISTRICT
STATEMENT OF FUND BALANCES - PAGE 2 OF 2

SECTION Gla PAGE NO. 2

<u>FUND BALANCES AT MONTH-END</u>	March 31, 2020	March 31, 2019
RESTRICTED FUNDS - ENCUMBERED		
1. Prior-Year Price Factor 2 Rebate	(16,305.33)	(9,472.20)
2. Prior-Year Restricted AP Encumbrances	(50,604.00)	-
3. Advanced Charges - Bunkhouse	-	(41,051.00)
4. Advanced Charges - 12Kv Relocation	(242,177.00)	(200,000.00)
5. Advanced Charges - Chlorine Scrubber	(350,000.00)	-
6. Advanced Charges - Collector 2 Rehabilitation	(385,000.00)	-
7. Advanced Charges - TRF Emergency Generator	(225,000.00)	-
8. Advanced Charges - Three Tank Seismic	(30,000.00)	(255,000.00)
9. Advanced Charges - 18,000lb Excavator	(54,343.00)	-
10. Advanced Charges - Redundant Pipeline	-	(260,245.00)
<i>Subtotal</i>	(1,353,429.33)	(765,768.20)
RESTRICTED FUNDS - OTHER		
1% Tax Credit to Muni's	-	(489,961.08)
DWR Reserve for SRF Payment	(303,331.33)	(301,544.86)
DWR Reserve for SRF Loan	(547,336.94)	(547,336.94)
Pension Trust Reserves	(761,745.87)	(668,741.55)
ReMat Deposit	(27,000.00)	(27,000.00)
Capital Replacement Reserves	-	-
<i>Subtotal</i>	(1,639,414.14)	(2,034,584.43)
UNRESTRICTED FUNDS		
BOARD RESTRICTED		
MSRA Reserves	(437,697.48)	(431,932.99)
DWFP Reserves	(239,466.91)	(235,996.76)
ReMat Reserves	(553,190.78)	(350,311.34)
Paik-Nicely Development	(4,158.00)	(4,158.00)
Principle Investment Reserves	(16,735.56)	(26,801.46)
<i>Subtotal</i>	(1,251,248.73)	(1,049,200.55)
UNRESTRICTED RESERVES		
Accumulation for SRF Payment	(141,664.22)	-
Accumulation for Ranney/Techite Payment	41,234.14	-
General Fund Reserves	(3,156,385.87)	(4,705,715.87)
<i>Subtotal</i>	(3,256,815.95)	(4,705,715.87)
TOTAL NET POSITION	(7,500,908.15)	(5,754,916.42)

HUMBOLDT BAY MUNICIPAL WATER DISTRICT

REVENUE REPORT

March 31, 2020

75% Of Budget Year

A. REVENUE RETURNED TO CUSTOMERS VIA PF2

	MTD RECEIPTS	YTD RECEIPTS	PRIOR YEAR	BUDGET	% OF BUDGET
1. Humboldt Bay Retail Water Revenue	38,113	313,904	345,519	318,394	99%
General Revenue					
Interest	0	570	21,540	30,000	2%
FCSD Contract (Maint. & Operations)	0	133,421	176,066	225,000	59%
Power Sales (Net ReMat)	13,016	61,259	58,361	220,000	28%
Tax Receipts (1% Taxes)	0	531,564	536,848	825,000	64%
2. Miscellaneous Revenue*	28,358	88,175	217,935	50,000	176%
<i>*Detail on following page</i>					
TOTAL PF2 REVENUE CREDITS	79,487	1,128,893	1,356,268	1,668,394	68%

B. DISTRICT REVENUE

	MTD RECEIPTS	YTD RECEIPTS	PRIOR YEAR	BUDGET	% OF BUDGET
3. Industrial Water Revenue					
Harbor District	0	433	0	0	0
<i>Subtotal Industrial Water Revenue</i>	0	433	0	0	0
4. Municipal Water Revenue					
City of Arcata	113,918	1,031,926	966,927	1,321,044	78%
City of Blue Lake	15,851	144,051	136,642	182,807	79%
City of Eureka	267,414	2,435,269	2,309,743	3,119,229	78%
Fieldbrook CSD	14,168	130,245	113,128	174,392	75%
Humboldt CSD	86,859	783,161	778,196	1,072,333	73%
Manila CSD	6,190	56,658	49,113	70,168	81%
McKinleyville CSD	90,183	820,419	779,679	1,066,249	77%
<i>Subtotal Municipal Water Revenue</i>	594,582	5,401,730	5,133,427	7,006,222	77%
TOTAL INDUSTRIAL & WHOLESALE REVENUE	594,582	5,402,163	5,133,427	7,006,222	77%
5. Power Sales					
Power Sales (ReMat Revenue)	29,257	129,972	125,984	300,000	43%
Interest (ReMat Revenue)	0	1,930	2,310	0	
TOTAL REMAT REVENUE	29,257	131,902	128,295	300,000	44%
6. Other Revenue and Grant Reimbursement					
FEMA/CalOES Grant Revenue	0	397,156	1,512,788		
SWRCB In-Stream Flow Grant Revenue	0	172,457	0		
Quagga Grant (Pass-Through)	0	1,520	41,615		
Interest - Muni PF2 Retained	0	8,167	0		
Net Increase/(Decrease) Investment Accounts	(39,965)	(795)	13,967		
TOTAL OTHER/GRANT REVENUE	(39,965)	578,506	1,568,370		
GRAND TOTAL ALL REVENUE	663,362	7,241,464	8,186,360	8,974,616	81%

HUMBOLDT BAY MUNICIPAL WATER DISTRICT
 MISCELLANEOUS REVENUE - DETAIL REPORT
 March 31, 2020

B. MISCELLANEOUS RECEIPTS (RETURNED TO CUSTOMERS VIA PF2)

	MTD RECEIPTS	YTD RECEIPTS
Miscellaneous Revenue		
ACWA/JPIA HR LaBounty Safety Award	-	-
ACWA/JPIA Insurance Claim	-	2,326
ACWA/JPIA Retrospective Premium Adj.	16,989	16,989
ACWA/JPIA Wellness Grant	-	960
Dividend - Principal Life	-	876
Fees - Park Use	-	50
Fees - Right of Way	-	-
Insurance - Claim Reimbursement	-	830
Insurance - Special Event Liability	-	-
Refund - GHD, TRF Generator Grant	-	6,549
Rebate - CALCard	285	561
Refund - Diesel Fuel Tax	67	67
Refunds - Hum. County Appeal (01/18)	-	2,263
Refunds - Miscellaneous	-	2,170
Reimb. - Copies & Postage	0.50	245
Reimb. - Gas	-	113
Reimb. - Telephone	-	87.18
Rent - Parking Lot	0	63
Rent & Deposit - Vivid Green	-	6,000
Retirees' Health Ins./COBRA Reimb.	10,987	45,678
Sale - Scrap Materials/Metals	-	688
Sale - Surplus Equipment	-	600.00
UB - Bad Debt Recovery	-	-
UB - Hydrant Rental Deposit	-	-
UB - Mainline Connection Charge	-	-
UB - Meter Installations	-	-
UB - Retail Connection Charge	-	-
UB - Water Processing Fees	30	480
Ruth Area		
Fees - Buffer Strip ROW License	-	-
Fees - Buffer Strip/PG&E ROW	-	-
Lease - Don Bridge	-	-
Permit - RLCSD-Water System	-	-
Permit - Ruth Area Water Use	-	100
Rent - Ruth Cabin	-	480
Sale - Merchantable Timber	-	-
Sale - Surplus Gravel	-	-
TOTAL MISCELLANEOUS REVENUE	28,358	88,175

HUMBOLDT BAY MUNICIPAL WATER DISTRICT
 MONTHLY EXPENDITURE REPORT - PAGE 1 OF 3
 March 31, 2020

75% Of Budget Year

SALARY AND EMPLOYEE BENEFIT EXPENDITURES (S. E. B.)

	Month-to-Date	Year-to-Date	Prior Year	Budget	% of Budget
Compensation					
1. Wages - Regular	172,194.45	1,397,243.59	919,922.37	2,310,391	
2. Wages - Sick	4,482.31	42,030.03	-		
3. Wages - Vacation	1,822.31	86,259.26	-		
<i>Subtotal</i>	178,499.07	1,525,532.88	919,922.37	2,310,391	66%
4. Wages - Overtime	1,106.88	14,788.45	13,186.74	30,000	
5. Wages - Holiday (Worked)	714.43	9,378.16	3,519.84	15,000	
<i>Subtotal</i>	1,821.31	24,166.61	16,706.58	45,000	54%
6. Wages - Part-Time	1,993.52	23,025.61	21,989.32	74,329	31%
7. Wages - Shift Differential	781.04	7,078.11	4,819.56	11,000	64%
8. Wages - Standby	6,833.52	68,357.74	39,796.41	81,000	84%
9. Director Compensation	2,080.00	16,320.00	12,320.00	26,000	63%
10. Secretarial Fees	262.50	2,362.50	1,575.00	3,200	74%
11. Payroll Tax Expenses	14,889.91	132,271.35	76,897.03	189,744	70%
<i>Subtotal</i>	26,840.49	249,415.31	157,397.32	385,273	65%
Employee Benefits					
12. Health, Life, & LTD Ins.	65,375.40	486,623.05	371,082.31	734,849	66%
13. Air Medical Insurance	-	2,015.00	1,820.00	2,145	94%
14. Retiree Medical Insurance	12,243.41	110,293.57	67,622.88	95,849	115%
15. Employee Dental Insurance	2,778.88	22,103.32	16,978.48	39,399	56%
16. Employee Vision Insurance	593.92	5,363.84	3,897.60	7,350	73%
17. Employee EAP	82.24	661.77	451.20	1,116	59%
18. 457b District Contribution	2,650.00	23,450.00	15,700.00	30,600	77%
19. CalPERS Expenses	24,693.60	401,036.65	343,722.52	371,137	108%
20. Workers Comp Insurance	-	45,464.74	9,573.90	83,101	55%
<i>Subtotal</i>	108,417.45	1,097,011.94	830,848.89	1,365,546	80%
TOTAL S.E.B	315,578.32	2,896,126.74	1,924,875.16	4,106,210	71%

HUMBOLDT BAY MUNICIPAL WATER DISTRICT
 MONTHLY EXPENDITURE REPORT - PAGE 2 OF 3
 March 31, 2020

75% Of Budget Year

SERVICE & SUPPLY EXPENDITURES (S & S)

	Month-to-Date	Year-to-Date	Prior Year	Budget	% of Budget
<i>Operations & Maintenance</i>					
1. Auto Maintenance	1,682.36	35,827.17	25,993.61	40,000	90%
2. Engineering	3,166.00	31,497.00	24,377.52	75,000	42%
3. Lab Expenses	1,184.09	8,151.92	7,405.54	13,000	63%
4. Maintenance & Repairs					
General	1,879.80	9,583.30	25,186.78	58,000	17%
TRF	1,439.08	14,529.55	22,447.09	15,000	97%
<i>Subtotal</i>	<i>3,318.88</i>	<i>24,112.85</i>	<i>47,633.87</i>	<i>73,000</i>	<i>33%</i>
5. Materials & Supplies					
General	14,954.62	38,388.31	15,477.70	30,000	128%
TRF	191.96	18,160.53	3,542.71	40,000	45%
<i>Subtotal</i>	<i>15,146.58</i>	<i>56,548.84</i>	<i>19,020.41</i>	<i>70,000</i>	<i>81%</i>
6. Radio Maintenance	524.28	4,698.72	12,205.46	10,500	45%
7. Ruth Lake License	-	1,500.00	1,500.00	1,500	100%
8. Safety Equip./Training					
General	3,575.26	18,307.18	2,292.18	22,000	83%
TRF	-	463.84	1,051.79	2,000	23%
<i>Subtotal</i>	<i>3,575.26</i>	<i>18,771.02</i>	<i>3,343.97</i>	<i>24,000</i>	<i>78%</i>
9. Tools & Equipment	166.12	8,765.47	2,755.77	3,000	292%
10. USGS Meter Station	-	-	-	8,200	0%
<i>Operations Subtotal</i>	<i>28,763.57</i>	<i>189,872.99</i>	<i>144,236.15</i>	<i>318,200</i>	<i>60%</i>
General & Administration					
11. Accounting Services	910.00	7,315.00	2,305.00	18,000	41%
12. Bad Debt Expense	-	-	358.40	-	0
13. Dues & Subscriptions	181.92	28,524.12	24,515.93	26,000	110%
14. General Manager Training	205.91	2,521.09	197.44	3,000	84%
15. IT & Software Maintenance	2,565.71	21,478.37	11,219.63	29,000	74%
16. Insurance	-	77,863.95	39,911.25	105,000	74%
17. Internet	521.67	6,806.78	5,621.92	11,000	62%
18. Legal Services	1,867.75	42,050.00	28,110.25	35,000	120%
19. Miscellaneous	50.00	13,200.46	6,879.53	11,500	115%
20. Office Building Maint.	2,118.82	11,013.36	7,062.68	16,000	69%
21. Office Expense	3,049.07	51,468.38	17,460.10	40,500	127%
22. Professional Services	347.36	4,449.79	976.90	20,000	22%
23. Property Tax	-	945.00	945.00	1,100	86%

HUMBOLDT BAY MUNICIPAL WATER DISTRICT
 MONTHLY EXPENDITURE REPORT - PAGE 3 OF 3
 March 31, 2020

75% Of Budget Year

SERVICE & SUPPLY EXPENDITURES (con't)					
	Month-to-Date	Year-to-Date	Prior Year	Budget	% of Budget
24. Regulatory Agency Fees	-	73,553.59	60,749.67	139,000	53%
25. Ruth Lake Programs	-	-	-	5,000	0%
26. Safety Apparel	7.57	3,268.36	2,868.74	3,000	109%
27. Technical Training	711.30	6,841.36	3,756.19	14,500	47%
28. Telephone	3,683.05	35,514.26	25,440.43	50,000	71%
29. Travel & Conference	2,904.43	13,597.46	2,308.75	25,000	54%
<i>Gen. & Admin. Subtotal</i>	<i>19,124.56</i>	<i>400,411.33</i>	<i>240,687.81</i>	<i>552,601</i>	<i>72%</i>

Power

30. Essex - PG & E	54,668.64	525,100.89	325,190.24		
31. 2Mw Generator Fuel	-	21,196.12	8,756.35		
<i>Subtotal Essex Pumping</i>	<i>54,668.64</i>	<i>546,297.01</i>	<i>333,946.59</i>		
32. All other PG & E	10,656.66	62,360.18	(22,238.92)		
<i>Subtotal All Power</i>	<i>65,325.30</i>	<i>608,657.19</i>	<i>311,707.67</i>	<i>680,800</i>	<i>89%</i>
Total Service and Supplies incl. Power	113,213.43	1,198,941.51	696,631.63	1,551,601	77%

PROJECTS, FIXED ASSETS & CONSULTING SERVICES

	Month-to-Date	Year-to-Date	Budget	% of Budget
	353,525.00	1,108,292.00	11,347,003.00	10%

GRAND TOTAL EXPENSES	782,316.75	5,203,360.25	2,621,506.79	17,004,814	31%
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33. Debt Service - SRF Loan	-	273,668.48	273,668.48	547,337	50%
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34. Debt Service - US Bank	-	81,094.05	81,094.05	162,200	50%
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TOTAL EXPENSES WITH DEBT SERVICE

	784,180.39	5,571,081.82	2,976,269.32	17,714,351	
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OTHER EXPENSES

35. ReMat Consultant Exp.	1,863.64	12,959.04	6,336.36		
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HUMBOLDT BAY MUNICIPAL WATER DISTRICT PROJECT PROGRESS REPORT

March 31, 2020

75% Of Budget Year

A. CAPITAL PROJECTS

	MTD EXPENSES	YTD TOTAL	BUDGET	% OF BUDGET
1 12kV Grant (Grant Funded) 2018/19 <i>(FEMA Grant and Advanced Charges)</i>	88,581	257,822	1,825,250	14%
2 Chlorine Scrubber Grant <i>(FEMA Grant and Advanced Charges)</i>	0	0	1,340,000	0%
3 TRF Emergency Generator Grant <i>(FEMA Grant, Adv. Charges, and Current Muni Charges)</i>	0	0	1,925,000	0%
4 Collector 2 Rehabilitation Grant <i>(NCRP Prop1 Grant, Adv. Charges, and Current Muni Charges)</i>	0	0	1,225,000	0%
5 3x Tank Seismic Retro Grant <i>(FEMA Grant, Adv. Charges, and Current Muni Charges)</i>	0	0	2,830,000	0%
6 TRF Line Shed 5	4,000	4,000	28,250	14%
7 Ruth Residence Roof	626	21,589	30,000	72%
8 Collector 4 Emergency Repairs	4,088	369,939	0	0
TOTAL CAPITAL PROJECTS	97,294	653,350	9,203,500	7%

B. FIXED ASSET PROJECTS

	MTD EXPENSES	YTD TOTAL	BUDGET	% OF BUDGET
9 Essex - Admin Computers	0	3,107	4,750	65%
10 Customer Service Vehicle (Unit 3)	9,587	42,664	60,750	70%
11 SCBA Upgrade and Additional Equip	498	3,269	19,750	17%
12 Laptop SCADA Software Upgrade	0	0	4,500	0%
13 Replacement of UPS's (Phase 2)	0	49	28,000	0%
14 Fleet Maintenance Equipment	0	2,365	3,500	68%
15 Electrical Voltage Tools and Safety Equip	0	1,555	3,250	48%
16 Traffic Control Equipment	0	3,210	4,000	80%
17 Vegetation Management Equipment	0	2,099	4,250	49%
18 Portable Radio Replacements	0	4,862	4,750	102%
19 Meter Reader Handheld Unit	0	0	4,500	0%
20 Job Boxes	0	1,874	2,250	83%
21 Pipe Tapping Machine	0	3,494	3,750	93%
22 Grapple Attachment for JD 110	3,417	3,417	4,000	85%
23 18,000 Lb. Excavator	0	0	124,343	0%
24 Hydrant Meter and Backflow Preventer	2,000	2,000	2,250	89%

HUMBOLDT BAY MUNICIPAL WATER DISTRICT
PROJECT PROGRESS REPORT - PAGE 2 OF 6
March 31, 2020

75% Of Budget Year

B. FIXED ASSET PROJECTS (con't)

	MTD EXPENSES	YTD TOTAL	BUDGET	% OF BUDGET
1 N-Poly Pump Skid Replacement <i>(Treatment Facility Project)</i>	0	0	12,250	0%
2 TRF Radio System Cabinet <i>(Treatment Facility Project)</i>	0	7,080	8,500	83%
3 Air Actuated Chemical Transfer Pump <i>(Treatment Facility Project)</i>	65	1,660	2,250	74%
4 Eureka - Administrative Computers	0	3,796	6,250	61%
5 File Cabinet Replacement	0	0	2,000	0%
6 Eureka Office ADA Upgrades	0	8,301	20,000	42%
7 Ruth SCADA Software Upgrade	0	0	4,750	0%
8 WISE Pump Sequencing Project	0	1,115	0	0%
TOTAL FIXED ASSET PROJECTS	15,566	95,918	334,593	29%

C. MAINTENANCE PROJECTS

	MTD EXPENSES	YTD TOTAL	BUDGET	% OF BUDGET
9 Pipeline Maintenance	0	870	12,750	7%
10 12 kV Electric System Maintenance	0	0	4,000	0%
11 Main Line Meter Flow Calibration	0	0	10,000	0%
12 Technical Support and Software Updates	0	10,748	18,000	60%
13 Generator Services	0	380	3,500	11%
14 TRF Generator Service	0	437	500	87%
15 Hazard & Diseased Tree Removal	0	0	5,000	0%
16 Cathodic Protection	0	2,644	6,500	41%
17 Maintenance Emergency Repairs	2,001	15,341	50,000	31%
18 Fleet Paint Repairs	680	680	5,000	14%
19 Lab Instrument Calibration (Particle Counter)	0	936	1,250	75%
20 Chlorine Solution Line Replacement	0	0	10,500	0%
21 Paint Buildings at Winzler Control Center	734	865	2,250	38%
22 Chlorine Booster Pump Rebuild Kits	0	0	8,000	0%
23 Fleet Emergency Safety Beacons (Phase 2)	0	1,994	2,000	100%
24 Upgrade Essex Alarm Systems	4,390	4,390	4,750	92%
25 Cat 420 Backhoe Tires	0	0	2,250	0%
26 Gates at I/W Reservoir and SBPS	0	0	3,000	0%
27 TRF Limitorque Valve Retrofit Supplies <i>(Treatment Facility Project)</i>	0	8,623	10,250	84%
28 TRF Water Quality Instrumentation Inventory <i>(Treatment Facility Project)</i>	3,222	13,841	15,000	92%

C. MAINTENANCE PROJECTS (con't)

	MTD EXPENSES	YTD TOTAL	BUDGET	% OF BUDGET
1 TRF Rapid Mix Pump Rebuild Kit <i>(Treatment Facility Project)</i>	0	0	2,250	0%
2 TRF Flow Meter Test/Calibration (Phase 1) <i>(Treatment Facility Project)</i>	0	0	6,250	0%
3 Ruth Hydro Brush Abatement	0	0	6,500	0%
4 Howell Bunger Valve Inspection	0	0	1,110	0%
5 Ruth LTO Insurance	0	0	5,000	0%
6 Ruth Log Boom Inspection	0	130	1,000	13%
7 Hydro Plant Synchronizer Tuning	0	0	5,250	0%
8 Hydro Crane Rail and Lighting	1,025	2,016	5,000	40%
9 Ruth HQ Dock Decking	0	9,682	13,750	70%
10 Ruth Dead/Dying Tree Removal	0	0	20,000	0%
11 Ruth Slide Gate Hydraulic Oil	0	5,335	8,000	67%
TOTAL MAINTENANCE PROJECTS	12,050	78,911	248,610	32%

D. PROFESSIONAL & CONSULTING SERVICES

	MTD EXPENSES	YTD TOTAL	BUDGET	% OF BUDGET
12 Crane Testing/Certification	0	7,787	10,000	78%
13 Chlorine System Maintenance	5,986	13,699	16,750	82%
14 Backflow Tester Training	2,590	2,970	3,000	99%
15 Hydro Plant Electrical and Maintenance Insp.	0	0	2,050	0%
16 Crane Operator Re-Certification	0	2,084	3,000	69%
17 EAP Tabletop Exercise	0	15,671	12,000	131%
18 Essex Mad River Cross-Sectional Survey	0	9,365	10,000	94%
19 Technical Training	0	80	23,250	0%
20 O & M Training	0	0	20,000	0%
21 Essex Server B/U (Monthly Service Fees)	0	0	4,250	0%
22 Public Education Funds	0	1,000	5,000	20%
23 Electrical Technical Training	0	2,821	13,250	21%
24 SCADA Programming License	0	5,625	12,750	44%
25 Col. 2 Underground 12Kv Power/Fiber Optic	0	0	24,000	0%
26 Essex Control Building Expansion Plans & Specs	0	0	46,000	0%
27 299 Anode Bed Refurbishment	0	3,664	25,000	15%
28 Streambed Flow Enhancement Grant	3,211	81,524	612,700	13%
29 Annual PARS Contribution (FY20)	0	50,000	50,000	100%
30 Grant Applications Assistance	0	7,181	20,000	36%

D. PROFESSIONAL & CONSULTING SERVICES (CON'T)

	MTD EXPENSES	YTD TOTAL	BUDGET	% OF BUDGET
1 Gravel Bar Work and Survey (PS 6)	0	0	76,100	0%
2 Water Resource Planning Assistance	0	0	5,000	0%
3 Climate Ready Grant	0	2,000	2,000	100%
4 Comp DW Pipeline Fitness	0	0	194,700	0%
5 FERC Dam Safety Surveillance (DSSMR)	715	1,098	5,000	22%
6 FERC Chief Dam Safety Engineer	0	3,665	10,000	37%
7 Dam Spillway Wall Monument Survey	68	15,310	14,000	109%
8 Matthews Dam Monument Survey	0	8,969	9,000	100%
9 Left Abutment Slide Area Survey	2,883	12,085	11,000	110%
10 Spillway/Dam Inspection/Reporting Assist.	0	4,503	10,000	45%
11 GHD - Log Boom Inspection	0	3,786	4,000	95%
TOTAL PROF/CONSULTING SERVICES	15,453	254,885	1,253,800	20.3%

E. INDUSTRIAL SYSTEM PROJECTS

	MTD EXPENSES	YTD TOTAL	BUDGET	% OF BUDGET
12 Rebuild River Weir	0	238	75,000	0.3%
13 Refurbish PS-6 (Phase 1)	0	0	0	0
14 Water to PS6 During Low-Flow Months	0	0	13,250	0%
15 I/W System Evaluation Memo	0	0	26,000	0%
16 Industrial and Domestic System Intertie	0	0	11,000	0%
17 Surge Tower Replacement 2018/19 <i>(FEMA Grant, Adv. Charges, and ReMat Funds)</i>	0	82,407	0	0
18 Industrial - Nordic	0	339	0	0
TOTAL INDUSTRIAL SYSTEM PROJECTS	0	82,983	125,250	66.3%

F. CARRY-OVER PROJECTS FROM PRIOR YEAR

19 Collector 5 Security & Anti-Vandalism Measures	0	0	7,500	0%
20 Mainline Valve Replacement FY17/18	0	0	50,000	0%
21 Ruth HQ Installation of Power Pole 2018/19	0	80	3,750	2%
22 Ruth Hydro Relay Replacement-Phase 2	15	32,873	120,000	27%
23 Storm Damage 2019	0	25,627	0	0
24 Ruth Cabin/Bunkhouse Replacement	0	24,045	0	0
CARRYOVER PROJECTS TOTAL	15	82,624	181,250	46%

HUMBOLDT BAY MUNICIPAL WATER DISTRICT
 PROJECT PROGRESS REPORT - PAGE 5 OF 6
 March 31, 2020

SECTION Glo, PAGE NO. 18
 75% Of Budget Year

	MTD EXPENSES	YTD TOTAL	BUDGET	% OF BUDGET
PROJECTS GRAND TOTAL	140,379	1,248,671	11,347,003	11%
Less Projects Funded from Other Sources (Grants/Loans/Advanced Charges/Reserves)	91,791	339,346	9,234,293	4%
Project Charges to Customers (excluding Debt Service)	48,587	909,325	2,112,710	43%
PROJECTS W/OUT GRANT FUNDING	48,587	909,325	1,589,053	57%
USE OF ENCUMBERED FUNDS	168	150,158	200,062	75%

Total Project Budget:	11,347,003
Amount Charged to Customers:	2,112,710
Annual Debt Service Charges*:	162,200
Actual Customer Charges:	2,274,910
<i>*Ranney Collector 3 and Techite Pipeline Replacement Projects were partially funded with a 10-year loan. Only the annual debt service for these projects is charged to customers.</i>	

HUMBOLDT BAY MUNICIPAL WATER DISTRICT
 ENCUMBERED FUNDS RECONCILIATION REPORT
 March 31, 2020

	MTD EXPENSES	YTD TOTAL	AMOUNT ENCUMBERED	REMAINING
A. CAPITAL PROJECTS				
1 Essex Control Building Flooring Replacement	168	168	500	332
2 Collector Pump Oilers	0	330	300	(30)
B. FIXED ASSET PROJECTS				
3 Collector 1 Electrical Upgrade	0	57,693	88,705	31,012
4 Ruth HQ Washroom Remodel	0	0	1,000	1,000
5 Ruth Hydro Oil & Paint Storage Lockers	0	2,710	2,750	40
6 Fleet Servicing Equipment	0	700	700	0
C. MAINTENANCE PROJECTS				
7 Hazard & Diseased Tree Removal	0	7,750	6,500	(1,250)
8 Lead Free Brass Inventory	0	0	700	700
9 Replace 299 Cathodic Anode Well	0	16,000	16,000	0
10 Collector 2 Arc Flash Survey and Relay Test	0	2,200	3,600	1,400
D. PROFESSIONAL & CONSULTING SERVICES				
11 Eureka - ADA Compliance Consultation	0	20,000	20,000	0
12 Hydro ReMat Electrical/Maintenance Insp.	0	0	2,000	2,000
13 Technical Training	0	0	1,600	1,600
E. INDUSTRIAL SYSTEM PROJECTS				
14 Clarifier Feasibility Study	0	20,265	15,500	(4,765)
F. CARRY-OVER PROJECTS FROM PRIOR YEAR				
15 Mainline Valve Replacement	0	20,801	38,666	17,865
SPECIAL PROJECT ENCUMBERED FUNDS TOTAL				
	168	148,617	198,521	49,904
16 MAINTENANCE & REPAIRS		86	86	0
17 SAFETY EQUIP & TRAINING		1030	1,030	0
18 TRF SAFTEY EQUIP & TRAINING		145	145	0
19 OFFICE SUPPLIES		280	280	0
ALL ENCUMBERED FUNDS TOTAL				
	168	150,158	200,062	49,904

Humboldt Bay Municipal Water District

--Monthly Expenses by Vendor Detail Report--
Report dates: 3/1/2020-3/31/2020Page: 1
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Vendor Name	Date Paid	Description	Amount Paid
101 NETLINK			
101 NETLINK	03/05/2020	<i>Ruth Data Link/Internet</i>	160.00
Total 101 NETLINK:			160.00
ACWA/JPIA			
ACWA/JPIA	03/20/2020	<i>RETIREE MEDICAL</i>	11,939.85
ACWA/JPIA	03/20/2020	<i>COBRA Dental</i>	229.32
ACWA/JPIA	03/20/2020	<i>COBRA Vision</i>	74.24
Total ACWA/JPIA:			12,243.41
Advanced Security Systems			
Advanced Security Systems	03/10/2020	<i>Upgrade Essex Alarm/Security System</i>	4,389.60
Total Advanced Security Systems:			4,389.60
AirGas NCN			
AirGas NCN	03/30/2020	<i>safety Supplies</i>	170.45
AirGas NCN	03/30/2020	<i>Gas Detector/Sensors</i>	1,082.89
AirGas NCN	03/30/2020	<i>Purchase Emergency Response Equipment</i>	497.88
AirGas NCN	03/30/2020	<i>welder safety equipment</i>	197.70
AirGas NCN	03/30/2020	<i>safety Supplies</i>	19.53
AirGas NCN	03/30/2020	<i>safety Supplies</i>	19.53
AirGas NCN	03/30/2020	<i>Replace ladder</i>	154.43
Total AirGas NCN:			2,142.41
Almquist Lumber			
Almquist Lumber	03/30/2020	<i>Paint Winzler Control Center</i>	578.49
Almquist Lumber	03/30/2020	<i>Paint Winzler Control Center</i>	155.33
Almquist Lumber	03/30/2020	<i>painting supplies</i>	18.11
Total Almquist Lumber:			751.93
AT & T			
AT & T	03/19/2020	<i>Eureka/Essex Landline</i>	35.03
AT & T	03/19/2020	<i>Arcata/Essex Landline</i>	35.03
AT & T	03/19/2020	<i>Samoa/Essex Land Line</i>	235.00
AT & T	03/19/2020	<i>Eureka Office Modem Line</i>	266.56
AT & T	03/19/2020	<i>Eureka Office Alarm Line</i>	142.10
AT & T	03/19/2020	<i>Samoa Booster Pump Station</i>	144.62
AT & T	03/19/2020	<i>Valve Building Samoa</i>	266.57
AT & T	03/19/2020	<i>Eureka Office</i>	587.25
AT & T	03/19/2020	<i>TRF</i>	260.56
AT & T	03/19/2020	<i>Ruth Hydro/Dataline</i>	259.20
AT & T	03/19/2020	<i>Essex office/Modem/Alarm System</i>	259.20
Total AT & T:			2,491.12
AT&T Advertising Solutions			
AT&T Advertising Solutions	03/30/2020	<i>white page listing</i>	21.00
Total AT&T Advertising Solutions:			21.00
AT&T Long Distance			
AT&T Long Distance	03/10/2020	<i>Eureka Office Long Distance</i>	122.81

Humboldt Bay Municipal Water District

--Monthly Expenses by Vendor Detail Report--
Report dates: 3/1/2020-3/31/2020Page: 2
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Vendor Name	Date Paid	Description	Amount Paid
AT&T Long Distance	03/16/2020	Valve Building-Samoa Long Distance	118.85
AT&T Long Distance	03/16/2020	Essex Control Long Distance	20.34
AT&T Long Distance	03/16/2020	Eureka Office Long Distance	6.79
AT&T Long Distance	03/16/2020	TRF Long Distance	7.00
AT&T Long Distance	03/16/2020	Ruth Hydro/Dataline Long Distance	156.37
Total AT&T Long Distance:			432.16
Bedliners Plus			
Bedliners Plus	03/30/2020	New Unit 3 bed slide/tool organizer	7,420.20
Bedliners Plus	03/30/2020	Unit 8 utility boxes	679.75
Total Bedliners Plus:			8,099.95
Bruce Brashear			
Bruce Brashear	03/10/2020	expense reimbursement fo T2 Certification renewal	60.00
Bruce Brashear	03/10/2020	expense reimbursement for D2 certification renewal	60.00
Total Bruce Brashear:			120.00
City of Eureka			
City of Eureka	03/05/2020	Eureka office water/sewer	237.72
Total City of Eureka:			237.72
Coastal Business Systems Inc.			
Coastal Business Systems Inc.	03/10/2020	Eureka office copy and fax machine	1,222.01
Total Coastal Business Systems Inc.:			1,222.01
Cummins Pacific LLC			
Cummins Pacific LLC	03/05/2020	Ruth HQ emergency generator maintenance	421.48
Total Cummins Pacific LLC:			421.48
Daniel Jones			
Daniel Jones	03/05/2020	expense reimbursement - GIS Conference Long Beach, Californi	513.30
Total Daniel Jones:			513.30
Dave Perkins			
Dave Perkins	03/05/2020	auto mileage reimbursement	184.06
Dave Perkins	03/31/2020	auto mileage reimbursement	165.14
Total Dave Perkins:			349.20
Downey Brand Attorneys LLP			
Downey Brand Attorneys LLP	03/30/2020	Streambed Flow Enhancement Grant	1,056.00
Total Downey Brand Attorneys LLP:			1,056.00
Eureka Oxygen			
Eureka Oxygen	03/27/2020	chlorine emergency shutdown system maintenance	53.85
Eureka Oxygen	03/27/2020	maintenance supplies	319.43
Eureka Oxygen	03/27/2020	cylinder rental	111.72

Humboldt Bay Municipal Water District

--Monthly Expenses by Vendor Detail Report--
Report dates: 3/1/2020-3/31/2020Page: 3
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Vendor Name	Date Paid	Description	Amount Paid
Total Eureka Oxygen:			485.00
Eureka Rubber Stamp			
Eureka Rubber Stamp	03/30/2020	Eureka office name plates	29.69
Total Eureka Rubber Stamp:			29.69
Fastenal Company			
Fastenal Company	03/05/2020	safety equipment	34.19
Fastenal Company	03/05/2020	maintenance supplies	31.89
Total Fastenal Company:			66.08
FEDEX			
FEDEX	03/30/2020	Ship lab samples - BoiVir	125.34
FEDEX	03/30/2020	Ship lab samples - ALS	203.75
FEDEX	03/30/2020	Return ACWA/JPIA safety training tape	10.13
FEDEX	03/30/2020	Ship Electrical Safety Equipment	13.89
Total FEDEX:			353.11
Ferguson Waterworks			
Ferguson Waterworks	03/30/2020	Fieldbrook-Glendale CSD Radio Read Meters	9,840.18
Total Ferguson Waterworks:			9,840.18
FleetPride			
FleetPride	03/30/2020	equipment maintenance	59.40
FleetPride	03/30/2020	Equipment maintenance	49.63
FleetPride	03/30/2020	Unit 8 air compressor repair	98.66
Total FleetPride:			207.69
Frontier Communications			
Frontier Communications	03/30/2020	Ruth HQ Phone	54.80
Frontier Communications	03/30/2020	Ruth Hydro/Ruth Dataline	180.14
Total Frontier Communications:			234.94
GEI Consultants, Inc			
GEI Consultants, Inc	03/30/2020	Ruth Hydro FERC DSSMT Review	715.00
Total GEI Consultants, Inc:			715.00
GHD			
GHD	03/31/2020	General Engineering - Inundation Mapping	1,130.00
GHD	03/31/2020	General Engineering - 2019 Storm Damage Collector 4 - Emerg	2,242.50
GHD	03/31/2020	General Engineering - Essex	961.50
GHD	03/31/2020	General Engineering - Eureka	848.50
GHD	03/31/2020	General Engineering - EDA Grant - Pump Station 6	226.00
GHD	03/31/2020	Ruth Dam - Spillway Survey	68.00
GHD	03/31/2020	Ruth Dam - Slide Survey	492.00
GHD	03/31/2020	Ruth Dam -Annual Survey DSSMR Report	2,391.00
Total GHD:			8,359.50

Humboldt Bay Municipal Water District

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Vendor Name	Date Paid	Description	Amount Paid
Grainger			
Grainger	03/10/2020	TRF Alum Tank Repair	485.03
Total Grainger:			485.03
H.T. Harvey & Associates			
H.T. Harvey & Associates	03/30/2020	Assistance with Streambed Flow Enhancement - Grant	2,154.75
Total H.T. Harvey & Associates:			2,154.75
Harbor Freight Tools			
Harbor Freight Tools	03/30/2020	maintenance shop supplies	24.93
Harbor Freight Tools	03/30/2020	Painting supplies	65.41
Total Harbor Freight Tools:			90.34
Health Equity Inc			
Health Equity Inc	03/20/2020	District HSA Contributions - 1 employee	995.32
Health Equity Inc	03/20/2020	District HSA Contributions - 6 employees	4,000.24
Health Equity Inc	03/05/2020	HSA Admin Fee - 2 employees	5.90
Health Equity Inc	03/05/2020	HSA Admin Fee 8 employees	23.60
Total Health Equity Inc:			5,025.06
Hensel Hardware			
Hensel Hardware	03/30/2020	maintenance shop supplies	20.34
Hensel Hardware	03/30/2020	painting/maintenance supplies	34.77
Hensel Hardware	03/30/2020	Essex Control Room Office maintenance	30.28
Hensel Hardware	03/30/2020	Ruth HQ building maintenance	72.66
Total Hensel Hardware:			158.05
Henwood Associates, Inc			
Henwood Associates, Inc	03/10/2020	Consultant Services Agreement - January 2020	931.82
Total Henwood Associates, Inc:			931.82
Humboldt County Treasurer			
Humboldt County Treasurer	03/31/2020	Fund No 3876 Account 800870	45,611.43
Total Humboldt County Treasurer:			45,611.43
Humboldt Redwood Company, LLC			
Humboldt Redwood Company, LLC	03/10/2020	Mt Pierce Lease site	274.28
Total Humboldt Redwood Company, LLC:			274.28
Humboldt Waste Management Authority			
Humboldt Waste Management Authority	03/30/2020	E-Waste Disposal - Essex	6.15
Humboldt Waste Management Authority	03/30/2020	dispose of Ruth hazardous waste	174.50
Total Humboldt Waste Management Authority:			180.65
Janet Powell			
Janet Powell	03/02/2020	expense reimbursement TB test - Pre-Employment Exam	25.00
Janet Powell	03/02/2020	expense reimbursement TB test - Pre-employment Exam	25.00
Janet Powell	03/31/2020	Auto Mileage Reimbursement	25.30

Humboldt Bay Municipal Water District

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Vendor Name	Date Paid	Description	Amount Paid
Total Janet Powell:			75.30
Journey's End			
Journey's End	03/30/2020	Spillway Repair - meals for work crew	625.60
Journey's End	03/30/2020	Ruth HQ Roof Replacement - meals for work crew	625.60
Total Journey's End:			1,251.20
JTN Energy, LLC			
JTN Energy, LLC	03/10/2020	Consultant Services Agreement - January 2020	931.82
Total JTN Energy, LLC:			931.82
Mario Palmero			
Mario Palmero	03/18/2020	expense reimbursement - safety shoes	151.89
Total Mario Palmero:			151.89
McMaster-Carr Supply			
McMaster-Carr Supply	03/31/2020	Chemical Pump installation	64.62
McMaster-Carr Supply	03/05/2020	Chlorine System Maintenance	13.36
Total McMaster-Carr Supply:			77.98
Mendes Supply Company			
Mendes Supply Company	03/30/2020	Essex office maintenance	91.94
Mendes Supply Company	03/30/2020	Essex office maintenance	107.30
Total Mendes Supply Company:			199.24
Mission Linen			
Mission Linen	03/05/2020	maintenance supplies	62.11
Mission Linen	03/05/2020	Uniform Rental	93.45
Mission Linen	03/05/2020	maintenance supplies	46.00
Mission Linen	03/05/2020	Uniform Rental	117.90
Mission Linen	03/05/2020	Uniform Rental	93.45
Mission Linen	03/05/2020	maintenance supplies	11.50
Mission Linen	03/05/2020	Uniform Rental	117.90
Total Mission Linen:			542.31
Mitchell, Brisso, Delaney & Vrieze			
Mitchell, Brisso, Delaney & Vrieze	03/10/2020	Legal Services- February 2020	124.00
Mitchell, Brisso, Delaney & Vrieze	03/10/2020	Legal Services- February 2020 FEMA Grant Collector 4 Emerge	15.50
Total Mitchell, Brisso, Delaney & Vrieze:			139.50
Munnell & Sherrill, Inc.			
Munnell & Sherrill, Inc.	03/30/2020	safety gear	207.48
Munnell & Sherrill, Inc.	03/30/2020	safety gear	14.89
Total Munnell & Sherrill, Inc.:			222.37
Napa Auto Parts			
Napa Auto Parts	03/10/2020	Unit 3 Floor Mats/Seat Covers	666.00
Napa Auto Parts	03/30/2020	vehicle maintenance - Unit 2	115.68

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Vendor Name	Date Paid	Description	Amount Paid
Napa Auto Parts	03/30/2020	<i>equipment maintenance</i>	36.52
Napa Auto Parts	03/30/2020	<i>Ruth Hydro maintenance supplies</i>	54.49
Napa Auto Parts	03/30/2020	<i>maintenance shop supplies</i>	10.85
Napa Auto Parts	03/30/2020	<i>New Unit 3 Strobe Light</i>	30.51
Napa Auto Parts	03/30/2020	<i>maintenance shop supplies</i>	12.78
Napa Auto Parts	03/30/2020	<i>equipment maintenance</i>	36.74
Total Napa Auto Parts:			963.57
Network Management Services			
Network Management Services	03/30/2020	<i>Computer Assistance - Eureka office</i>	347.36
Network Management Services	03/30/2020	<i>Essential Care Computer Service for Eureka office</i>	1,144.39
Network Management Services	03/18/2020	<i>Deposit Wi-Fi Booster for Eureka Office</i>	194.65
Total Network Management Services:			1,686.40
North Coast Laboratories			
North Coast Laboratories	03/05/2020	<i>lab tests</i>	95.00
North Coast Laboratories	03/05/2020	<i>lab tests</i>	285.00
North Coast Laboratories	03/05/2020	<i>lab tests</i>	95.00
North Coast Laboratories	03/05/2020	<i>lab tests</i>	95.00
North Coast Laboratories	03/05/2020	<i>lab tests</i>	95.00
North Coast Laboratories	03/05/2020	<i>lab tests</i>	95.00
North Coast Laboratories	03/05/2020	<i>lab tests</i>	95.00
Total North Coast Laboratories:			855.00
Northern California Safety Consortium			
Northern California Safety Consortium	03/05/2020	<i>membership fee</i>	75.00
Northern California Safety Consortium	03/30/2020	<i>Biennial Inspection of Terminal Forms</i>	17.09
Total Northern California Safety Consortium:			92.09
Occupational, Environmental Health			
Occupational, Environmental Health	03/10/2020	<i>Respirator Exam - D. Corral</i>	105.00
Occupational, Environmental Health	03/10/2020	<i>Hearing/Audiogram - D. Corral</i>	35.50
Occupational, Environmental Health	03/10/2020	<i>Respirator Exam - N. Ahmad</i>	105.00
Occupational, Environmental Health	03/10/2020	<i>Hearing/Audiogram - N. Ahmad</i>	35.50
Occupational, Environmental Health	03/10/2020	<i>Respirator Exam - W. Wardrip</i>	105.00
Occupational, Environmental Health	03/10/2020	<i>Hearing/Audiogram - W. Wardrip</i>	35.50
Occupational, Environmental Health	03/10/2020	<i>Respirator Exam - B. Brashear</i>	105.00
Occupational, Environmental Health	03/10/2020	<i>Hearing/Audiogram - B. Brashear</i>	35.50
Occupational, Environmental Health	03/10/2020	<i>Respirator Exam - I. Ivey</i>	105.00
Occupational, Environmental Health	03/10/2020	<i>Hearing/Audiogram - I. Ivey</i>	35.50
Occupational, Environmental Health	03/10/2020	<i>Respirator Exam - R. Roberts</i>	105.00
Occupational, Environmental Health	03/10/2020	<i>Hearing/Audiogram - R. Roberts</i>	35.50
Occupational, Environmental Health	03/10/2020	<i>Respirator Exam -R. Murphy</i>	105.00
Occupational, Environmental Health	03/10/2020	<i>Hearing/Audiogram -R. Murphy</i>	35.50
Occupational, Environmental Health	03/10/2020	<i>Respirator Exam - M. Palmero</i>	105.00
Occupational, Environmental Health	03/10/2020	<i>Hearing/Audiogram - M. Palmero</i>	35.50
Occupational, Environmental Health	03/10/2020	<i>Respirator Exam - M. Davis</i>	105.00
Occupational, Environmental Health	03/10/2020	<i>Hearing/Audiogram - M. Davis</i>	35.50
Occupational, Environmental Health	03/10/2020	<i>Respirator Exam - K. Daggs</i>	105.00
Occupational, Environmental Health	03/10/2020	<i>Hearing/Audiogram - K. Daggs</i>	35.50
Occupational, Environmental Health	03/10/2020	<i>Respirator Exam - S. Stone</i>	105.00
Occupational, Environmental Health	03/10/2020	<i>Hearing/Audiogram - S. Stone</i>	35.50
Occupational, Environmental Health	03/10/2020	<i>Respirator Exam - S. Marshall</i>	105.00

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Vendor Name	Date Paid	Description	Amount Paid
Occupational, Environmental Health	03/10/2020	Hearing/Audiogram - S. Marshall	35.50
Occupational, Environmental Health	03/10/2020	Respirator Exam - T. Farrell	105.00
Occupational, Environmental Health	03/10/2020	Hearing/Audiogram - T. Farrell	35.50
Occupational, Environmental Health	03/10/2020	Respirator Exam -J. Klingonsmith	105.00
Occupational, Environmental Health	03/10/2020	Hearing/Audiogram -J. Klingonsmith	35.50
Occupational, Environmental Health	03/10/2020	Respirator Exam - P. Jorgensen	105.00
Occupational, Environmental Health	03/10/2020	Hearing/Audiogram - P. Jorgensen	35.50
Occupational, Environmental Health	03/10/2020	Respirator Exam -K. Davis	105.00
Occupational, Environmental Health	03/10/2020	Hearing/Audiogram - K. Davis	35.50
Total Occupational, Environmental Health:			2,248.00
Pace Supply Corp			
Pace Supply Corp	03/30/2020	TRF Sludge wet well repair	918.01
Total Pace Supply Corp:			918.01
Pacific Gas & Electric Co.			
Pacific Gas & Electric Co.	03/16/2020	Ruth Bunkhouse	299.52
Pacific Gas & Electric Co.	03/16/2020	Ruth HQ	64.81
Pacific Gas & Electric Co.	03/16/2020	Eureka Office	777.97
Pacific Gas & Electric Co.	03/16/2020	Jackson Ranch Rectifier	15.82
Pacific Gas & Electric Co.	03/16/2020	299 Rectifier	118.33
Pacific Gas & Electric Co.	03/16/2020	West End Road Rectifier	129.14
Pacific Gas & Electric Co.	03/16/2020	TRF	8,629.33
Pacific Gas & Electric Co.	03/16/2020	Ruth Hydro Valve Control	30.03
Pacific Gas & Electric Co.	03/16/2020	Ruth Hydro	80.54
Pacific Gas & Electric Co.	03/16/2020	Samoa Booster Pump Station	475.72
Pacific Gas & Electric Co.	03/16/2020	Samoa Dial Station	35.45
Pacific Gas & Electric Co.	03/16/2020	Essex Pumping 2/1 - 2/29/2020	54,668.64
Pacific Gas & Electric Co.	03/10/2020	12 KV Relocation Project - Grant	86,073.09
Pacific Gas & Electric Co.	03/10/2020	12 KV Relocation Project - Grant	2,500.00
Total Pacific Gas & Electric Co.:			153,898.39
Pacific Paper Co.			
Pacific Paper Co.	03/05/2020	Telephone supplies	11.68
Pacific Paper Co.	03/05/2020	Humboldt Bay Retail Customer - office supplies	9.10
Pacific Paper Co.	03/05/2020	Fieldbrook-Glendale CSD customer service supplies	43.40
Pacific Paper Co.	03/05/2020	Eureka office supplies	59.31
Pacific Paper Co.	03/30/2020	Eureka office supplies	57.68
Total Pacific Paper Co.:			181.17
Pape Material Handling			
Pape Material Handling	03/30/2020	equipment maintenance	172.61
Total Pape Material Handling:			172.61
Pitney Bowes			
Pitney Bowes	03/30/2020	postage meter supplies	52.56
Pitney Bowes	03/30/2020	postage meter lease	256.77
Total Pitney Bowes:			309.33
PitStop Cleaning`			
PitStop Cleaning`	03/05/2020	Eureka office cleaning	160.00

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Vendor Name	Date Paid	Description	Amount Paid
PitStop Cleaning`	03/30/2020	<i>Eureka office cleaning</i>	160.00
Total PitStop Cleaning`:			320.00
PPG Architectural Coatings			
PPG Architectural Coatings	03/30/2020	<i>TRF paint supplies</i>	191.96
Total PPG Architectural Coatings:			191.96
R.J. Ricciardi, Inc, CPAs			
R.J. Ricciardi, Inc, CPAs	03/16/2020	<i>Annual Financial Audit FY18/19</i>	910.00
Total R.J. Ricciardi, Inc, CPAs:			910.00
Rebecca J. Moyle			
Rebecca J. Moyle	03/25/2020	<i>Eureka Office Petty Cash-Office Supplies</i>	30.15
Rebecca J. Moyle	03/25/2020	<i>Eureka Office Petty Cash- Emergency Repairs Collector 4</i>	18.50
Rebecca J. Moyle	03/25/2020	<i>Eureka Office Petty Cash- Essex Safety Supplies</i>	58.54
Rebecca J. Moyle	03/25/2020	<i>Eureka Office Petty Cash- Mail T4 Exam Application</i>	6.95
Rebecca J. Moyle	03/25/2020	<i>Eureka Office Petty Cash- Safety Apparel</i>	7.57
Rebecca J. Moyle	03/25/2020	<i>Eureka Office Petty Cash- Mail 12KV PG&E Review Applicatio</i>	7.60
Rebecca J. Moyle	03/25/2020	<i>Eureka Office Petty Cash- Ruth Hydro Protective Relay</i>	15.05
Total Rebecca J. Moyle:			144.36
Recology Arcata			
Recology Arcata	03/16/2020	<i>Essex Garbage Service</i>	616.03
Total Recology Arcata:			616.03
Recology Humboldt County			
Recology Humboldt County	03/10/2020	<i>Eureka office garbage/recycling service</i>	90.72
Total Recology Humboldt County:			90.72
Rosemount Analytical, Inc			
Rosemount Analytical, Inc	03/30/2020	<i>TRF instrumentation</i>	3,221.72
Total Rosemount Analytical, Inc:			3,221.72
Security Lock & Alarm			
Security Lock & Alarm	03/30/2020	<i>Eureka Office door lock</i>	107.07
Total Security Lock & Alarm:			107.07
Sequoia Gas			
Sequoia Gas	03/05/2020	<i>Refill Ruth Bunkhouse propane</i>	243.28
Sequoia Gas	03/05/2020	<i>Ruth HQ Propane Tank Refill</i>	300.30
Total Sequoia Gas:			543.58
Shafer's Ace Hardware			
Shafer's Ace Hardware	03/05/2020	<i>tool maintenance</i>	11.69
Shafer's Ace Hardware	03/30/2020	<i>Eureka office Restroom repair</i>	10.84
Total Shafer's Ace Hardware:			22.53

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Vendor Name	Date Paid	Description	Amount Paid
Silverline Tree Service			
Silverline Tree Service	03/31/2020	<i>TRF Line Shed 5 - Hazard Tree Removal</i>	4,000.00
Total Silverline Tree Service:			4,000.00
Sitestar Nationwide Internet			
Sitestar Nationwide Internet	03/05/2020	<i>Essex Internet</i>	52.90
Total Sitestar Nationwide Internet:			52.90
Six Rivers Communications			
Six Rivers Communications	03/05/2020	<i>Radio installation in new Unit 3</i>	824.58
Total Six Rivers Communications:			824.58
Skid Pro Attachments			
Skid Pro Attachments	03/30/2020	<i>Grapple Attachment JD110</i>	3,417.00
Total Skid Pro Attachments:			3,417.00
Sound Advice			
Sound Advice	03/05/2020	<i>Eureka office Board Room Projector repair</i>	258.23
Sound Advice	03/05/2020	<i>Eureka office Board Room Projector Repair</i>	64.02
Total Sound Advice:			322.25
Staples			
Staples	03/30/2020	<i>Essex office supplies</i>	152.41
Staples	03/30/2020	<i>Humboldt Bay Retail Lock Box</i>	8.22
Staples	03/30/2020	<i>Fieldbrook-Glendale CSD Lock Box</i>	23.39
Total Staples:			184.02
Stillwater Sciences			
Stillwater Sciences	03/30/2020	<i>professional assistance - biologist consultation - Collector 4 Em</i>	1,811.25
Total Stillwater Sciences:			1,811.25
Streamline			
Streamline	03/05/2020	<i>Website maintenance membership fee</i>	450.00
Streamline	03/31/2020	<i>Website maintenance membership fee</i>	450.00
Total Streamline:			900.00
Sudden Link			
Sudden Link	03/10/2020	<i>Essex internet</i>	280.64
Sudden Link	03/10/2020	<i>TRF Internet</i>	23.65
Sudden Link	03/10/2020	<i>TRF Internet - Blue Lake SCADA Monitoring</i>	47.29
Sudden Link	03/10/2020	<i>TRF Internet - Fieldbrook-Glendale CSD</i>	47.28
Sudden Link	03/16/2020	<i>Eureka Internet</i>	208.45
Total Sudden Link:			607.31
SWRCB-DWOCP			
SWRCB-DWOCP	03/05/2020	<i>T4 Certification Renewal - Chris M Merz</i>	105.00
SWRCB-DWOCP	03/10/2020	<i>T4 Certification Renewal - Ryan W. Chairez</i>	105.00

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Vendor Name	Date Paid	Description	Amount Paid
Total SWRCB-DWOCP:			210.00
T.P. Tire Service, Inc			
T.P. Tire Service, Inc	03/30/2020	equipment maintenance	138.80
Total T.P. Tire Service, Inc:			138.80
Telstar Instruments, Inc			
Telstar Instruments, Inc	03/10/2020	Chlorine system maintenance	581.58
Telstar Instruments, Inc	03/30/2020	Chlorine system maintenance	3,096.76
Telstar Instruments, Inc	03/30/2020	Chlorine system maintenance	2,240.46
Total Telstar Instruments, Inc:			5,918.80
Thatcher Company, Inc			
Thatcher Company, Inc	03/16/2020	replenish chlorine - container credit	2,000.00-
Thatcher Company, Inc	03/16/2020	replenish chlorine	4,800.06
Total Thatcher Company, Inc:			2,800.06
The Mill Yard			
The Mill Yard	03/30/2020	Equipment maintenance	24.94
The Mill Yard	03/30/2020	Essex Control Room Flooring Repair	134.97
The Mill Yard	03/30/2020	Essex Control Room Flooring Repair	31.11
The Mill Yard	03/30/2020	Essex Control Room Flooring Repair	2.17
Total The Mill Yard:			193.19
Thomas Law Group			
Thomas Law Group	03/10/2020	Legal Fees - February 2020	1,743.75
Total Thomas Law Group:			1,743.75
Thrifty Supply			
Thrifty Supply	03/30/2020	Hydrant Meter w/backflow	1,999.66
Total Thrifty Supply:			1,999.66
Trinity County General Services			
Trinity County General Services	03/30/2020	Pickett Peak site lease	250.00
Total Trinity County General Services:			250.00
Trinity County Solid Waste			
Trinity County Solid Waste	03/10/2020	Ruth HQ dump fees	12.27
Trinity County Solid Waste	03/10/2020	Ruth Hydro dump fees	12.27
Total Trinity County Solid Waste:			24.54
U.S. Bank Corporate Payment System			
U.S. Bank Corporate Payment System	03/10/2020	Webinar - Rock Scour Assessment	99.00
U.S. Bank Corporate Payment System	03/10/2020	ACWA Spring Conf Registration - J. Friedenbach	725.00
U.S. Bank Corporate Payment System	03/10/2020	CSDA GM Summit	205.91
U.S. Bank Corporate Payment System	03/10/2020	Conference Call State Water Resources/Water Quality	4.15
U.S. Bank Corporate Payment System	03/10/2020	Annual Domain Hosting	181.92
U.S. Bank Corporate Payment System	03/10/2020	Microsoft Office for Director Laptops	99.99

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Vendor Name	Date Paid	Description	Amount Paid
U.S. Bank Corporate Payment System	03/10/2020	EPA Source Water Seminar	85.02
U.S. Bank Corporate Payment System	03/10/2020	Webinar - Concrete Repair/Maint for Dams	99.00
U.S. Bank Corporate Payment System	03/10/2020	ACWA Spring Conf Registration - S. Woo	725.00
U.S. Bank Corporate Payment System	03/10/2020	EPA Source Water Seminar	14.22
U.S. Bank Corporate Payment System	03/10/2020	EPA Source Water Seminar	22.79
U.S. Bank Corporate Payment System	03/10/2020	ACWA Spring Conf Registration - M. Fuller	725.00
U.S. Bank Corporate Payment System	03/10/2020	AWWA Conference - D. Davidsen	173.40
U.S. Bank Corporate Payment System	03/10/2020	AWWA Conference - D. Davidsen	219.90
U.S. Bank Corporate Payment System	03/10/2020	AWWA Conference - D. Davidsen	214.10
U.S. Bank Corporate Payment System	03/10/2020	New Unit 3 Running Boards	246.80
U.S. Bank Corporate Payment System	03/10/2020	Backflow Prevention Training - M. Palmero	2,590.25
U.S. Bank Corporate Payment System	03/10/2020	Purchase Order Processing Software - Monthly chrg	95.60
U.S. Bank Corporate Payment System	03/10/2020	Eureka office supplies	137.68
U.S. Bank Corporate Payment System	03/10/2020	Executive Assist Document Scanner	433.99
U.S. Bank Corporate Payment System	03/10/2020	TRF Alum Tank Repairs	82.22
U.S. Bank Corporate Payment System	03/10/2020	TRF Alum Tank Repairs	223.40
U.S. Bank Corporate Payment System	03/10/2020	TRF Building Maintenance	22.06
U.S. Bank Corporate Payment System	03/10/2020	Essex Office Supplies	28.00
U.S. Bank Corporate Payment System	03/10/2020	Eureka office Projector maintenance	38.95
U.S. Bank Corporate Payment System	03/10/2020	New Unit 3 Safety Beacon	398.85
U.S. Bank Corporate Payment System	03/10/2020	Ruth Hydro Crane Rail and Lighting	1,024.70
U.S. Bank Corporate Payment System	03/10/2020	Crane Operator Log Book	62.37

Total U.S. Bank Corporate Payment System:

8,979.27

USA Blue Book

USA Blue Book	03/30/2020	Humboldt Bay customer service supplies	44.51
USA Blue Book	03/30/2020	Fieldbrook-Glendale CSD customer service supplies	126.68
USA Blue Book	03/30/2020	Humboldt Bay customer service supplies	23.62
USA Blue Book	03/30/2020	Fieldbrook-Glendale CSD customer service supplies	67.25
USA Blue Book	03/30/2020	Humboldt Bay customer service supplies	23.51
USA Blue Book	03/30/2020	Fieldbrook-Glendale CSD customer service supplies	66.94
USA Blue Book	03/30/2020	Humboldt Bay customer service supplies	23.02-
USA Blue Book	03/30/2020	Fieldbrook-Glendale CSD customer service supplies	65.54-
USA Blue Book	03/30/2020	Humboldt Bay customer service supplies	.11-
USA Blue Book	03/30/2020	Fieldbrook-Glendale CSD customer service supplies	.31-
USA Blue Book	03/30/2020	Humboldt Bay customer service supplies	.49-
USA Blue Book	03/30/2020	Fieldbrook-Glendale CSD customer service supplies	1.40-
USA Blue Book	03/30/2020	TRF instrumentation	648.43

Total USA Blue Book:

910.07

Valley Pacific Petroleum Servi, Inc

Valley Pacific Petroleum Servi, Inc	03/30/2020	Ruth Hydro Spill Response	211.58
Valley Pacific Petroleum Servi, Inc	03/30/2020	Spill response Ruth HQ	88.36
Valley Pacific Petroleum Servi, Inc	03/10/2020	cardlock fuel - Pumping & Control	298.05
Valley Pacific Petroleum Servi, Inc	03/10/2020	cardlock fuel - water quality	298.05
Valley Pacific Petroleum Servi, Inc	03/10/2020	cardlock fuel - maintenance	298.04
Valley Pacific Petroleum Servi, Inc	03/10/2020	cardlock fuel - Humboldt Bay Customer Service	77.49
Valley Pacific Petroleum Servi, Inc	03/10/2020	cardlock fuel - Fieldbrook-Glendale CSD customer service	220.55

Total Valley Pacific Petroleum Servi, Inc:

1,492.12

Verizon Wireless

Verizon Wireless	03/10/2020	General Manager	39.09
Verizon Wireless	03/10/2020	Customer Service - Humboldt Bay	16.25
Verizon Wireless	03/10/2020	Customer Service - Fieldbrook-Glendale CSD	46.27

Humboldt Bay Municipal Water District

--Monthly Expenses by Vendor Detail Report--
Report dates: 3/1/2020-3/31/2020

Page: 12
Mar 31, 2020 03:21PM

Vendor Name	Date Paid	Description	Amount Paid
Verizon Wireless	03/10/2020	<i>Operations 1</i>	.16
Verizon Wireless	03/10/2020	<i>Customer Service IPad-Humboldt Bay</i>	9.88
Verizon Wireless	03/10/2020	<i>Customer Service IPad - Fieldbrook-Glendale CSD</i>	28.13
Verizon Wireless	03/10/2020	<i>Ruth Area</i>	45.35
Verizon Wireless	03/10/2020	<i>Ruth Hydro</i>	45.36
Total Verizon Wireless:			230.49
Grand Totals:			317,948.10

Humboldt Bay Municipal Water District

--Monthly Overtime Report--
Pay period dates: 3/1/2020 - 3/31/2020Page: 1
Apr 02, 2020 10:13AM

Position Title	2-01 Overtime Emp Hrs	2-01 Overtime Emp Amt	2-02 Doubletime Emp Hrs	2-02 Doubletime Emp Amt
Customer Srvc	.25	\$8	.00	\$0
Actg/HR Spec	4.00	\$290	.00	\$0
Actg/HR Assit	1.00	\$45	.00	\$0
Total ADMIN:	5.25	\$343	.00	\$0
Elec & Ins Tech	3.50	\$198	.00	\$0
Elec & Ins Tech	.50	\$26	.00	\$0
Oper & Mnt Tech	4.00	\$195	.00	\$0
Oper & Mnt Tech	.75	\$32	.00	\$0
Total ESSEX:	8.75	\$450	.00	\$0
Hydro Oper Ruth	2.00	\$95	.00	\$0
Total RUTH:	2.00	\$95	.00	\$0
Grand Totals:	16.00	\$888	.00	\$0



SECTION G1b, PAGE NO. 1
HUMBOLDT BAY MUNICIPAL WATER DISTRICT

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BOARD OF DIRECTORS

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NEAL LATT, VICE-PRESIDENT

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DAVID LINDBERG, DIRECTOR

GENERAL MANAGER

JOHN FRIEDENBACH

R.J. Ricciardi, Inc.
Certified Public Accountants
1101 Fifth Avenue, Suite 360
San Rafael, CA 94901

April 2, 2020

We are providing this letter in connection with your audit(s) of the Schedule of Expenditures of Federal Awards of Humboldt Bay Municipal Water District as of June 30, 2019 and for the year then ended. We confirm that we are responsible for the fair presentation of the previously mentioned schedule and related notes in conformity with U.S. generally accepted accounting principles and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). We are also responsible for adopting sound accounting policies, establishing and maintaining effective internal control, and preventing and detecting fraud.

With respect to federal award programs:

- 1) We are responsible for understanding and complying with, and have complied with, the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), including requirements relating to preparation of the schedule of expenditures of federal awards.
- 2) We acknowledge our responsibility for presenting the schedule of expenditures of federal awards (SEFA) and related notes in accordance with the requirements of the Uniform Guidance, and we believe the SEFA, including its form and content, is fairly presented in accordance with the Uniform Guidance. The methods of measurement or presentation of the SEFA have not changed from those used in the prior period, and we have disclosed to you any significant assumptions and interpretations underlying the measurement or presentation of the SEFA.
- 3) We have identified and disclosed to you all of our government programs and related activities subject to the Uniform Guidance compliance audit, and have included in the SEFA, expenditures made during the audit period for all awards provided by federal agencies in the form of federal awards, federal cost-reimbursement contracts, loans, loan guarantees, property (including donated surplus property), cooperative agreements, interest subsidies, insurance, food commodities, direct appropriations, and other direct assistance.
- 4) We are responsible for understanding and complying with the requirements of federal statutes, regulations, and the terms and conditions of federal awards related to each of our federal programs and have identified and disclosed to you the requirements of federal statutes, regulations, and the terms and conditions of federal awards that are considered to have a direct and material effect on each major program.
- 5) We are responsible for establishing and maintaining, and have established and maintained, effective internal control over compliance for federal programs that provides reasonable assurance that we are managing our federal awards in compliance with federal statutes, regulations, and the terms and


conditions of federal awards. We believe the internal control system is adequate and is functioning as intended.

- 6) We have made available to you all federal awards (including amendments, if any) and any other correspondence with federal agencies or pass-through entities relevant to federal programs and related activities.
- 7) We have received no requests from a federal agency to audit one or more specific programs as a major program.
- 8) We have complied with the direct and material compliance requirements (except for noncompliance disclosed to you), including, when applicable, those set forth in the *OMB Compliance Supplement*, relating to federal awards and confirm that there were no amounts questioned and no known noncompliance with the direct and material compliance requirements of federal awards.
- 9) We have disclosed any communications from federal awarding agencies and pass-through entities concerning possible noncompliance with the direct and material compliance requirements, including communications received from the end of the period covered by the compliance audit to the date of the auditor's report.
- 10) We have disclosed to you the findings received and related corrective actions taken for previous audits, attestation engagements, and internal or external monitoring that directly relate to the objectives of the compliance audit, including findings received and corrective actions taken from the end of the period covered by the compliance audit to the date of the auditor's report.
- 11) Amounts claimed or used for matching were determined in accordance with relevant guidelines in OMB's Uniform Guidance (2 CFR part 200, subpart E) and OMB Circular A-122, *Cost Principles for Nonprofit Organizations*, and Subpart C, *Cost Sharing and Matching*, of OMB Circular A-110, *Grants and Agreements with Institutions of Higher Education, Hospitals, and Other Nonprofit Organizations*, if applicable.
- 12) We have disclosed to you our interpretation of compliance requirements that may have varying interpretations.
- 13) We have made available to you all documentation related to compliance with the direct and material compliance requirements, including information related to federal program financial reports and claims for advances and reimbursements.
- 14) We have disclosed to you the nature of any subsequent events that provide additional evidence about conditions that existed at the end of the reporting period affecting noncompliance during the reporting period.
- 15) There are no such known instances of noncompliance with direct and material compliance requirements that occurred subsequent to the period covered by the auditor's report.
- 16) No changes have been made in internal control over compliance or other factors that might significantly affect internal control, including any corrective action we have taken regarding significant deficiencies or material weaknesses in internal control over compliance, subsequent to the period covered by the auditor's report.
- 17) Federal program financial reports and claims for advances and reimbursements are supported by the books and records from which the basic financial statements have been prepared.
- 18) The copies of federal program financial reports provided you are true copies of the reports submitted, or electronically transmitted, to the respective federal agency or pass-through entity, as applicable.
- 19) We have monitored subrecipients, as necessary, to determine that they have expended subawards in compliance with federal statutes, regulations, and the terms and conditions of the subaward and have met the other pass-through entity requirements of the Uniform Guidance.
- 20) We have issued management decisions for audit findings that relate to federal awards made to subrecipients and such management decisions have been issued within six months of acceptance of the audit report by the Federal Audit Clearinghouse. Additionally, we have followed-up ensuring that

the subrecipient has taken timely and appropriate action on all deficiencies detected through audits, on-site reviews, and other means that pertain to the federal award provided to the subrecipient.

- 21) We have considered the results of subrecipient audits and have made any necessary adjustments to our books and records.
- 22) We have charged costs to federal awards in accordance with applicable cost principles.
- 23) We are responsible for and have accurately prepared the summary schedule of prior audit findings to include all findings required to be included by the Uniform Guidance, and we have provided you with all information on the status of the follow-up on prior audit findings by federal awarding agencies and pass-through entities, including all management decisions.
- 24) We are responsible for and have ensured the reporting package does not contain protected personally identifiable information.
- 25) We are responsible for and have accurately prepared the auditee section of the Data Collection Form as required by the Uniform Guidance.
- 26) We are responsible for taking corrective action on each audit finding of the compliance audit and have developed a corrective action plan that meets the requirements of the Uniform Guidance.
- 27) We have identified to you any previous audits, attestation engagements, and other studies related to the audit objectives and whether related recommendations have been implemented.

To the best of our knowledge and belief, no events, including instances of noncompliance (12 compliance requirements), have occurred subsequent to the fiscal year ended June 30, 2019 and through the date of this letter that would require adjustment to or disclosure in the aforementioned schedule and related notes.

Signed: 
Title: General Manager
Date: 4/2/2020

DRAFT

3/20/2020

To be used only for management discussion purposes; engagement is incomplete; this draft is subject to final review and possible revision. **Report/Letter date is TENTATIVE-TBD**

**HUMBOLDT BAY MUNICIPAL WATER
DISTRICT**

EUREKA, CALIFORNIA

SINGLE AUDIT REPORT

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT ON
INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND
OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT
AUDITING STANDARDS

Board of Directors
Humboldt Bay Municipal Water District
Eureka, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and the major fund of Humboldt Bay Municipal Water District which comprise the statement of net position as of June 30, 2019, and the related statement of activities for the year then ended, and the related notes to the financial statements, which collectively comprise Humboldt Bay Municipal Water District's basic financial statements, and have issued our report thereon dated [DATE].

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Humboldt Bay Municipal Water District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Humboldt Bay Municipal Water District's internal control. Accordingly, we do not express an opinion on the effectiveness of Humboldt Bay Municipal Water District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Humboldt Bay Municipal Water District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements; noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Board of Directors
Humboldt Bay Municipal Water District- Page 2

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Humboldt Bay Municipal Water District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Humboldt Bay Municipal Water District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California

DRAFT

INDEPENDENT AUDITORS' REPORT
ON COMPLIANCE FOR EACH MAJOR
PROGRAM AND ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE
UNIFORM GUIDANCE

Board of Directors
Humboldt Bay Municipal Water District
Eureka, California

Report on Compliance for Each Major Federal Program

We have audited Humboldt Bay Municipal Water District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Humboldt Bay Municipal Water District's major federal programs for the year ended June 30, 2019. Humboldt Bay Municipal Water District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Humboldt Bay Municipal Water District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Humboldt Bay Municipal Water District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of Humboldt Bay Municipal Water District's compliance.

Opinion on Each Major Federal Program

In our opinion, Humboldt Bay Municipal Water District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of Humboldt Bay Municipal Water District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Humboldt Bay Municipal Water District's internal control over compliance with the type of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Humboldt Bay Municipal Water District's internal control over compliance.

Board of Directors
Humboldt Bay Municipal Water District- Page 2

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities and the major fund of Humboldt Bay Municipal Water District as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Humboldt Bay Municipal Water District's basic financial statements. We issued our report thereon dated [DATE], which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California

Humboldt Bay Municipal Water District
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 For the Fiscal Year Ended June 30, 2019

Federal Financial Assistance	Federal CFDA Number	Grantor/ Pass-Through Entity Grant Number	Expenditures
<u>U. S. Department of Homeland Security:</u>			
Passed through the California Governor's Office of Emergency Services:			
Hazard Mitigation Grant Program, FEMA			
* Blue Lake/Fieldbrook River Undercrossing Project, FEMA-DR-4301	97.039	023-91000	\$ 1,252,159
* Surge Tower Demolition Project, FEMA-DR-4240	97.039	023-91000	54,361
* 12kV Switchgear Relocation Project, FEMA-DR-4240-17-24	97.039	023-91000	97,798
* Storm Damage 2019, 4434-DR-CA	97.039	023-91000	<u>246,324</u>
Total U.S. Department of Homeland Security			<u>1,650,642</u>
Total Federal Awards			\$ <u>1,650,642</u>

* Major program

Humboldt Bay Municipal Water District
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019

NOTE 1 - BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal grant activity of Humboldt Bay Municipal Water District under programs of the federal government for the year ended June 30, 2019. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Humboldt Bay Municipal Water District, it is not intended to, and does not, present the financial position, changes in net position, or cash flows of Humboldt Bay Municipal Water District.

NOTE 2 - BASIS OF PRESENTATION

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. The accompanying Schedule is presented using the modified accrual basis of accounting for grants accounted for in the governmental fund types and the accrual basis of accounting for grants accounted for in the proprietary fund types, as described in the notes to the Humboldt Bay Municipal Water District's financial statements. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowed or are limited as to reimbursements.

NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance.

NOTE 4 - CATALOG OF FEDERAL DOMESTIC ASSISTANCE (CFDA) NUMBERS

The CFDA number included in the accompanying Schedule was determined based on the program name, review of the award contract, and the Office of Management and Budget's Catalog of Federal Domestic Assistance.

NOTE 5 - INDIRECT COSTS

Humboldt Bay Municipal Water District elected not to use the 10% de minimis cost rate as covered in the Uniform Guidance Part 200.414 Indirect (F&A) Costs.

NOTE 6 - RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

The amounts reported in the accompanying Schedule agree or can be reconciled with amounts reported in the related federal financial assistance reports.

NOTE 7 - RELATIONSHIP TO BASIC FINANCIAL STATEMENTS

The amounts reported in the accompanying Schedule agree or can be reconciled with amounts reported in the Humboldt Bay Municipal Water District's basic financial statements.

Humboldt Bay Municipal Water District
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
June 30, 2019

NOTE 8 - PASS-THROUGH ENTITIES' IDENTIFYING NUMBER

When federal awards were received from a pass-through entity, the Schedule shows, if available, the identifying number assigned by the pass-through entity. When no identifying number is shown, Humboldt Bay Municipal Water District determined that no identifying number is assigned for the program or Humboldt Bay Municipal Water District was unable to obtain an identifying number from the pass-through entity.

DRAFT

Humboldt Bay Municipal Water District
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
 For the Year Ended June 30, 2019

Section I – Summary of Auditors’ Results

1. Type of auditors’ report issued: Unmodified
2. Internal control over financial reporting:
 - A. Material weakness(es) identified? No
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? None reported
 - C. Noncompliance material to financial statements noted? No
3. Internal control over major programs:
 - A. Material weakness(es) identified? No
 - B. Significant deficiencies identified that were not considered to be material weakness(es)? None reported
 - C. Type of auditors’ report issued on compliance for major programs: Unmodified
 - D. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? No
4. Audited as Major Programs:

<u>CFDA Number</u>	<u>Federal Program Name or Cluster</u>	<u>Amount</u>
97.039	Hazard Mitigation Grant Program	\$1,650,642

5. Dollar threshold used to distinguish between type A and type B programs: \$750,000
6. Auditee qualified as a low-risk auditee? No

Section II – Financial Statement Findings

There were no financial statement findings.

Section III – Federal Award Findings and Questioned Costs

There were no federal award findings and questioned costs.

Humboldt Bay Municipal Water District
STATUS OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
For the Year Ended June 30, 2019

Recommendation

Status/Explanation

There were no prior year findings or recommendations.

DRAFT

DRAFT

4/2/2020

To be used only for management discussion purposes; engagement is incomplete; this draft is subject to final review and possible revision. **Report/Letter date is TENTATIVE-TBD**

**HUMBOLDT BAY MUNICIPAL
WATER DISTRICT**

EUREKA, CALIFORNIA

BASIC FINANCIAL STATEMENTS

JUNE 30, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors
Humboldt Bay Municipal Water District
Eureka, California

Report on the Financial Statements

We have audited the accompanying financial statements of the business-type activities and the major fund of Humboldt Bay Municipal Water District, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise Humboldt Bay Municipal Water 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 opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States and the State Controller's Minimum Audit Requirements and Reporting Guidelines 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 our 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, we consider internal control relevant to Humboldt Bay Municipal Water District'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 purpose of expressing an opinion on the effectiveness of Humboldt Bay Municipal Water District'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 accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities and the major fund of Humboldt Bay Municipal Water District, as of June 30, 2019, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

To the Board of Directors
Humboldt Bay Municipal Water District – Page 2

Other Matters

Report on Summarized Comparative Information

We have previously audited Humboldt Bay Municipal Water District's June 30, 2018 financial statements, and we expressed an unmodified audit opinion on those audited financial statements in our report dated April 30, 2019. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2018, is consistent, in all material respects, with the audited financial statements from which it has been derived.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-10) and the required supplementary information (page 34-37), as listed in the table of contents, 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, 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. 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.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated [DATE], on our consideration of Humboldt Bay Municipal Water District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Humboldt Bay Municipal Water District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Humboldt Bay Municipal Water District's internal control over financial reporting and compliance.

R. J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California

Humboldt Bay Municipal Water District
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2019

The purpose of this section of the financial statements is to present management's discussion and analysis of the Humboldt Bay Municipal Water District's (District) financial performance during the fiscal year that ended on June 30, 2019. We recommend that readers review this in conjunction with the remainder of the financial statements.

INTRODUCTION AND BACKGROUND

We would first like to provide a brief overview of the District and the customers served which will provide a context for the financial statements and the discussion which follows.

The Regional Water System:

The District was formed in 1956 pursuant to the Municipal Water District Act of the California Water Code. The District completed construction of the regional water system in 1961, and service commenced to the Cities of Eureka and Arcata and two pulp mills on the Samoa Peninsula. Since the initial construction, a number of additions and improvements to the regional system have been made, and additional wholesale customers have joined the regional system. Since inception, this regional water system has efficiently and reliably served the municipal and industrial water needs of customers in the Humboldt Bay region.

The regional water system includes the following components: R.W. Matthews Dam (which forms Ruth Lake) and the Gosselin Power House, in Trinity County; and the following facilities in Humboldt County: 1) diversion works on the Mad River northeast of Arcata capable of supplying 75 million gallons per day, 2) treatment facilities, including the Lloyd L. Hecathorn Turbidity Reduction Facility, 3) over 35 miles of pipeline infrastructure around the Humboldt Bay area to deliver water to the wholesale customers, and 4) extensive communication and control systems to operate and control the regional system including the John R. Winzler Operations and Control Center.

Customers Served and Associated Wholesale Water Contracts:

The District supplies treated domestic water to seven municipal agencies on a wholesale basis. The municipalities served by the District are the Cities of Arcata, Blue Lake and Eureka, and the Community Services Districts of: Fieldbrook/Glendale, Humboldt, Manila and McKinleyville. Via the wholesale relationship, the District serves water to an estimated residential population of 88,000 (approximately 65% of the entire County), and to numerous businesses, industries and educational institutions.

The District provides retail water service to about 200 customers who reside outside the service territory of other water purveyors, but are located in close proximity to District facilities. Approximately 100 of these customers are located on the Samoa Peninsula. The local residents are in the process of forming the Peninsula Community Services District to perform water, sewer, fire protection, parks and recreation services. Once formed and operational, the District retail customers located within that jurisdictional boundaries will cease being retail customers of the District. The financial impact to the District has not been analyzed. There is no definitive date to transition these District retail customers to the Peninsula CSD. However, it is expected to occur within the next two to three years.

The District also has facilities to supply untreated water to customers on the Samoa Peninsula. The District was serving one wholesale industrial customer (pulp mill) until it ceased operations on October 15, 2008. Recently there is renewed interest in the industrial raw water that the District is able to supply to the Samoa Peninsula. Currently, Nordic Aquafarms is in the Due Diligence/Permitting/Engineering phase, with plans for permit applications to be submitted in 2020 and permit finalizations in 2021 for developing land-based aquaculture on the Peninsula. While this project is still several years until completion, once in operation the facility will deliver fish to the entire West Coast of the United States. In addition to Nordic, there are also several other entities involving aqua culture that are currently considering siting on the Samoa Peninsula due in part to the availability of the raw water from the District. The District is participating on the Samoa Peninsula Infrastructure Workgroup with other public agencies to explore the most beneficial mechanism for obtaining funding to improve infrastructure on the Samoa Peninsula for economic development improvements and the betterment of the community members who live there and the economy of Humboldt County.

Humboldt Bay Municipal Water District
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 For the Year Ended June 30, 2019

Ultimately, this increased economic and water dependent activity on the Samoa Peninsula is expected to revitalize the District's industrial water system albeit at a much lower consumption rate than experienced by the former pulp mills.

The District has long-term contracts in place with each of its seven wholesale municipal customers. These 20-year contracts were recently amended, and have an effective date of July 1, 2017. These contracts will be in place until June 30, 2037, with an opportunity to extend for another ten years.

These contracts define the terms and conditions by which the District provides water service to its customers. The contracts specify that all operating, maintenance and capital costs associated with the regional water system are paid for by the wholesale customers. The contracts also specify the manner in which these costs are allocated *among* the wholesale customers. Furthermore, they specify that most revenues received by the District, other than those associated with wholesale water sales, are credited back to the wholesale customers, and thus offset the costs that the wholesale customers otherwise pay. Examples of such revenues which are credited back to the wholesale customers include the District's share of 1% property taxes, a portion of power sales from the hydro-electric facility, interest income, revenues associated with retail water service, and other miscellaneous revenues.

A summary of the current cost allocation provisions of the wholesale contract is as follows:

Type of Cost	Municipal Customers' Cost Share	Industrial Customer(s) Cost Share
Debt Service for Turbidity Reduction Facility	100%	0%
Operation, Maintenance and Capital Expenditures associated with drinking water treatment facilities (i.e. facilities associated with providing safe drinking water in accordance with federal and state requirements)	100%	0%
Operation, Maintenance and Capital Expenditures associated with all other aspects of the regional water supply, pumping and distribution system (other than power for pumping water) *Change in % due to pulp mill closure.	55% increased to 100% effective April 1, 2009*	45% decreased to 0% effective April 1, 2009*
Power Costs for Pumping Water	In proportion to actual power use.	n/a

Additionally, the wholesale contracts provide that "Additions to Reserves" may be charged to the wholesale customers should the District need to replenish its General Reserve level. In FY2017-18 and FY2018-19 the charges for additions to reserves to the wholesale customers was \$350,000.

Humboldt Bay Municipal Water District
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2019

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of several components: a) the Statements of Net Position, b) the Statements of Revenues, Expenses, and Changes in Net Position, and c) the Statements of Cash Flows. These financial statements present the District's financial position on an enterprise fund basis. An enterprise fund accounts for goods or services which are provided to outside parties – in the District's case, this is wholesale and retail water service.

BASIC FINANCIAL STATEMENTS

The financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business. These statements offer short- and long-term financial information about District activities.

The Statement of Net Position includes all of the District's assets and liabilities and provides information about the nature and amounts of investments in resources (assets) and the obligations to District creditors (liabilities). It also provides the basis for evaluating the capital structure of the District and assessing the liquidity and financial flexibility of the District.

All of the current year's revenues and expenses are accounted for in the Statement of Revenues, Expenses, and Changes in Net Position. This statement measures the results of the District's operations over the past year and can be used to determine the District's general financial well-being and whether the District has recovered its costs through its water charges.

The final financial statement is the Statement of Cash Flows. The primary purpose of this statement is to provide information about the District's cash receipts and cash payments during the reporting period. The statement reports cash receipts, cash payments, and the changes in cash resulting from operations and investments. It also provides answers to such questions as where did cash come from, what was cash used for, and what was the change in cash balance during the reporting period.

There may be minor rounding differences between the following tables and the financial statements.

FINANCIAL HIGHLIGHTS

- The District's net position was \$22,584,473 as of June 30, 2019, an increase of \$2,071,105 compared to June 30, 2018.
- Revenues were \$10,713,846, an increase of \$2,800,769 from FY 2017-18.
- Expenses were \$8,658,674, an increase of \$1,273,172 from FY 2017-18.

SINGLE AUDIT ACT REPORT

The District was subject to the Single Audit Act for FY2018-2019. This is a separate audit that focuses specifically on Federal funding sources when an agency expends/receives funds in excess of \$750,000 over the course of a fiscal year. The Single Audit focuses specifically on auditing the funds spent/received from the Federal Government – for Humboldt Bay Municipal Water District, this includes funds allocated by FEMA for Hazard Mitigation Grants.

Humboldt Bay Municipal Water District
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 For the Year Ended June 30, 2019

DISCUSSION AND ANALYSIS

Our analysis of the District begins on page 11 of the financial statements. The Statements of Net Position present information on all of the District's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating. A summary of the District's Condensed Statements of Net Position is presented in Table 1 on the next page.

TABLE 1				
CONDENSED STATEMENTS OF NET POSITION				
	FY 2018-2019	FY 2017-2018	Change	
			\$	%
ASSETS				
Current Assets	\$2,489,337	\$2,058,966	\$430,371	20.90%
Restricted Cash & Investments	3,345,940	3,274,380	71,560	2.19%
Land, Property & Equipment (net Accum. Depr.)	26,448,947	25,191,635	1,257,312	4.99%
Total Assets	32,284,224	30,524,981	1,759,243	5.76%
Deferred Outflows of Resources	1,190,306	1,281,831	(91,525)	-7.14%
LIABILITIES				
Current Liabilities	1,513,868	1,247,501	266,367	21.35%
Post-Retirement Health Benefits Obligation	4,197,904	4,057,579	140,325	3.46%
Net Pension Liability	2,907,930	3,011,029	(103,099)	-3.42%
Long-term Debt	2,152,701	2,852,969	(700,268)	-24.55%
Total Liabilities	10,772,403	11,169,078	(396,675)	-3.55%
Deferred Inflows of Resources	117,654	124,366	(6,712)	-5.40%
NET POSITION				
Net Investment in Capital Assets	17,447,046	21,642,340	(4,195,294)	-19.38%
Restricted (for debt service)	215,702	710,329	(494,627)	-69.63%
Restricted (for capital projects)	1,746,406	918,610	827,796	90.11%
Restricted (for credits to municipalities)	31,906	38,662	(6,756)	-17.47%
Unrestricted	3,143,413	(2,796,573)	5,939,986	-212.40%
TOTAL NET POSITION	\$22,584,473	\$20,513,368	(\$2,071,105)	10.10%

As can be seen from the table above, the net position as of June 30, 2019 was \$22,584,473, an increase of \$2,071,105 as compared to June 30, 2018. The majority of this change is due to increased advanced charges collected for the required District match for upcoming large grant funded projects.

The largest portion of the District's net position is its investment in capital assets called property and equipment (e.g., land, buildings, equipment, and water system infrastructure), less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide water services to its wholesale and retail customers, and consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to satisfy these liabilities.

Humboldt Bay Municipal Water District
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
 For the Year Ended June 30, 2019

The Statements of Revenues, Expenses, and Changes in Net Position (page 12) present information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods (e.g. uncollected taxes, or earned but unused vacation leave).

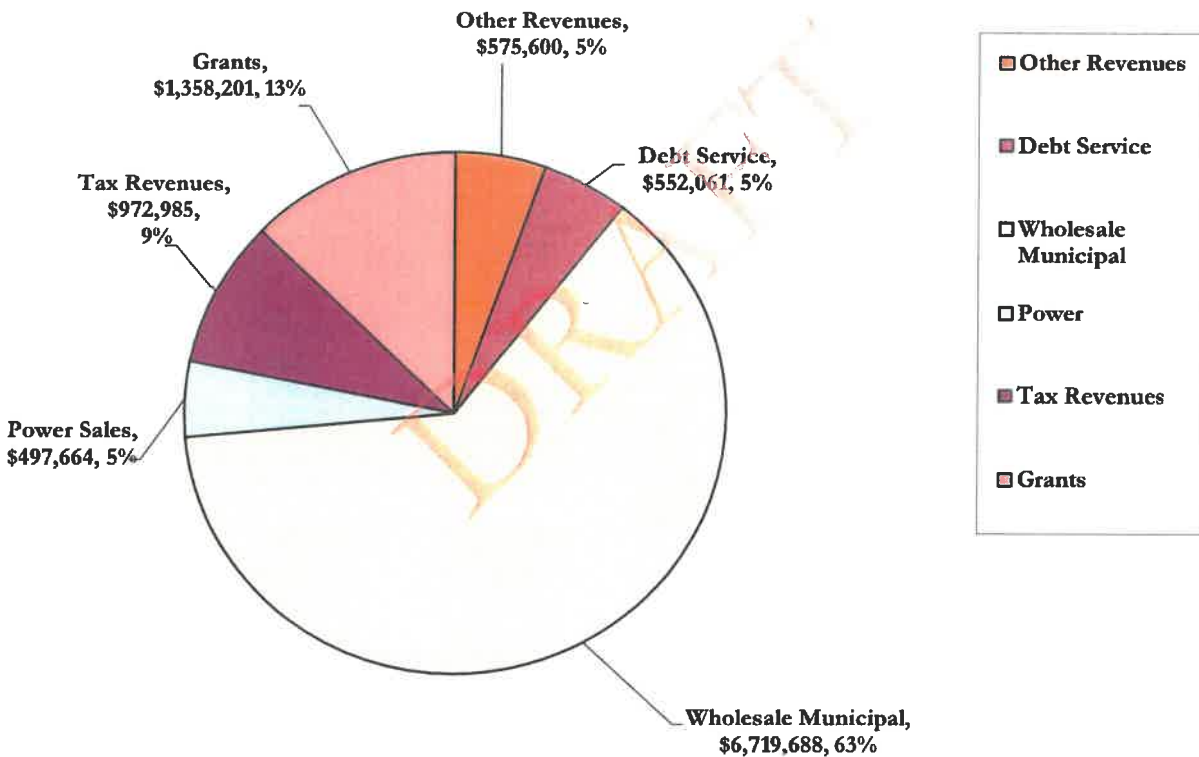
A summary of the District's Condensed Statements of Revenues, Expenses, and Changes in Net Position is presented in Table 2.

TABLE 2				
CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION				
	FY 2018-2019	FY 2017-2018	Change	
			\$	%
REVENUES				
*Operating:				
Water Sales	6,719,688	\$5,491,931	1,227,757	22.36%
Power Sales	497,664	424,774	72,890	17.16%
SRF Debt Service Receipt	552,061	547,337	4,724	0.86%
Other Operating	575,600	19,255	556,345	2889.35%
*Non-Operating:				
Taxes	972,985	854,051	118,934	13.93%
Interest Income	37,647	49,325	(11,678)	-23.68%
Grant Revenues	1,358,201	526,404	831,797	158.01%
Total Revenues	10,713,846	7,913,077	2,800,769	35.39%
EXPENSES				
Operating expense	7,653,714	6,348,732	1,304,982	20.56%
Non-operating expense	23,077	11,047	12,030	108.90%
Depreciation	1,341,741	1,261,601	80,140	6.35%
Less Reimbursements	(359,858)	(235,878)	(123,980)	52.56%
Total Expenses	8,658,674	7,385,502	1,273,172	17.24%
Capital Contributions	15,933	-	15,933	100%
Change in Net Position	2,071,105	527,575	1,543,530	292.57%
Beginning Net Position	20,513,368	19,985,793	527,575	2.64%
Ending Net Position	\$22,584,473	\$20,513,368	\$2,071,105	10.10%

While the Statements of Net Position show the changes in financial position, the Statements of Revenues, Expenses, and Changes in Net Position explain the nature and source of these changes. As shown in Table 2, the change in net position increased by \$2,071,105 compared to the prior year. The changes in revenues and expenses which contributed to this change in net position are reflected in the above line-item detail.

As a supplement to the Statements of Revenues, Expenses, and Changes in Net Position, Chart 1 presents operating and non-operating revenues earned in FY 2018-19 by category along with the proportionate share of the total revenue each category represents. The total revenues reflected in Chart 1 are \$10,713,846. The municipal customer receipts of \$552,061 for repayment of the District's SRF Loan for the Turbidity Reduction Facility, which is further described in the subsequent Long-Term Debt section and the grant funding receipts of \$1,358,201, are associated with repayment of long-term debt and special funding respectively and not current operations. The major fluctuations in revenues and expenses relate to the increased grant funding and related expenditures. The power revenue was higher this year due to increased rainfall than the prior year.

Chart 1 Revenues Received by Category for FY 2018-19



Total Revenues \$10,713,846

PROPERTY AND EQUIPMENT

The District has invested approximately \$68,020,683 in a broad range of infrastructure for the regional water system. Table 3 presents a summary of the District's property and equipment. The total increase in the current year property and equipment additions in the amount of \$2,542,557 is mostly attributable to the Water System Infrastructure account. That account balance was \$61,627,896 at June 30, 2019.

	FY 2018- 2019	FY 2017- 2018	Change	
			\$	%
Buildings (includes land)	\$3,767,180	\$3,760,696	\$6,484	0.17%
Equip - Auto/Mobile/Office/Radio/Tools	2,625,607	2,511,934	113,673	4.53%
Water System Infrastructure (excludes land)	61,627,896	59,205,496	2,422,400	4.09%
Total Property and Equipment	68,020,683	65,478,126	2,542,557	3.88%
Less Accumulated Depreciation	(42,437,048)	(41,189,743)	(1,247,305)	3.03%
Add Projects in Progress	865,312	903,252	(37,940)	-4.20%
Total Property & Equipment (net of depr)	\$26,448,947	\$25,191,635	\$1,257,312	4.99%

LONG-TERM DEBT

At June 30, 2019 year-end, the District has two long-term notes payable outstanding for a total amount of \$2,852,969. The first has an outstanding balance of \$2,463,016. This is the SRF Loan used to finance the Turbidity Reduction Facility. The SRF loan carries no interest (i.e. zero percent), and has a repayment term of 20 years. The initial SRF loan balance at its inception in 2004 was \$10,946,736. The debt service for the SRF Loan is paid in its entirety by the District's wholesale municipal customers in accordance with the wholesale water contracts (via Price Factor 1).

The second note payable has an outstanding balance of \$389,953. This is the Water System Improvement Loan or U.S. Bank loan, used to finance various improvements to the water system consisting generally of well and pump improvements, and pipeline replacement. The U.S. Bank loan carries interest at 2.63%, and has a repayment term of 10 years. The District makes semi-annual payments of \$81,094 including principal and interest to U.S. Bank, for a resulting annual payment of \$162,188. The Water System Improvement loan balance at its inception in 2011 was \$1,418,000. The debt service for the Water System Improvement Loan is paid in its entirety by the District's wholesale municipal customers in accordance with the wholesale water contracts (via Price Factor 2).

DESCRIPTION OF CURRENTLY KNOWN FACTS OR CONDITIONS THAT MAY HAVE A SIGNIFICANT EFFECT ON THE FINANCIAL POSITION OR RESULTS OF OPERATIONS

Pulp Mill Closure

On October 15, 2008 (FY2008-09), the District's only industrial customer, Evergreen Pulp, shut down its pulp mill. The pulp mill was sold on February 6, 2009 to Samoa Acquisition Corporation (SAC). The District had an interim agreement with the new owner until April 30, 2009. The District shut off the water supply to the mill on May 1, 2009. This industrial property was acquired by the Humboldt Bay Harbor Recreation and Conservation District for development. The Humboldt Bay Harbor Recreation and Conservation District has worked with the Humboldt County Redevelopment Agency to market the viability of this property over the past years. Recently interest in this property by Nordic Aquafarms holds promise for the District to again begin selling raw industrial water to the Samoa Peninsula. The District is participating on the Samoa Peninsula Infrastructure Workgroup with other public agencies to explore the most beneficial mechanism for obtaining funding to improve infrastructure on the Samoa Peninsula for economic development improvements and the betterment of the community members who live there and the economy of Humboldt County.

Ultimately, this increased economic and water dependent activity on the Samoa Peninsula is expected to revitalize the District's industrial water system albeit at a much lower consumption rate than experienced by the former pulp mills. Although the quantities will be significantly less than prior pulp-mill usage, the District looks forward to utilizing its industrial water system that has been idle for almost 10-years.

While previous pulp mills had been paying 45% of the District's operation, maintenance, and capital expenditure costs associated with all aspects of the regional water supply except for the drinking water treatment facilities, (for 2008-09, the mill's contribution to the cost of the regional water system would have been approximately \$1.1 million.), due to the significantly less raw water that is anticipated to be needed by the new operations, this contribution by new businesses is anticipated to be significantly less.

Under the terms of the District's Ordinance 16 contracts, costs were shifted to the remaining wholesale customers (seven municipal agencies) beginning April 1, 2009. Whereas the municipalities had previously been paying 55% of costs, currently they now pay 100%. This allocation percentage will be negotiated once new contracts are signed with Nordic Aquafarms and any other entities relocating/establishing on the Samoa Peninsula and purchasing raw water from the District.

Since the closure of the mill in 2009, the District has been diligent in searching for possible new customers or uses for the water that has been available. While there is current activity on the Peninsula, it will likely take several more years to complete development and construction

Capital Improvement Program

The District has implemented a substantial capital improvement program (CIP) given the age of its infrastructure (50 years). Mechanisms to finance CIP projects include pursuing grant funding, issuing new long-term debt, and working with wholesale municipal customers to increase revenues through water rates.

The first completed large infrastructure project undertaken was the Ranney Collector #3 Rehabilitation project. For financing purposes this was bundled with the Techite Pipeline Replacement project. Total projected funding needs of \$5,165,000 were met using a combination of Federal Emergency Management Agency (FEMA) grant funding, reserve funds, advance charges collected from the municipal customers, and bank loan.

The Emergency Intertie project was a multijurisdictional project led by the District. The project partners were: HBMWD, the City of Arcata, the City of Eureka and the McKinleyville Community Services District. This project installed new water transmission interconnections between the agencies to allow for water supply redundancy in the event of a supply line disruption. A State of California Department of Public Health Proposition 50 grant in the amount of \$3,648,550 was received for this project. The construction was completed during FY2014-15 and the assets created via this construction project were transferred to the respective agencies in accordance with the terms and conditions of the Special Facilities Agreement (May 3, 2013).

The next significant infrastructure project was the replacement of the 1MG domestic reservoir roof. This tank has been in service for almost fifty years and was showing signs of stress and corrosion. This project replaced the entire roof and repainted the reservoir to extend its' life another 40-50 years. This project was completed in FY2017-18. Funding for this project was a combination of advance charges collected from the municipal customers and by the District through water rates.

The replacement of the District's pipeline that crosses over the Mad River to serve the City of Blue Lake and the Fieldbrook-Glendale Community Services District was completed this year, and was the next large CIP project. While the project cost was estimated to be \$3,573,000, the completed project total was \$2,025,510. These funds were provided through the award of a State of California Department of Water Resources Proposition 84 grant via the North Coast Integrated Regional Water Management Plan in the amount of \$700,000, as well as the receipt of a FEMA Hazard Mitigation grant in the amount of \$2,679,750. This project was completed early FY2018-19.

Humboldt Bay Municipal Water District
MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)
For the Year Ended June 30, 2019

SECTION 61C PAGE NO. 13

An additional project completed this year was the removal of the Surge Tower for the industrial line. This large tower had lost some of its structural integrity and it was feared that should the tower fall or collapse, due to its proximity to both the industrial and domestic water lines, significant damage and loss of service to municipal customers and their residents would occur. While this project was originally estimated to cost \$960,000, due to a revision of the project upon realization that the tower did not need to be replaced only removed, the final cost for this project was \$256,343 and was mostly (75%) funded by another FEMA Hazard Mitigation grant. This project was completed late FY2018-19.

The relocation of the Districts 12kV Switchgear is the next large CIP project that is underway, and is also mostly funded by a FEMA Hazard Mitigation grant. This project did go out to bid early CY2020. Based on the awarded bid, the project will exceed the original construction budget by \$1,096,328. The District has also encountered other previously unknown costs and has requested additional funding from FEMA of \$1,256,328. This request is currently under review at FEMA. Should the funding not be available, the District will have to use alternate funding sources to complete the project. Total anticipated cost is expected to be \$3,023,328, if the additional requested funds are awarded, 75% of the cost will be funded by a Hazard Mitigation Grant. While the District has received positive feedback regarding the awarding of the additional funds, if the additional funds are not awarded, only 43.8%, or \$1,325,250 will be funded by FEMA Hazard Mitigation grant funds.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have a question about this report or need additional financial information, contact the Business Manager or General Manager at Humboldt Bay Municipal Water District, 828 Seventh Street, Eureka, California, 95501.

BASIC FINANCIAL STATEMENTS

DRAFT

Humboldt Bay Municipal Water District
STATEMENT OF NET POSITION
 June 30, 2019
 (With Comparative Totals for June 30, 2018)

SECTION GIC, PAGE NO. 15

<u>ASSETS</u>	2019	2018
Current assets:		
Cash and investments	\$ 2,151,376	\$ 717,598
Restricted cash and investments:	3,345,940	3,274,380
Total cash and investments	5,497,316	3,991,978
Accounts receivable	183,042	612,431
Interest receivable	-	-
Grants Receivable	70,000	540,722
Inventory	52,919	51,928
Prepaid items	32,000	136,287
Total current assets	5,835,277	5,333,346
Capital assets:		
Non-depreciable assets	2,237,284	2,275,224
Depreciable assets (net of depreciation)	24,211,663	22,916,411
Total assets	32,284,224	30,524,981
<u>DEFERRED OUTFLOWS</u>		
Deferred outflows related to pensions	1,065,264	1,196,311
Deferred outflows related to OPEB	125,042	85,520
Total deferred outflows	1,190,306	1,281,831
<u>LIABILITIES AND NET POSITION</u>		
Current liabilities:		
Accounts payable	285,621	97,631
Compensated absences	354,338	316,887
Accrued expenses	173,641	136,659
Total current liabilities	813,600	551,177
Long-term liabilities:		
Due within one year	700,268	696,324
Due in more than one year	2,152,701	2,852,969
Other post-employment benefits	4,197,904	4,057,579
Net pension liability	2,907,930	3,011,029
Total long-term liabilities	9,958,803	10,617,901
Total liabilities	10,772,403	11,169,078
<u>DEFERRED INFLOWS</u>		
Deferred inflows related to pensions	117,654	124,366
Net position:		
Invested in capital assets, net of related debt	17,447,046	21,642,340
Restricted for debt service	215,702	710,329
Restricted for capital projects	1,746,406	918,610
Restricted for credits to municipalities	31,906	38,662
Unrestricted	3,143,413	(2,796,573)
Total net position	\$ 22,584,473	\$ 20,513,368

The accompanying notes are an integral part of these financial statements.

Humboldt Bay Municipal Water District
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION

For the Year Ended June 30, 2019

(With Comparative Totals for the Year Ended June 30, 2018)

	2019	2018
Operating revenues:		
Municipal customer water sales	\$ 6,558,913	\$ 5,187,851
Retail customer water sales	434,443	304,080
Debt service receipts	278,393	547,337
Total water sales	7,271,749	6,039,268
Power sales	497,664	424,774
Other operating revenues	575,600	19,255
Total operating revenues	8,345,013	6,483,297
Operating expenses:		
Salaries and benefits	4,426,662	3,700,094
Employee retirement contributions	487,633	578,193
Power and pumping	722,360	672,751
Engineering	261,915	124,340
Materials and supplies	155,050	87,364
Repairs and maintenance	849,141	310,522
Auto and travel expenses	54,510	49,411
Insurance	89,330	42,777
Legal and accounting fees	97,677	84,210
Professional assistance	169,438	140,136
Tax and license	124,017	138,960
Training	50,648	81,767
Bad debt	455	-
Other operating expenses	181,842	338,207
Depreciation	1,341,741	1,261,601
Total operating expenses before reimbursements	9,012,419	7,610,333
Reimbursements for services and costs	(359,858)	(235,878)
Total operating expenses	8,652,561	7,374,455
Operating income (loss)	(307,548)	(891,158)
Non-operating revenues (expenses):		
Tax revenues	972,985	854,051
Grant revenues	1,358,201	526,404
Interest revenues	37,647	49,325
Interest expense	(6,113)	(11,047)
Total non-operating revenues (expenses)	2,362,720	1,418,733
Income (loss) before contributions	2,055,172	527,575
Capital contributions	15,933	-
Change in net position	2,071,105	527,575
Net position, beginning of period	20,513,368	23,056,105
Prior period adjustment	-	(3,070,312)
Net position, beginning of period restated	20,513,368	19,985,793
Net position, end of period	\$ 22,584,473	\$ 20,513,368

The accompanying notes are an integral part of these financial statements.

Humboldt Bay Municipal Water District
STATEMENT OF CASH FLOWS
For the Year Ended June 30, 2019

SECTION GIC PAGE NO. 17

(With Comparative Totals for the Year Ended June 30, 2018)

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities:		
Receipts from customers	\$ 9,134,260	\$ 6,716,558
Payments to suppliers	(2,465,097)	(2,190,523)
Payments to employees	<u>(4,717,823)</u>	<u>(3,994,167)</u>
Net cash provided (used) by operating activities	<u>1,951,340</u>	<u>531,868</u>
Cash flows from non-capital financing activities:		
Taxes and assessments	<u>972,985</u>	<u>854,051</u>
Net cash provided (used) by non-capital financing activities	<u>972,985</u>	<u>854,051</u>
Cash flows from capital and related financing activities:		
Acquisition and construction of capital assets	(2,599,053)	(2,130,562)
Capital contributions	15,933	
Receipts of capital grants	1,828,923	168,720
Interest expense	(6,113)	(11,047)
Payment on current portion of bonds	<u>(696,324)</u>	<u>(692,482)</u>
Net cash provided (used) by capital and related financing activities	<u>(1,456,634)</u>	<u>(2,665,371)</u>
Cash flows from investing activities:		
Interest earned	<u>37,647</u>	<u>61,590</u>
Net cash provided by investing activities	<u>37,647</u>	<u>61,590</u>
Net increase (decrease) in cash and cash equivalents	1,505,338	(1,217,862)
Cash and cash equivalents - beginning of period	<u>3,991,978</u>	<u>5,209,840</u>
Cash and cash equivalents - end of period	<u>\$ 5,497,316</u>	<u>\$ 3,991,978</u>
Reconciliation of operating income (loss) to net cash provided (used in) operating activities:		
Operating income (loss)	\$ (307,548)	\$ (891,158)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,341,741	1,261,601
Changes in certain assets and liabilities:		
Accounts receivable	429,389	(2,617)
Inventory	(991)	(4,775)
Prepaid items	104,287	(902)
Accounts payable	187,990	(114,401)
Accrued expenses	36,982	2,351
Compensated absences	37,451	32,348
Deferred outflows	91,525	(324,789)
Deferred inflows	(6,712)	(25,770)
Net pension liability	(103,099)	408,887
Other post-employment benefits	140,325	191,093
Unearned income	-	-
Net cash provided (used) by operating activities	<u>\$ 1,951,340</u>	<u>\$ 531,868</u>

The accompanying notes are an integral part of these financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Humboldt Bay Municipal Water District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

This summary of significant accounting policies of the District is presented to assist in understanding the financial statements. The financial statements and notes are representations of management, who is responsible for their integrity and objectivity. These accounting policies have been consistently applied in the preparation of the financial statements.

A. Reporting Entity

The District has no oversight responsibility over any other governmental unit and is not included in any other governmental "reporting entity" as defined in GASB pronouncements. The Board of Directors are elected by the public and have the decision-making authority to levy taxes, the power to designate management, the ability to significantly influence operations, and the primary accountability for fiscal matters.

B. Nature of Activities

The District is a state-authorized special purpose government established to provide water services to the Humboldt Bay region. It was formed in 1956 under provisions of the Municipal Water District Act of 1911. The District provides retail water service to residential customers, and it contracts with seven municipal agencies for the purchase of treated domestic water for resale.

C. Basis of Presentation

The financial statements required by GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, as amended by GASB Statement No. 63, include a statement of net position, a statement of revenues, expenses, and changes in net position, and a statement of cash flows.

The District utilizes an enterprise fund, which is a proprietary fund type. Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Enterprise funds account for goods or services that are provided to outside parties. The District has elected to use the reporting model for special-purpose governments engaged only in business-type activities. In accordance with the business-type activities reporting model, the District prepares its statement of cash flows using the direct method.

D. Measurement Focus/Basis of Accounting

Measurement focus refers to what is being measured. Basis of accounting refers to the timing of the recognition of revenues and expenditures in the accounts and their reporting in the financial statements.

Proprietary fund types are accounted for on an economic resources measurement focus using the accrual basis of accounting in which revenues are recognized when earned and expenses are recognized when the related liabilities are incurred.

Humboldt Bay Municipal Water District
NOTES TO FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus/Basis of Accounting (concluded)

The proprietary fund distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations.

The principal operating revenues of the District are charges to customers for sales and services. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the District's practice to first use specifically designated restricted resources before using unrestricted resources.

E. Allowance for Doubtful Accounts

The District evaluates the collectability of water sales and grants receivable in order to determine the allowance for doubtful accounts. As of June 30, 2019, the District determined that the various receivables are fully collectible and recorded \$0 for the allowance for doubtful accounts. Based on historical experience, the District does not expect amounts to become uncollectible, however if they are, they will be charged to operations as a bad debt expense. The impact of any bad debt expense recorded in the future is expected to be immaterial to the financial statements.

F. Cash and Cash Equivalents

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

G. Fair Value Hierarchy

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs - other than quoted prices included within level 1 - that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

The District's investment policy has been to invest idle cash in demand deposits, time deposits and the Humboldt County Treasurer's Investment Pool. Investments are reported at fair value. The County Pool is operated in accordance with applicable state laws and regulations, and the reported value of the District's investment in the County Pool is the same as the fair value of the pool shares.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Fair Value Hierarchy (concluded)

State statutes authorize the District to invest in obligations of the U.S. Treasury, Federal Agency obligations, commercial paper, the LAIF and other instruments. The Loan and Installment Agreement underlying the issuance of Loans and Installment Purchase Agreements authorize permitted investments consistent with the State of California Government Code but broader in scope than the District's usual investment practices.

The District accounts for cash equivalents in the Humboldt County Treasurer's Investment Pool and the LAIF Pool at cost. Management considers the difference between book value and fair value immaterial. Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties.

H. Capital Assets

Capital assets are defined as assets with an initial cost of \$5,000 and projects costing \$5,000 or more. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Assets that individually may be below threshold amounts are capitalized if collectively they are above the threshold amount.

Additions to and replacements of capital assets are recorded at original cost, which includes material, labor, overhead, and an allowance for the cost of funds used during construction, when significant. The costs of betterments or repairs that extend the life of a capital asset are added to capital accounts.

Depreciation of all exhaustible capital assets is charged as an expense against operations, with accumulated depreciation reflected in the statement of net position. Depreciation has been provided over the estimated useful lives using the straight-line method. The estimated useful lives are as follows:

Dam, pipeline, buildings, water collection system, South Bay extension, Fieldbrook extension, Blue Lake extension, Lindley extension, Essex diversion, hydro plant penstock and piping	40 Years
Pump station and related facilities	10 - 40 Years
Hydro plant turbine and generators	20 Years
Tools and shop equipment, office equipment, pipeline connections, and hydro switchgear and controls	10 Years
Radio communication system and computers	5 Years
Vehicles	5 - 10 Years
Supplemental construction - except valves	40 Years
Supplemental construction - valves	20 Years

I. Estimates

The preparation of financial statements in conformity with 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 the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Investments

The District's adopted investment policy seeks to promote the safety of principal, provide adequate liquidity for operational needs, earn market rates of return on investments consistent with liquidity needs and investment quality, and conform to legal requirements.

The District follows the authority governing investments for municipal governments set forth in the California Government Code, Sections 53601 through 53686. The Code authorizes the District to invest in obligations of the U.S. Treasury in the form of notes, bonds, bills or instruments for which the faith and credit of the United States are pledged for payment. The District may also invest in registered treasury notes, or bonds of the State of California and commercial paper of "prime" quality as defined by California Government Code Section 53635 and as rated by Standard and Poors Corporation or Moody's Commercial Paper Record.

The District's investment policy states that the District will structure its portfolio to meet cash requirements for ongoing operations thereby avoiding the need to sell securities prior to their maturity. The policy does not place formal limits on investment maturities.

K. Deferred Outflows and Inflows of Resources

Pursuant to GASB Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*, and GASB Statement 65, *Items Previously Reported as Assets and Liabilities*, the District recognizes deferred outflows and inflows of resources.

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. A deferred outflow of resources is defined as a consumption of net position by the government that is applicable to a future reporting period. In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. A deferred inflow of resources is defined as an acquisition of net position by the District that is applicable to a future reporting period.

L. Net Position

Net position represents the difference between assets and deferred outflows of resources less liabilities and deferred inflows of resources. The District reports three categories of net position, as follows:

Net investment in capital assets - consists of net capital assets reduced by outstanding balances of any related debt obligations and deferred inflows of resources attributable to the acquisition, construction, or improvement of those assets and increased by balances of deferred outflows of resources related to those assets.

Restricted net position - net position is considered restricted if its use is constrained to a particular purpose. Restrictions are imposed by creditors, grantors, laws, or regulations. The District has restricted net position for debt service, advance charges related to capital projects per contracts, and for revenue credits to the seven municipal customers per Ordinance 16.

Unrestricted net position - consists of all other net position that does not meet the definition of "net investment in capital assets" or "restricted net position" and is available for general use by the District. A net position deficit of \$2,796,573 exists at June 30, 2019.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (concluded)

M. Property Taxes

The lien date for secured property taxes is March 1 of each year. Taxes are levied as of July 1 on all secured real property and are due and payable November 1 and February 1 of the following fiscal year. Humboldt County is responsible for assessing, collecting, and distributing property taxes in accordance with enabling legislation.

Since the passage of California Proposition 13, beginning with fiscal year 1978-79, taxes are based either on a 1% rate applied to the 1975-76 assessed value of the property, or on 1% of the sales price of the property on sales transactions and construction which occur after the 1975-76 assessment. Assessed values on properties (exclusive of increases related to sales transactions and improvements) can rise at a maximum of 2% per year. The amount collected by the County is distributed in accordance with State law to the various public agencies. Therefore, the District does not levy a specific tax rate but receives a share of the property tax revenue based on State formula. The District's tax rate is \$1.00/\$100 of assessed value, the maximum allowable under Proposition 13.

During fiscal year 1993-94, an alternate method of property tax allocation (the "Teeter Plan") was adopted by the County. Under this plan, the county auditor/controller distributes 100 percent of current secured taxes billed to taxing entities during the current year, whether collected or not. The District recognizes property tax revenues (including tax increment revenues) to the extent of each year's tax allocation received or to be received within 60 days after the end of each fiscal year.

N. Restricted Assets

Assets that are restricted as to withdrawal or use for other than current operations, for the liquidation of long-term debts or for expenditure in the acquisition or construction of capital assets are separately reported as restricted assets and not as current assets.

O. Pension

For purposes of measuring the net pension liability, deferred outflows and inflows of resources related to pensions and pension expense, information about the fiduciary net position of the District's California Public Employees' Retirement System (CalPERS) Plan (the "Plan") and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by CalPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value. CalPERS' audited financial statements are publically available reports that can be obtained.

Humboldt Bay Municipal Water District
NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENT

Cash, cash equivalents, and investment at June 30, 2019, consist of the following:

	2019	2018
Cash:		
Demand accounts	\$ 2,149,709	\$ 509,274
State Treasurer's Pool (LAIF)	1,667	1,630
County investment pool	-	206,694
Total	\$ 2,151,376	\$ 717,598
	2019	2018
Restricted cash:		
U.S. Bank demand accounts	\$ 1,191,042	\$ 970,657
County investment pool	2,154,898	2,303,723
Total	\$ 3,345,940	\$ 3,274,380

The U.S. Bank commercial checking account balances are carried at cost. One of the U.S. Bank money market accounts is restricted for servicing the Safe Drinking Water State Revolving Fund (SRF) loan (see Note 7). The District transfers \$136,834 quarterly from a fund in the Humboldt County Treasurer's Investment Pool to the restricted U.S. Bank money market account. U.S. Bank, acting as a fiscal agent, administers the semiannual loan payments for a total annual payment of \$547,337.

Restricted cash and cash equivalents include restrictions imposed by creditors, grantors, laws, regulations, and designations imposed by the Board of Directors. Restricted cash and cash equivalents in the Humboldt County Treasurer's Investment Pool are as follows:

	2019	2018
Restricted for debt service	\$ 50,441	\$ 49,817
Restricted for municipalities	467,664	415,547
Restricted for capital projects	1,636,793	1,838,359
Total restricted cash in County Pool	\$ 2,154,898	\$ 2,303,723

Custodial Credit Risk - Deposits:

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 custodial credit risk for investments is the risk that, in the event of the failure of a counter-party (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.

California Law requires banks and savings and loan institutions to pledge government securities with a market value of 110% of the District's cash on deposit or first trust deed mortgage notes with a value of 150% of the deposit as collateral for these deposits. Under California Law this collateral is held in the District's name and places the District ahead of general creditors of the institution. The District has waived collateral requirements for the portion of deposits covered by federal depository insurance.

All monies in the Humboldt County Treasurer's Pool are not evidenced by specific securities; and therefore are not subject to custodial credit risk. The average number of days to maturity for investments in the County Pool is 644 days.

Humboldt Bay Municipal Water District
NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 2 - CASH, CASH EQUIVALENTS AND INVESTMENT (concluded)

The following is a summary of the fair value hierarchy of the fair value of investments of the District as of June 30, 2019:

<u>Investment Type</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Exempt</u>	<u>Total</u>
Demand Accounts	\$ -	\$ -	\$ 3,340,751	\$ 3,340,751
State Treasurer's Pool (LAIF)	-	1,667	-	1,667
County investment pool	-	2,154,898	-	2,154,898
Total Investments	<u>\$ -</u>	<u>\$ 2,156,565</u>	<u>\$ 3,340,751</u>	<u>\$ 5,497,316</u>

Matrix pricing is used to value securities based on the securities' relationship to benchmark quoted prices. The Humboldt County Treasurer's Pool and LAIF are classified in Level 2 of the fair value hierarchy, and are valued using quoted prices for a non-active market portfolio at fiscal year-end. Fair value is defined as the quoted market value on the last trading day of the period. These prices are obtained from various pricing sources by the custodian bank.

NOTE 3 - ACCOUNTS RECEIVABLE

Accounts receivable from customers at June 30, 2019, consist of the following:

Resale customers	
Pacific Gas & Electric	\$ 101,394
City of Arcata	-
Humboldt Community Services District	-
McKinleyville Community Services District	-
Others	-
Subtotal resale customers	<u>101,394</u>
Maintenance and operations charges to others	70,294
Domestic customers and others	-
Hydroelectric sales, Pacific Gas & Electric	-
Retiree health insurance	<u>11,354</u>
Total accounts receivable	<u>\$ 183,042</u>

NOTE 4 - LAND

Land at June 30, 2019, consists of land and land rights of the Humboldt Bay Municipal Water District, including lands located in both Humboldt and Trinity Counties. There were no changes in land during the year ended June 30, 2019.

Humboldt Bay Municipal Water District
 NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

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NOTE 5 - PROPERTY AND EQUIPMENT

Changes in property and equipment during the year ended June 30, 2019, are as follows:

	Balance at 07/01/18	Additions	Deletions	Balance at 6/30/19
<u>Governmental Activities</u>				
Capital assets, not being depreciated:				
Land	\$ 1,371,972	\$ -	\$ -	\$ 1,371,972
Construction in progress	<u>903,252</u>	-	<u>37,940</u>	<u>865,312</u>
Total capital assets, not being depreciated	<u>2,275,224</u>	-	<u>37,940</u>	<u>2,237,284</u>
Capital assets, being depreciated:				
Buildings and improvements	2,388,724	6,484	-	2,395,208
Equipment	2,511,934	113,673	-	2,625,607
Water System Infrastructure	43,086,426	2,422,400	-	45,508,826
Ruth Lake Infrastructure	10,764,172	-	-	10,764,172
Supplemental Development	<u>5,354,898</u>	-	-	<u>5,354,898</u>
Total capital assets, being depreciated	<u>64,106,154</u>	<u>2,542,557</u>	-	<u>66,648,711</u>
Total accumulated depreciation	<u>(41,189,743)</u>	<u>(1,341,741)</u>	<u>(94,436)</u>	<u>(42,437,048)</u>
Total capital assets being depr. - net	<u>22,916,411</u>	<u>1,200,816</u>	<u>(94,436)</u>	<u>24,211,663</u>
Capital assets - net	<u>\$ 25,191,635</u>	<u>\$ 1,200,816</u>	<u>\$ (56,496)</u>	<u>\$ 26,448,947</u>

Total depreciation expense charged to operations for the year ended June 30, 2019, was \$1,341,741. All capital assets are depreciable except land and projects in progress.

NOTE 6 - COMPENSATED ABSENCES

Compensated absences consist of estimates of future obligations relating to accumulated unpaid vacation and sick leave compensation. There are predetermined limits to the amount of vacation and sick leave hours that can be accumulated by an employee. The District will pay the employee at the end of each calendar year for any excess vacation time accumulated that year.

Upon retirement, an employee will receive compensation for unused accumulated vacation. The employee also has the option under the District's California Public Employees' Retirement System (CalPERS) contract to convert 100% of the unused sick leave accrual to CalPERS service credit, or to receive a 35% cash payment and convert the remainder to CalPERS service credit. However, if an employee with less than ten years of employment terminates or retires, the unused accumulated sick leave is not eligible for compensation or CalPERS service credit conversion. Compensated absences payable as of June 30, 2019 was \$354,338.

Humboldt Bay Municipal Water District
NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

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NOTE 7 - LONG-TERM NOTES PAYABLE

The following is a summary of changes in long-term debt as of June 30, 2019:

	Balance at 07/01/18	Increase	Decrease	Balance at 6/30/19	Current
California Safe Drinking Water					
State Revolving Fund (SRF) Note	\$ 3,010,353	\$ -	\$ 547,337	\$ 2,463,016	\$ 547,337
Water System Improvement Loan	538,940	-	148,987	389,953	152,931
Compensated absences	316,887	37,451	-	354,338	-
Other post-employment benefits	<u>4,057,579</u>	<u>140,325</u>	<u>-</u>	<u>4,197,904</u>	<u>-</u>
Total	<u>\$ 7,923,759</u>	<u>\$ 177,776</u>	<u>\$ 696,324</u>	<u>\$ 7,405,211</u>	<u>\$ 700,268</u>

California Safe Drinking Water State Revolving Fund (SRF) Note

The District has a loan with the California Department of Water Resources (acting on behalf of the California Department of Health Services) under the provisions of the California SRF Law of 1997. The proceeds of the SRF loan were used to finance the construction of the Turbidity Reduction Facility. The loan, which matures in January of 2024, carries no interest and has a repayment term of 20 years. The District pays \$547,337 annually in two semiannual payments. A U.S. Bank money market account is restricted for servicing the loan. The debt service for the loan is paid in its entirety by the District's municipal customers. Future debt service on the loan is:

Year Ending June 30	Principal	Interest	Total
2020	\$ 547,337	\$ -	\$ 547,337
2021	547,337	-	547,337
2022	547,337	-	547,337
2023	547,337	-	547,337
2024	<u>273,668</u>	<u>-</u>	<u>273,668</u>
Total	<u>\$ 2,463,016</u>	<u>\$ -</u>	<u>\$ 2,463,016</u>

Water System Improvement Loan

The District has a loan, which matures in September of 2021, with Municipal Finance Corporation (MFC) to finance various capital improvements to the water supply system. Under the ten-year installment sales agreement, the District is obligated to pay semiannual installment payments of principal and interest at the rate of 2.63% per annum on the unpaid principal balance. MFC assigned its rights to receive and enforce the payments under the agreement to U.S. Bank. The debt service for the loan is paid in its entirety by the District's municipal water customers. Future debt service on the loan is:

Year Ending June 30	Principal	Interest	Total
2020	\$ 152,931	\$ 9,257	\$ 162,188
2021	156,981	6,222	163,203
2022	<u>80,041</u>	<u>1,053</u>	<u>81,094</u>
Total	<u>\$ 389,953</u>	<u>\$ 16,532</u>	<u>\$ 406,485</u>

Net position restricted for debt service for the years ended June 30, 2019 was \$710,392.

NOTE 8 - WHOLESALE WATER CONTRACTS

The District is primarily a wholesale water provider. The District's Ordinance 16 as amended in June 2006 and June 2016 establishes rates, charges, and conditions of service for water sales to the municipal water customers. The costs of constructing, operating, maintaining, repairing and replacing the water treatment facilities and maintaining reasonable reserves are allocated among the municipal customers.

The District has long-term contracts with its seven municipal wholesale customers governing wholesale rates, charges and conditions of service. These seven contracts were recently amended including a new twenty-year term with a ten-year renewal option. The new contracts are effective July 1, 2017 and include the following seven municipal wholesale customers:

- City of Arcata
- City of Blue Lake
- City of Eureka
- Fieldbrook-Glendale Community Services District
- Humboldt Community Services District
- McKinleyville Community Services District
- Manila Community Services District

The District lost its last large industrial customer in February 2009. Beginning April 1, 2009, all costs for the regional water system associated with operation, maintenance, and capital expenditure were shifted to the seven municipal customers. Whereas the municipalities had previously been paying 55% of costs, they currently pay 100%. The rate structure is based on "Price Factor" formulas which proportionally allocates the operating, maintenance and capital costs of the District to each of the wholesale customers. Municipal customers are billed monthly for water usage based on their share of such operating, maintenance and capital costs.

Most revenues received by the District, other than those associated with wholesale water sales, are credited back to the wholesale municipal customers. These revenues include property tax revenues, a portion of power sales, interest income, retail water service revenues and other miscellaneous revenues. The revenue credit is applied ratably on a monthly basis during the course of the year.

The seven wholesale municipal customers are initially billed based on the District's approved budget, with the costs spread out evenly across the fiscal year. At year-end, the budgeted costs are reconciled with actual costs. Any underpayments or overpayments are divided into even monthly installments and applied to the municipalities' billing during the course of the following year. As of June 30, 2019, the municipal customers overpaid \$65,221 for operating, maintenance, and capital costs. Overpayments in the amount of \$65,221 were credited to the municipalities' 2019/2020 billings. At June 30, 2019, total net position restricted for credits to the municipalities was \$65,221.

The municipal water customers may be charged in advance in order to fund future capital projects. For the year ended June 30, 2019, the municipal customers had balances in advance charges of \$1,544,343 for improvement projects.

Additions to the District's general reserves may be charged to the wholesale customers should the District need to replenish its general reserve level. For the year ended June 30, 2019, the District charged the wholesale customers \$350,000.

NOTE 8 - WHOLESALE WATER CONTRACTS (concluded)

During the fiscal year ended June 30, 2019, the contracts with the municipal customers were amended. The District's Ordinance 16 included a provision that limits capital expenditures. Based on the District's development and implementation of its Capital Improvement Plan (CIP), this limit was no longer practical. To address this and to reduce the need for large fluctuations in costs to the municipalities, the limit on capital expenditures was replaced with a quinquennial update for the Capital Improvement Plan beginning in 2017. This process includes providing a copy to the individual municipalities no later than February 28 for their use in their own budget planning, analysis and updates of water rates. An additional change with the amended contracts includes revising the schedule for the quinquennial revision of the Peak Rate Allocation to commence again on July 1, 2017 (to address revenue changes in 2016 in the Manila Community Services District).

NOTE 9 - DEFERRED COMPENSATION PLAN

The District offers its employees a deferred compensation plan created in accordance with the Internal Revenue Code Section 457. The plan, available to all District employees, permits them to defer a portion of their salary until future years. All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights, are (until paid or made available to the employee or other beneficiary) placed in trust for the benefit of the participants or their beneficiaries, and are not the assets of the District.

Effective January 1, 2013, the District contributes \$50 per month for each employee who is not currently participating in the deferred compensation program. The District will provide a contribution match of up to \$100 per month for employees who are participating in the deferred compensation program.

The District has a fiduciary responsibility to the participating employees in administration of the plan, but is not liable for losses arising from depreciation or other declines in the value of the plan assets.

NOTE 10 - PENSION PLAN

A. General Information about the Pension Plan

Plan Description

All qualified permanent and probationary employees are eligible to participate in the Public Agency Cost Sharing Multiple-Employer Plan (Plan) administered by the California Public Employees' Retirement System (CalPERS). The Plan consists of individual rate plans (benefit tiers) within a safety risk pool (police and fire) and a miscellaneous risk pool (all others). Plan assets may be used to pay benefits for any employer rate plan of the safety and miscellaneous pools. Accordingly, rate plans within the safety or miscellaneous pools are not separate plans under GASB Statement No. 68. Individual employers may sponsor more than one rate plan in the miscellaneous or safety risk pools. The District sponsors two miscellaneous rate plans. Benefit provisions under the Plan are established by State statute and District resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions, and membership information that can be found on the CalPERS website.

Humboldt Bay Municipal Water District
NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

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NOTE 10 - PENSION PLAN (continued)

A. General Information about the Pension Plan (concluded)

Benefits Provided

CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full-time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for the Plan are applied as specified by the Public Employees' Retirement Law.

The rate plan provisions and benefits in effect at June 30, 2019, are summarized as follows:

	Miscellaneous 1 st Tier	Miscellaneous PEPRA
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 63	52 - 67
Monthly benefits, as a % of annual salary	1.426% to 2.418%	1.0% to 2.5%
Required employee contribution rates	7.000%	6.250%
Required employer contribution rates	8.892%	6.842%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund, if applicable. The dollar amounts are billed on a monthly basis. The District's required contribution for the unfunded liability was \$201,673 for the fiscal year ended June 30, 2019.

Contributions

Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. The total plan contributions are determined through CalPERS' annual actuarial valuation process. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The District is required to contribute the difference between the actuarially determined rate and the contribution rate of employees. Employer contribution rates may change if plan contracts are amended. Payments made by the employer to satisfy contribution requirements that are identified by the pension plan terms as plan member contribution requirements are classified as plan member contributions.

The District's contributions to the plan recognized as a part of pension expense for the year ended June 30, 2019 were \$434,427.

Humboldt Bay Municipal Water District
NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

SECTION GIC PAGE NO. 30

NOTE 10 - PENSION PLAN (continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2019, the District reported a net pension liability for its proportionate share of the net pension liability of the Plan of \$2,907,930.

The District's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plans is measured as of June 30, 2018, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2017 rolled forward to June 30, 2018 using standard update procedures. The District's proportion of the net pension liability was based on a projection of the District's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The District's proportionate share of the net pension liability for the Plan as of June 30, 2017 and 2018 was as follows:

<u>District's Miscellaneous Plan</u>	<u>Miscellaneous</u>
Proportion - June 30, 2017	7.6400%
Proportion - June 30, 2018	7.7200%
Change – Increase (Decrease)	0.0008%

For the year ended June 30, 2019, the District recognized pension expense of \$498,848. At June 30, 2019, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension contributions subsequent to the measurement date	\$ 477,614	\$ -
Changes in assumptions	327,174	80,184
Differences between actual and expected experience	110,112	37,470
Net differences between projected and actual earning on plan investments	14,189	-
Change in employer's proportion	56,311	-
Net differences between the employer's actual contributions and the employer's proportionate share of contributions	79,864	-
Total	\$ 1,065,264	\$ 117,654

\$477,614 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2020. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

<u>Year Ended June 30</u>		
2020	\$	352,094
2021		210,642
2022		(66,928)
2023		(25,812)
Thereafter		-

NOTE 10 - PENSION PLAN (continued)

C. Actuarial Assumptions

The total pension liabilities in the June 30, 2017 actuarial valuations were determined using the following actuarial assumptions:

Valuation Date	June 30, 2017
Measurement Date	June 30, 2018
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.5%
Payroll Growth	2.75%
Projected Salary Increase	3.3% - 14.2% (1)
Investment Rate of Return	7.50% (2)
Mortality	Derived from CalPERS Membership Data for all Funds (3)

- (1) Depending on age, service and type of employment
- (2) Net of pension plan investment expenses, including inflation
- (3) The mortality table was developed based on CalPERS specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016.

The underlying mortality assumptions and all other actuarial assumptions used in the June 30, 2017 valuation were based on the results of the December 2017 actuarial experience study for the period 1997 to 2015. Further details of the Experiences Study can be found on the CalPERS website.

Change of Assumptions

In December 2017, the CalPERS Board of Administration adopted new mortality assumptions for plans participating in Public Employees' Retirement Fund (PERF), the inflation assumption was reduced from 2.75 percent to 2.50 percent, and the assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

D. Discount Rate

The discount rate used to measure the total pension liability was 7.15%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

Humboldt Bay Municipal Water District
NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 10 - PENSION PLAN (continued)

D. Discount Rate (concluded)

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected PERF cash flows. Using historical returns on all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and adjusted to account for assumed administrative expenses.

The expected real rates of return by asset class are as follows:

<u>Asset Class^(A)</u>	<u>New Strategic Allocation</u>	<u>Real Return Years 1-10^(B)</u>	<u>Real Return Years 11+^(C)</u>
Global Equity	50.0%	4.80%	5.98%
Global Fixed Income	28.0%	1.00%	2.62%
Inflation Sensitive	0.0%	0.77%	1.81%
Private Equity	8.0%	6.30%	7.23%
Real Estate	13.0%	3.75%	4.93%
Liquidity	1.0%	0.00%	(0.92)%
Total	<u>100.00%</u>		

(A) In the CalPERS CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(B) An expected inflation of 2.00% used for this period

(C) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following presents the District's proportionate share of the net pension liability for the Plan, calculated using the discount rate for the Plan, as well as what the District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

Discount Rate -1%	Current Discount Rate	Discount Rate +1%
6.15%	7.15%	8.15%
<u>\$4,647,871</u>	<u>\$2,907,930</u>	<u>\$1,471,638</u>

E. Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued CalPERS financial reports.

F. Payable to Pension Plan

The District did not have an outstanding amount of contributions to the pension plan required for the year ended June 30, 2019.

NOTE 10 - PENSION PLAN (concluded)

G. Pension Rate Stabilization Program

Establishment of a Section 115 Irrevocable Trust (Pension Trust) for the purpose of assisting with stabilizing the unfunded CalPERS pension liability was approved by the Board of Directors in January 2018. This trust was funded in May 2018 with an initial deposit of \$600,000. The Pension Trust, managed by Public Agency Retirement Services (PARS), is considered a "Pension Rate Stabilization Program," and is designed to prefund rising pension costs and address the District's net pension liability. The Pension Trust should help mitigate long-term pension investment volatility, while providing the District with increased local control of assets and investment flexibility to create a more actuarially sound pension plan. The District has made two additional \$50,000 contributions annually since inception and intends to make the same additional contribution for an additional three more years.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS

A. Plan Description

The District provides a defined benefit healthcare plan (the "Retiree Health Plan"). The District shoulders a certain percentage of eligible retirees' actual costs subject to a maximum of \$640 per month.

The duration of retiree benefits provided by the District depends on the date an employee was hired by the District. For all full-time regular employees hired by the District prior to July 8, 2004, the District will pay the medical costs premium during the life of a retiree subject to a maximum of \$640 per month.

For all full-time regular employees hired by the District after July 8, 2004, the District will pay 100% of the medical cost premium during retirement, subject to a maximum of \$640 per month, for a maximum of 10 years or until the retiree reaches age 65, whichever comes first.

All health plan participants are on a group plan rate. In addition to the District's actual costs, the District is required to recognize an implicit subsidy since the District allows its retirees to participate in the plan. The difference between the group plan rate that the retiree must pay and the actual or estimated individually rated premium for the retiree is the implicit rate subsidy (because the retiree continues to participate in the group plan, an implicit rate subsidy exists on the part of the employer).

B. Funding Policy

The District's Board of Directors will not be funding the plan in the current year but will follow a pay-as-you-go approach. The Board will review the funding requirements and policy annually.

Membership of the District as of the valuation date consisted of the following:

Active plan members	27
Inactive employees or beneficiaries currently receiving benefit payments	<u>13</u>
Total	<u><u>40</u></u>

Contribution

As of June 30, 2019, the District has accumulated \$-0- in an irrevocable trust toward this liability.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (continued)

C. Net OPEB Liability

The District's net OPEB liability was measured as of June 30, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2018.

D. Actuarial Assumptions

The total OPEB liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, unless otherwise specified.

Discount rate	2.79%
Inflation	2.75%
Aggregate salary increases (individual salary increases based on CalPERS)	3.25%
Investment rate of return	2.79%
Mortality rates	Based on Muni 20 Year Rate Index
Healthcare cost trend rate	7.50% in the first 1 year, trending down to 5.0% over later years.

E. Discount Rate

The cash flows of the OPEB plan were projected to future years, assuming that the District will contribute an amount so that the assets always exceed expected benefits to retirees. Under that projection, the plan assets are projected to be adequate to pay all benefits to retirees in all future years, so the discount rate has been set equal to the long-term expected rate of return on investments, 2.79%.

The long-term expected rate of return on OPEB investments was determined using Muni 20 Year Rate Index expected long-term mean rate of return.

F. Change in the Net OPEB Liability

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Service cost	\$ 122,984	\$ -	\$ 132,814
Interest	122,441	-	119,775
Benefit payments, including refunds of employee contributions	(155,236)	-	(177,041)
Change in assumptions	100,904	-	64,777
Net change in total OPEB liability	191,093	-	140,325
Values at June 30, 2017	3,866,486	-	4,057,579
Values at June 30, 2018	<u>\$ 4,057,579</u>	<u>\$ -</u>	<u>\$ 4,197,904</u>

Humboldt Bay Municipal Water District
NOTES TO FINANCIAL STATEMENTS
 For the Year Ended June 30, 2019

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (continued)

G. Sensitivity of the Net OPEB Liability to Changes in the Discount Rate

The net OPEB Liability of the District, as well as what the District's net OPEB Liability would be if it were calculated using a discount rate that is one percentage point lower (1.92%) or one percentage point higher (3.92%) follows:

Plan's Net OPEB Liability/(Asset)		
Discount Rate - 1%	Current Discount Rate	Discount Rate + 1%
(1.79%)	(2.79%)	(3.79%)
\$ 4,751,910	\$ 4,197,904	\$ 3,736,506

The following presents the Net OPEB Liability (NOL) as well as what the NOL would be if it were calculated using healthcare cost trend rates that are 1-percentage-point higher or lower than the current healthcare cost trend rates, as of June 30, 2019.

Plan's Net OPEB Liability/(Asset)		
Healthcare Cost		
1% Decrease	Trend Rates	1% Increase
(4.00%)	(5.00%)	(6.00%)
\$ 3,646,856	\$ 4,197,904	\$ 4,873,014

H. OPEB Expense and Deferred Inflows of Resources Related to OPEB

For the fiscal year ended June 30, 2019, the District recognized OPEB expense of \$277,846. At June 30, 2019, the District reported deferred inflows of resources from OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB contributions subsequent to measurement date	\$ -	\$ -
Differences between actual and expected experience	-	-
Changes in assumptions	125,042	-
Net differences between projected and actual earnings on OPEB plan investments	-	-
Change in employer's proportion and differences between the employer's contributions and the employer's proportionate share of contributions	-	-
Total	\$ 125,042	\$ -

\$0 reported as deferred outflows of resources related to contributions subsequent to measurement date will be recognized as a reduction of the net OPEB liability in the year ended June 30, 2020.

NOTE 11 - OTHER POST-EMPLOYMENT BENEFITS (concluded)

H. OPEB Expense and Deferred Inflows of Resources Related to OPEB (concluded)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Fiscal Year Ended</u>	
6/30/20	\$ 25,257
6/30/21	25,257
6/30/22	25,257
6/30/23	25,257
6/30/24	18,487
Thereafter	5,527

Additional information relating to the District's Retiree Health Plan and required OPEB disclosures can be obtained from the District's publicly available Comprehensive Annual Financial Report that may be obtained by contacting the Finance Director or General Manager at Humboldt Bay Municipal Water District, 828 Seventh Street, Eureka, California 95502-0095.

NOTE 12 - 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 risk of loss is variable as to the deductible amount per occurrence. Liability losses up to \$1 million and property losses up to \$50,000, are covered through a pooled self-insurance program, administered by the Association of California Water Agencies - Joint Powers Insurance Authority (ACWA-JPIA). Through participation in ACWA-JPIA, the District is covered by commercial liability insurance for losses in excess of \$1 million, up to an insured maximum of \$60 million. Separately, the District insures for property damages in excess of the pooled limit of \$1 million, with commercial insurance for losses up to \$100 million.

The ACWA-JPIA began operations on October 1, 1979, and has continued without interruption since that time. The District is one of approximately two hundred and eighty-eight districts participating in the pool. The responsibilities of the ACWA-JPIA and the District are as follows:

Responsibilities of the ACWA-JPIA:

- a. Provide insurance coverage as necessary.
- b. Assist members in obtaining insurance coverage for risks not included within the coverage of the ACWA-JPIA.
- c. Assist each member's designated risk manager with the implementation risk management function.
- d. Provide loss prevention and safety consulting services to members as required.
- e. Provide claims adjusting and subrogation services for claims covered by the ACWA-JPIA's joint protection programs.
- f. Provide loss analysis and control in order to identify high exposure operations and to evaluate proper levels of self-retention and deductibles.
- g. Review members' contracts to determine sufficiency of indemnity and insurance provisions when requested.
- h. Conduct risk management audits to review the participation of each member in the programs.
- i. The ACWA-JPIA shall have such other responsibilities as deemed necessary by the Board of Directors and Executive Committee (of the ACWA-JPIA).

NOTE 12 - RISK MANAGEMENT (concluded)

Responsibilities of the District:

- a. The governing board of each member district shall appoint a representative and at least one alternate representative to the Board of Directors.
- b. Each member shall appoint an employee of the member to be responsible for the risk management function within that member and serve as a liaison between the member and the ACWA-JPIA as to risk management.
- c. Each member shall maintain an active safety officer and/or committee, and shall consider all recommendations of the ACWA-JPIA concerning unsafe practices.
- d. Each member shall maintain its own set of records, including a loss log, in all categories of risk covered by the joint protection program to ensure accuracy of the ACWA-JPIA's loss reporting system.
- e. Each member shall pay its deposit premium and premium adjustments within thirty days of the invoice date.
- f. Each member shall provide the ACWA-JPIA with such other information or assistance as may be necessary for the ACWA-JPIA to carry out the joint protection programs.
- g. Each member shall cooperate with and assist the ACWA-JPIA, and any insurer of the ACWA-JPIA, in all matters and covered claims and will comply with all bylaws, rules and regulations adopted by the Board of Directors and Executive Committee of the ACWA-JPIA.

There have been no significant reductions in insurance coverage from the prior year. The amounts of settlements have not exceeded the insurance coverage in each of the past three fiscal years.

NOTE 13 - CONTINGENCIES

The District receives, on a cost-reimbursement basis, federal and state funds to carry out a variety of projects and studies. As a recipient of federal and state funds, the District is responsible for maintaining an internal control structure that ensures compliance with all laws and regulations related to these programs. All federal and state program expenditures are subject to financial and compliance audits by the awarding agency. Such audits could result in claims against the District for disallowed costs or noncompliance with contract provisions. No provision has been made for any liabilities which may arise from the noncompliance or questioned costs since the amounts, if any, cannot be determined at this time.

NOTE 14 - PRIOR PERIOD ADJUSTMENT

For the year ended June 30, 2018, the beginning net position has been adjusted by \$3,070,312 to decrease the net position balance as of the beginning of the period. The net OPEB liability was adjusted in accordance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

NOTE 15 - SUBSEQUENT EVENT - CORONAVIRUS PANDEMIC

In December 2019, an outbreak of a novel strain of coronavirus (COVID-19) began to spread among various countries, including the United States. On March 11, 2020, the World Health Organization characterized COVID-19 as a pandemic. In addition, multiple jurisdictions in the U.S., including California, have declared a state of emergency and issued shelter-in-place orders in response to the outbreak. Since all District staff are considered "essential", the immediate impact to the District's operations includes new restrictions on employees' work location, dividing the operations and maintenance staff into two separate and isolated teams and planning heightened sanitation awareness requirements on office staff. It is anticipated that the impacts from this pandemic will continue for some time. As of the report date, the financial impact of the coronavirus outbreak cannot be measured.

REQUIRED SUPPLEMENTARY INFORMATION

DRAFT

Humboldt Bay Municipal Water District
SCHEDULE OF THE PROPORTIONATE SHARE OF THE
NET PENSION LIABILITY (ASSET) MISCELLANEOUS

June 30, 2019
 Last 5 years*

<u>Measurement Date, June 30</u>	2018	2017	2016	2015	2014
Proportion of the net pension liability	0.07720%	0.07640%	0.07490%	0.07300%	0.07880%
Proportion share of the net pension liability	\$ 2,907,930	\$ 3,011,029	\$ 2,602,142	\$ 2,002,310	\$ 1,969,634
Covered - employee payroll	\$ 1,963,789	\$ 1,901,128	\$ 1,730,351	\$ 1,746,146	\$ 1,692,541
Proportionate share of the net pension liability as percentage of covered-employee payroll	148.08%	158.38%	150.38%	114.67%	116.37%
Plan fiduciary net position as a percentage of the total pension liability	77.39%	75.66%	76.58%	80.90%	80.51%

NOTES TO SCHEDULE

Changes in Benefit Terms:

Changes of Assumptions - In December 2017, the CalPERS Board of Administration adopted new mortality assumptions for plans participating in Public Employees' Retirement Fund (PERF), the inflation assumption was reduced from 2.75 percent to 2.50 percent, and the assumptions for individual salary increases and overall payroll growth were reduced from 3.00 percent to 2.75 percent.

Changes in Assumptions:

None

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Humboldt Bay Municipal Water District
SCHEDULE OF CONTRIBUTIONS - MISCELLANEOUS

June 30, 2019
 Last 6 years*

<u>Fiscal Year Ending June 30</u>	<u>Miscellaneous Plan</u>					
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Contractually required contribution (actuarially determined)	\$ 477,614	\$ 434,427	\$ 408,926	\$ 386,697	\$ 253,791	\$ 229,022
Contributions in relation to the actuarially determined contributions	<u>(477,614)</u>	<u>(434,427)</u>	<u>(408,926)</u>	<u>(386,697)</u>	<u>(253,791)</u>	<u>(229,022)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered - employee payroll	\$ 2,049,579	\$ 1,963,789	\$ 1,901,128	\$ 1,730,351	\$ 1,746,146	\$ 1,692,541
Contributions as a percentage of covered-employee payroll	23.30%	22.12%	21.51%	22.35%	14.53%	13.53%

Notes to Schedule:

Benefit Changes:

There were no changes to benefit terms that applied to all members of the Public Agency Pool.

Changes of Assumptions:

There were no changes of assumptions.

* Schedule is intended to show information for ten years. Additional years will be displayed as they become available.

Humboldt Bay Municipal Water District
SCHEDULE OF CHANGE IN THE NET OPEB LIABILITY
AND RELATED RATIOS
For the Year Ended June 30, 2019

SECTION G/c, PAGE NO. 41

Total OPEB Liability	2019	2018
Service cost	\$ 132,814	\$ 122,984
Interest	119,775	122,441
Benefit payments, included refunds of employee contributions	(177,041)	(155,236)
Change in assumptions	64,777	100,904
Net change in total OPEB liability	140,325	191,093
Total OPEB liability - beginning of year	4,057,579	3,866,486
Total OPEB liability - end of year	\$ 4,197,904	\$ 4,057,579
Plan Fiduciary Net Position		
Net investment income	\$ -	\$ -
Contributions		
Employer	177,041	155,236
Benefit payments, included refunds of employee contributions	(177,041)	(155,236)
Implicit rate subsidy fulfilled	-	-
Administrative expense	-	-
Net change in plan fiduciary net position	-	-
Plan fiduciary net position - beginning of year	-	-
Plan fiduciary net position - end of year	\$ -	\$ -
District's net OPEB liability - end of year	\$ 4,197,904	\$ 4,057,579
Plan fiduciary net position as a percentage of the total OPEB liability	14.91%	14.91%
Covered-employee payroll	\$ 2,080,167	\$ 2,073,759
Net OPEB liability as a percentage of covered-employee payroll	201.81%	195.66%

The schedules present information to illustrate changes in the District's changes in the net OPEB liability over a ten year period when the information is available.

Humboldt Bay Municipal Water District
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF HUMBOLDT BAY MUNICIPAL WATER DISTRICT'S
CONTRIBUTIONS - OPEB
 June 30, 2019

SECTION G/C, PAGE NO. 42

	2019	2018
Actuarially determined contribution	\$ 177,041	\$ 155,236
Contributions in relation to the actuarially determined contribution	(177,041)	(155,236)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 2,080,167	\$ 2,073,759
Contributions as a percentage of covered payroll	8.51%	7.49%

The schedules present information to illustrate changes in the District's contributions over a ten year period when the information is available.

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OTHER SUPPLEMENTARY INFORMATION

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Directors
Humboldt Bay Municipal Water District
Eureka, California

We have audited the basic financial statements, as listed in the table of contents, of Humboldt Bay Municipal Water District as of and for the year ended June 30, 2019, and have issued our report thereon dated [DATE]. We conducted our audit in accordance with U.S. generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Humboldt Bay Municipal Water District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Humboldt Bay Municipal Water District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Humboldt Bay Municipal Water District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Humboldt Bay Municipal Water District's basic financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Humboldt Bay Municipal Water District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Humboldt Bay Municipal Water District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

R.J. Ricciardi, Inc.
Certified Public Accountants

San Rafael, California

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