



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors
December 12, 2019

A. ROLL CALL

President Woo called the meeting to order at 9:01 am. Director Rupp conducted the roll call. Directors Fuller, Hecathorn, Latt, Rupp and Woo were present. General Manager John Friedenbach, Superintendent Dale Davidsen, Business Manager Chris Harris and Board Secretary Sherrie Sobol were present. Samantha Ryan, Regulatory Analyst was present for a portion of the meeting. Pat Kaspari of GHD and Legal Counsel Ryan Plotz were present for a portion of the meeting and Legal Counsel Anne Baptiste participated via telephone for a portion of the meeting.

B. FLAG SALUTE

President Woo led the flag salute.

C. ACCEPT AGENDA

On motion by Director Latt, seconded by Director Fuller, the Board voted 5-0 to accept the agenda.

D. MINUTES

On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve the Minutes of the November 14, 2019 Regular Meeting.

E. PUBLIC COMMENT

No public comment was received.

F. CONSENT AGENDA

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

G. CORRESPONDENCE

There was no correspondence to discuss.

H. CONTINUING BUSINESS

Water Resource Planning

Local Sales

Mr. Friedenbach stated Nordic Aquafarms is moving forward. The District will meet with their water quality staff in January.

Transport

Mr. Friedenbach shared that the Board of Supervisors may be changing their support for the Sites Reservoir. This reservoir is the closest reservoir for our water to potentially go into the state project. Director Rupp noted that the County's concerns are about diverting water out of the Trinity River. Although he is supportive of the Sites Reservoir, he is against diverting water from the Trinity.

Instream Flow

President Woo stated the process for dedicating instream flow is moving forward. The committee will be meeting next week to narrow down and define the project description.

Cannabis affecting Mad River Watershed

Mr. Friedenbach shared articles regarding cleanup and enforcement of illegal grows. Director Rupp commented that increased taxes and increased regulatory environment undermines the ability to have a good cannabis program in Humboldt County. This results in more illegal and unregulated grows to achieve a higher profit.



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Ordinance 13 PUBLIC HEARING

President Woo opened the Public Hearing at 9:15 a.m. She outlined the process stating staff will provide a report, the public will have opportunity to comment and then the Board will deliberate after receiving the information. Ms. Harris provided the staff report. She stated there are no retail water rate changes proposed in this revision. A notice regarding the public hearing was published twice in the newspaper and postcards were sent out to the customers as well. She noted the main change to Ordinance 13 is Appendix A, policy on discontinuance of residential water service. The appendix includes notifications, payment arrangements, account appeals, fees, service discontinuance and service reconnection. This policy complies with all aspects of the Water Shutoff Protection Act (SB998) effective February 1, 2020. President Woo opened the public hearing. Having received no public comment, she closed the public hearing and the Board began deliberations. On motion by Director Latt, seconded by Director Fuller, the Board voted 5-0 by roll vote to approve the revised Ordinance 13.

Board Vacancy

Last month, the Board directed staff to follow the appointment process for a new Director for Division 3. Mr. Friedenbach outlined the process and stated the notice is scheduled to run three times in the North Coast Journal, is posted at the District and on our website as well at Humboldt Community Services District, Freshwater School and the Moose Lodge in Cutten. Applications are due by 5 pm on January 8, 2020. The Board can review the applications at the regular Board Meeting on January 9. Candidate questions will be distributed on the 10th and Mr. Friedenbach suggested scheduling Special Meetings to review the responses from the questions, and to conduct interviews. The Directors agreed to have Special Meetings on January 29 at 4 pm and February 26 at 3 pm.

Emergency Succession Plan Policy

Last month the Board discussed the General Manager Emergency Succession Plan Policy and recommended some changes. The policy is was brought back with the changes outlined in red based on previous input. Director Latt suggested leaving out names of staff and only listing job titles. The Board concurred. On motion by Director Fuller, seconded by Director Rupp, the Board voted 5-0 to approve the General Manager Emergency Succession Plan Policy as amended.

CLOSED SESSION

President Woo recused herself from the first item of discussion due to a potential conflict and left the room. The Board entered into closed session at 2 pm with legal counsel for anticipated litigation/ initiation of litigation pursuant to paragraph (4) of subdivision (d) of Section 54956.9 (2 cases). Director Latt reported out on the first item. He stated there was no reportable action. President Woo, who returned after completion of the closed session on the first matter, reported out on the second item and stated there was no reportable action.

Short-Term Vacant Land Rental Agreement with Vivid Green, LLC for a one-acre portion of the District's real property located at 17350 Mad River Road, Ruth, California. Trinity County Assessor Parcel Number 020-100-35-00

On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve the Short-Term Vacant Land Rental Agreement with Vivid Green, LLC.



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I. NEW BUSINESS

Resolution 2019-20 Recognizing and Honoring the Outstanding Service of Barbara Hecathorn

President Woo read Resolution 2019-20 honoring the service of Director Hecathorn. The Board voted 5-0 by roll call vote to approve the resolution. The Directors expressed their appreciation for Director Hecathorn's service and stated her presence will be greatly missed.

Resolution 2019-21 Recognizing and Honoring the Outstanding Service and Achievements of Brian and Lisa Newell

Mr. Friedenbach stated typically the employee would be present to receive the resolution. Brian and Lisa Newell will be at Essex tomorrow and the resolution will be presented to them then. Director Rupp read Resolution 2019-21 honoring the service of Brian and Lisa Newell. The Board voted 5-0 by roll call to approve the resolution.

Safety Incentive Reward

Mr. Friedenbach stated employee and public safety is a top priority for the District. The Board previously approved a safety incentive program to recognize this. He asked the Board to consider expanding the program given various safety complexities involved with the various job classifications here at the District. The Board had a lengthy discussion with options ranging from increasing the amount and number of awards to eliminating the program altogether. The majority of the Board agreed they did not want to take away the financial incentive but suggested another focus. They requested staff bring back a suite of alternatives for discussion at the next Board meeting.

Retail Rate Study 2020

As required by Proposition 218, retail water rates must not exceed the cost-of service. To ensure this requirement is met, the industry standard is to conduct a retail rate study every five years. Ms. Ryan stated the District's last rate study was conducted in 2015 and the rates were approved through June 30, 2021. She reviewed the three analyses used in the study (revenue requirement, cost-of-service and rate-design) and the next steps in the process. Staff proposed the following schedule: present preliminary numbers to the Board in August 2020, hold a public hearing in February 2021 and retail rates for Humboldt Bay customers would go into effect July 1, 2021 if passed at the public hearing. Director Rupp inquired if this was being done in-house or via a consultant. Ms. Harris stated it is primarily being done in-house. Staff may request consultation services from Rebecca Crow at GHD given her experience in this area and past experience with District retail rate studies.

J. REPORTS (from Staff)

1. Engineering

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

Mr. Kaspari stated the bid opening was December 10, 2019. The low bid is higher than the Engineer's estimate for construction. He contacted CalOES and they believe they can fund the additional costs. A formal request for supplemental HMG grant funding will be submitted to CalOES. The apparent low bidder is Sequoia Construction Specialties. Mr. Kaspari stated they are a local contractor and he has worked with them previously and they do a good job. He contacted references and Sequoia received glowing references for the projects they worked on. He recommended the Board award the 12kV Switchgear Relocation Project to Sequoia Construction Specialties in the amount of \$2,448,063. On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to award the bid to Sequoia Construction Specialties.



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Mad River Cross Sections

GHD has been conducting the Cross-Section Surveys for over a decade. Mr. Kaspari stated this year, there were two areas of concern. The first one was the weir area downstream of Collector 1 and upstream of Pump Station 6. They had a game plan to fix it but it needs to be revised. The other area is near Collector 4. They tried to match the bank elevation with gravel this year but will have to see what the river does this winter to determine if the storm damage emergency repair work was effective and long lasting.

Lazzar Easement Amendment

Mr. Friedenbach stated the District has a floating easement for its pipelines. When property owners request that our pipeline easement be fixed at thirty-foot, the District works to ensure it retains repair and maintenance access to our pipelines within the 30-foot pipeline easement. Mr. Lazzar has agreed to a twelve and a half-foot buffer on either side of the thirty-foot easement for a total of 55 feet. Mr. Lazzar stated his attorney had not reviewed the agreement as of this morning. Mr. Friedenbach requested the Board approve the agreement pending review by Mr. Lazzar's attorney and authorize staff to make minor adjustments if needed. It is understood that any proposed significant changes would come back before the Board for decision. On motion by Director Fuller, seconded by Director Rupp, the Board voted 5-0 to approve the easement and allow staff to make minor adjustments if needed.

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

Mr. Kaspari stated CalOES has forwarded the project to FEMA for funding consideration. It will likely be about six months before funding is approved or denied.

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

Mr. Kaspari stated he is hopeful the project funding approval will be received in Spring 2020.

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

This project has been waitlisted by FEMA.

Status report re: other engineering work in progress

The North Coast ASCE dinner is February 8, 2020 and the District Board and management are invited. The Mad River Crossing will be discussed.

2. Financial

Financial Report

Ms. Harris provided the November 2019 financial statement & vendor detail report. She noted the Salary and Employee Benefits budget is close to target but dues and subscriptions is a bit higher than expected. Director Rupp reviewed the bills and stated all was in order. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve the November financial report and vendor statement in the amount of \$303,488.47.

Humboldt County Quarterly Interest Apportionment Rate Report April-June 2019

Ms. Harris stated the latest data goes through June 30, 2019. No current data is available.

CalTrust Investment Options and Investment Policy Revision

At the November meeting, staff was asked to provide additional information regarding moving District Reserve Funds currently held in Humboldt County Investment Trust Accounts to other investment options. Ms. Harris provided three detailed scenarios of options for LAIF and CalTrust investments. She stated her concerns with the County investment is not the rate of return but the lack of transparency



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and timely reporting by the County. The reports are consistently late and it is difficult to get an accurate accounting of the District’s funds. Staff is recommending the Board join CalTrust as regular member, not a JPA member and approve a revised investment policy reflecting the change. The Board discussed the options and confirmed liquidity and references. The Board was leaning towards Option Two which takes advantage of investment accounts with the highest returns and potentially increasing investment returns by \$20,000. After additional discussion, on motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve staff recommendation to join CalTrust as a participating member, choose investment Option Two and approve the revised Investment Policy reflecting the changes.

3. Operations

Mt. Davidsen provided the November Operational Report. A new crane inspection service was on site to inspect all District cranes. They were very thorough and detailed and the inspections went well. Several staff went to training for Water Diversion reporting and Instrumentation Calibration in Ukiah. The Safety Meeting topics included SDS and Community Right To Know. Spill Prevention and Sexual Harassment Prevention.

The power went out at Essex on November 26 due to a storm and did not come back on until the evening of November 29. This was considered a long outage and staff did a great job ensuring generators were running and reservoirs were filled.

Mr. Davidsen requested approval to surplus 28 bags of unused Sika products. These are left over from spillway repairs. The product has a short shelf life and will be not be usable for repairs next year if needed. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve the surplus of the Sika products.

K. MANAGEMENT

CSDA

Mr. Friedenbach stated the Humboldt Area Chapter met last week. There are about ten core people that attend on a regular basis. At the meeting, he was elected Treasurer for calendar year 2020.

Humboldt Coastal Resilience Project Phase 3 Beach-Dunes Transect Profiles

Mr. Dan Edrich addressed the Board and stated a resilience grant should add plants, not remove them. He stated the dunes are being adversely impacted by the District’s grant and he inquired what the Board intended to do and who would be assigned to keep an eye on the process. Mr. Friedenbach clarified this is not the District’s grant. The District previously contributed some funding to the Dunes Climate Ready Project to gain scientific data regarding transects along the District pipeline. The Humboldt Coastal Resilience Project (a new grant to continue the previous three- year grant) is being continued for three years through grants from the Ocean Protection Council and the California State Coastal Conservancy. Director Rupp stated our interest in the Dunes Climate Ready Project was our infrastructure, not the grant overall. Mr. Edrich asked again what is the resilience factor of a destabilized dune and who will be assigned to watch the District pipeline. President Woo thanked Mr. Edrich for taking the time to speak to the Board. Mr. Friedenbach stated the pipeline in the dunes area is inspected regularly. Last spring the pipeline had an area of exposure of about two feet in length and two inches in depth. This was a result foot traffic via pedestrians taking shortcuts to access the beach. The pipeline has been covered and a sign requesting pedestrians stay on the path is in place.

Report out on ACWA Conference

Mr. Friedenbach reported out on his attendance at the Fall ACWA Conference. He attended informative sessions and shared information on Jurassic Parliament.



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L. DIRECTOR REPORTS & DISCUSSION

1. General -comments or reports from Directors

Director Fuller stated she will be arriving late at the January meeting.

Director Rupp stated the Eureka Chamber of Commerce received a small grant to develop a leadership program. Tuition will be about \$1700 per person. Director Latt inquired how the Chamber will select leadership students, given their previous partisan leaning. Director Fuller noted that Ms. Gelinas has a leadership program that has been in existence for some time now.

President Woo stated the General Manager’s review will be coming up. She asked the Directors to start thinking about the process.

Director Hecathorn stated she will miss everyone and thanked the Board and staff for a good experience as Director.

2. ACWA

Director Rupp reported out on his attendance at the Fall ACWA Conference. He shared information on Carrum Health, membership, desalination and cybersecurity.

He also attended a Region 1 meeting. The next meeting will be on January 13, 2020 at Valley of the Moon in Sonoma County.

3. ACWA – JPIA

Director Rupp stated the property and liability rates have increased between 50 and 70 percent however, the rate increase was not passed down to the members. Instead, reserves were used to cover the increase this year however we can anticipate increases in future years.

4. Organizations on which HBMWD Serves: RCEA, RREDC

President Woo state RCEA is moving forward with their strategic plan. Director Latt stated the RREDC meeting was cancelled.


ADJOURNMENT

The meeting adjourned at 4:00 pm.

Attest:



Sheri Woo, President



J. Bruce Rupp, Secretary/Treasurer