

Humboldt Bay Municipal Water District
828 7th Street, Eureka



Minutes for Regular Meeting of the Board of Directors
May 12, 2022
Meeting Start Time: 9:00 am

DUE TO COVID-19 THE DISTRICT WILL BE HOLDING THE MEETING VIA ZOOM

District Mission

Reliably deliver high quality drinking water to the communities and customers we serve in the greater Humboldt Bay Area at a reasonable cost. Reliably deliver untreated water to our wholesale industrial customer(s) at a reasonable cost. Protect the long-term water supply and water quality interests of the District in the Mad River watershed.

Time Set Items:	8.2	McNamara & Peepe	9:15 am
	8.1.a.ii	Mainline Extension	10:00 am
	8.4	PFA Samoa EIFD	10:30 am
	10.1	Engineering	11:00 am
	8.8	Closed Session – Anticipated Litigation (VDI)	1:45 pm
	9.2	Annie & Mary Trail	2:15 pm
	8.9	Closed Session – Anticipated Litigation (DTSC)	2:45 pm

1. ROLL CALL

President Woo called the meeting to order at 9:00 am. Director Rupp conducted the roll call. Directors Fuller, Latt, Lindberg, Rupp and Woo were present. General Manager (GM) Friedenbach, Business Manager Chris Harris, Superintendent Dale Davidsen, and Board Secretary Fiona Wilson were present. District Counsel Ryan Plotz, Nathan Stevens of GHD, and members of the public Linda Miller, Jennifer Kalt of Humboldt Baykeeper, Jacque Hostler-Carmesin of the Trinidad Rancheria, Tanner Etherton of Humboldt County Economic Development, and Emily Sinkhorn from the City of Arcata were present for a portion of the meeting.

2. FLAG SALUTE

President Woo led the flag salute.

3. ACCEPT AGENDA

On motion by Director Lindberg, seconded by Director Rupp, the Board voted 5-0 to accept the agenda with the removal of Closed Session Item 8.9.

4. PUBLIC COMMENT

No public comment.

5. MINUTES

5.1 Minutes of the April 14, 2022 Regular Meeting

Superintendent Davidsen provided clarification that the manual gate at Old Ruth had been repaired during March maintenance.

On motion by Director Rupp, seconded by Director Latt. The Board voted 5-0 to approve the meeting minutes.

6. CONSENT AGENDA

6.1 Media articles of local/water interest (Articles A – L)

On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to approve the consent

agenda.

7. CORRESPONDENCE

7.1 Response to State Water Resources Control Board (SWRCB) Proposed Emergency Conservation Regulations

The SWRCB drafted emergency conservation regulations in response to the ongoing drought, which proposed statewide conservation of 20 percent. The District provided feedback on the proposed regulations, requesting a provision for agencies that are not in Stage 2 of their Water Shortage Contingency Plans (WSCPs). The District is currently in Stage 1 of the WSCP, which does not require conservation. A statewide "Stress Test" Coalition of agencies has drafted a letter that will be submitted once the proposed regulations are open for public comment. The District's support for local control is aligned with the "Stress Test" Coalition and ACWA.

The Board directed staff to join the Coalition and submit comment through the Coalition.

8. CONTINUING BUSINESS

8.1 Water Resource Planning

a. Local Sales

i. Nordic Aquafarms

Staff attended the County Planning Department's workshop for the project on April 21. Public Comment was continued to May 19. Permits are anticipated to be complete by the end of 2022. Deconstruction and remediation are expected to take 24 months, before 6 months of consolidation, then 12 months of construction. 2025/26 is when water will be needed to begin egg incubation. Nordic has discussed using domestic water if Station 6 can't be rehabilitated for industrial.

The domestic pipeline is nearing capacity and the Harbor District will also need additional domestic water for their facility build-out plans. When the District receives requests for new water service on the Samoa peninsula, GHD runs the demand through a hydraulic model to assess the District's ability to accommodate. Upsizing approximately 3 miles of pipeline from 15" to 20" is included in the CIP. Most available State and Federal funding is for domestic water infrastructure, but if the District rehabbed Station 6, it would provide more flexibility in the future. Staff requested direction regarding the pursuit of funding and the pipeline constraints for domestic water supply to the Peninsula.

The Board directed staff to provide an analysis of the cost to the beneficiaries/end users of upsizing the pipeline.

ii. Trinidad Rancheria Mainline Extension

Jacque Hostler-Carmesin updated the Board that the Rancheria has funding from IHS, FEMA, and ARPA, and will move forward with an RFP for permitting and engineering costs. The Board thanked Hostler-Carmesin and the Rancheria for providing transportation for the ACWA Region 1 Event.

Staff expect to bring the draft MOU with McKinleyville to wheel water through their District to the June meeting.

b. Transport

Nothing to report.

c. Instream Flow

The project team is finalizing the draft 1707 petition application. Executive Order N-7-22 directs the Water Board to prioritize and waive fees for instream flow projects that benefit fish and wildlife. The fee waiver will be approximately \$7,000. The Habitat Conservation Plan (HCP) does not need to be amended for the instream flow permit. The petition would also include a CEQA categorical exemption. Sharon Kramer and GM Friedenbach are scheduled to meet with NMFS on Friday, May 13.

The Board requested a briefing on the instream flow project at the May 31 Special Meeting.

The Board discussed the impending need to address the District's 2029 water rights. At the March meeting, the Board requested an analysis of current and historical drought flows from 1976. The historical data resides with USGS and staff will provide the analysis once the flow data is received.

8.2 McNamara & Peepe

President Woo recused herself due to a conflict of interest. The Department of Toxic Substances Control (DTSC) has not agreed to remediate the site via soil removal yet.

a. Baykeeper/Coastkeeper Letter to Senator McGuire's Office

The Baykeeper/Coastkeeper letter requested an earmark of \$5m of state funds to clean up the site. The Board commended California Coastkeeper and Humboldt Baykeeper for the well-crafted, comprehensive, and concise letter.

Director Latt will bring the letter to the Board of UIHS and ask the Board members to bring it to the Tribal Councils.

b. HBMWD Email to Assemblymember Wood

The District's request to Senator McGuire for funding and site remediation was forwarded to Assemblymember Wood. Senator McGuire's staff has not provided an update on the funding request.

c. DTSC Letter to Humboldt Baykeeper

DTSC responded to the well sampling data that was provided on March 7, 2022 by requesting details of the well and sampling methods.

Jennifer Kalt of Humboldt Baykeeper provided public comment that Senator McGuire's office has not responded to the Coastkeeper/Baykeeper budget request. A Coastkeeper Alliance meeting is scheduled for today and Kalt will follow up on the meeting.

d. Royal Gold

The McNamara & Peepe site has been identified as a contaminated site by DTSC since June of 1989. Royal Gold has submitted a soil-disturbing development plan with a Mitigated Negative Declaration (MND) to the County Planning & Building Department. There are numerous land use restrictions on the site which should have been included in the MND. The District will have 30 days to comment on the MND once it is open for public comment.

The District has not received a referral from the County regarding the project. County staff informed the District that the referral was sent to the Fieldbrook-Glendale Community Services District (FGCSD). The FGCSD has no record of the referral. There is also no EnviroStor record of contact between DTSC and Humboldt County's Planning Department and DHHS Division of Environmental Health regarding the project's land use restrictions. Staff will remind the Planning Department to send all referrals that fall within the District's service area and Mad River watershed to the District.

Jennifer Kalt of Humboldt Baykeeper provided public comment that the last time Royal Gold submitted a MND to DTSC, the County relied on DTSC to advise them of any potential issues. Kalt expressed concerns that the County is not receiving adequate information from DTSC. Staff requested direction to voice the District's opposition to the MND, as ground disturbing activities at the site can mobilize the existing contamination, resulting in further migration of the contaminated groundwater.

The Board directed staff to voice opposition to ground disturbing activities to the County.

8.3 LAFCo Election Ballot

Election ballots for a regular and alternate LAFCo member were distributed for the Board's consideration. The Board discussed the candidates' qualifications. Due by June 24. Troy Nicolini has been on LAFCo a long time and is involved in the Peninsula CSD.

On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to support and cast the ballot for LAFCo regular member for Troy Nicolini.

On motion by Director Latt, seconded by Director Lindberg, the Board voted 5-0 to cast the ballot for LAFCo alternate member for Heidi Benzonelli. Staff will submit the District's ballots to LAFCo.

8.4 Public Financing Authority (PFA) Membership for Samoa EIFD

The County has created the Samoa Enhanced Infrastructure Financing District (EIFD) and Public Financing Authority (PFA), and has approved an Infrastructure Financing Plan (IFP) for development on the peninsula. If the District chooses to contribute to the EIFD and appoint one of the Directors to the PFA, the District could contribute a portion of the District's 1% property tax increment that would otherwise go to the municipal customers. Staff recommend joining the PFA and contributing 75% of the District's property tax increment, as participating would provide the District with an opportunity to make decisions regarding projects that receive EIFD funding.

For the District to contribute to the EIFD and participate on the PFA, the District would need to send a letter of intent to the County and submit a resolution. The County would then conduct three public hearings to approve the District's participation on the PFA and amend the IFP.

Tanner Etherton from the County Economic Development Division was present to provide clarification and answer questions from the Board. Participation on the PFA would require a Director's recusal from decisions regarding District projects. The IFP includes funding for infrastructure. The next PFA meeting will be in June.

The Board discussed the impact that joining the PFA would have on the District's municipal customers. Ordinance 16 would need to be amended to remove the tax increment from the munis. Those funds are not subject to Prop 218 and could be used for CIP projects. Increasing industrial and retail use could benefit the munis.

The Board directed staff to submit a letter of intent, and to work with the munis to gauge their level of support before the Board considers approval of a resolution to participate.

On motion by Director Latt, seconded by Director Rupp, the Board voted 5-0 to submit the letter of intent.

8.5 Letter to Humboldt County Board of Supervisors re: Auditor-Controller

The Board directed staff to draft a letter communicating the District's concerns with the County Auditor-Controller at the April meeting. The letter could be used to protect the District's integrity in the event of an audit. The Board provided feedback on the draft letter.

Staff will incorporate the Board's revisions and bring the final draft to the May 31 Special Meeting for Board approval.

8.6 Succession Planning - Updated Job Descriptions and Salary Schedule

Staff conducted an analysis of administrative job descriptions for the District and presented the Board with recommendations. Staff recommended revisions to job titles and descriptions, positions, and pay scales. The Board discussed the proposed revisions.

On motion by Director Rupp, seconded by Director Lindberg, the Board voted 5-0 to approve staff recommendations.

The Board directed staff to consider drafting a diversity and equity policy for the District.

8.7 VDI Claim

Director Latt recused himself due to a conflict of interest. A claim for damages from Van Duzen Investments, LLC was received by the District.

8.8 CLOSED SESSION - Conference with Legal Counsel – Anticipated Litigation: Significant exposure to litigation pursuant to paragraph (2) or (3) of subdivision (d) of § 54956.9 (VDI)

Director Latt recused himself due to a conflict of interest. The Board went into closed session at 1:45 pm. The Board discussed the claim submitted by Van Duzen Investments, LLC with respect to alleged timber trespass. The Board voted 4-0 to reject the claim and authorize staff to send proper notice of

rejection under the government claims act. Director Latt was not present for the vote. The Board came out of closed session at 1:58 pm.

8.9 CLOSED SESSION - Conference with Legal Counsel – Anticipated Litigation: Initiation of litigation pursuant to paragraph (4) of subdivision (d) of § 54956.9 (DTSC)

The Board voted 5-0 to remove this item from the agenda under Item 3.

9. NEW BUSINESS

9.1 Surplus of Server Cabinet

The District replaced an old server cabinet at the Eureka main office with new equipment.

On motion by Director Rupp, seconded by Director Lindberg, the Board voted 5-0 to surplus the old server cabinet.

9.2 Annie & Mary Trail easement investigation on District property

President Woo recused herself due to a conflict of interest. The City of Arcata is pursuing the Annie & Mary Trail Connectivity Project to close gaps in walking and biking connectivity for neighborhoods within north Arcata and along the Mad River. Emily Sinkhorn from the City of Arcata attended the meeting to answer any questions. The City is currently in the preliminary environmental documentation phase of the project. The City has asked to include District property in their environmental assessment for the trail in case the trail needs to be realigned. Staff requested that the Board authorize the environmental study to include potential trail alignment opportunities on District property at two locations: one near the 12kV switchgear building and one that includes the railroad easement. The City will work with a surveyor to define property boundaries and anticipates design starting in the fall 2022. The City has grant funding from the State and is anticipating a MND CEQA document.

Emily Sinkhorn from the City of Arcata was present to answer questions from the Board. The Board requested an MOA with the City to address the heightened use of the restroom at Park One. Sinkhorn estimated that construction would begin in summer of 2024 and will work with the District to address the use of the restroom before then. Sinkhorn estimated that traffic on the trail could be similar to the traffic at the West End Road-Janes Creek trailhead.

Public comment from Uri Driscoll was read into the record by Board Secretary Wilson. Driscoll recommended that the District postpone decisions regarding the Annie & Mary Trail until the Surface Transportation Board has determined jurisdiction of rail easements.

On motion by Director Fuller, seconded by Director Rupp, the Board voted 4-0 to authorize the environmental study of potential trail alignment opportunities on District property. President Woo was not present for the vote.

10. REPORTS (from STAFF)

10.1 Engineering (Time set 11:00 am)

Nathan Stevens of GHD provided the Engineering Report.

a. 12 kV Switchgear Relocation

i. Contractor Pay Request for April

The April pay request covers work associated with testing equipment and a generator. The cutover has been completed to the new switchgear, and all power and communication will be completed by the end of the week.

Feeder 3 provides power for Collector 1 and new cable was spliced to Collector 1. The contractor tested the existing cable successfully, but upon later testing, it was discovered to have been damaged. Additional testing needs to be done of Feeder 3 and local contractors cannot complete the testing. Subcontractors will complete testing on June 6. The District needs to have Collector 1 in production, and will send a letter to Sequoia Construction Specialties assuming the risk of energizing Feeder 3 prior to completion of testing. Special

legal counsel will need to review the letter before it is sent to Sequoia because Mitchell Law firm represents Sequoia Construction Specialties. Replacement of the entire cable from Feeder 3 to Collector 1 is recommended for FY 2023/24.

b. TRF Generator Project

i. CalOES RFI Response sent 04/28/22

The District responded to a Request for Information (RFI) from CalOES staff regarding geotechnical borings and cultural resources report information of the TRF site. The RFI could indicate a Phase 1 funding award in the coming months.

c. Matthews Dam Advance Assistance Seismic Stability Project

i. CalOES RFI Response sent 04/27/22

The District responded to an RFI regarding the dam's location, geotechnical borings, project costs, and permitting. The RFI could indicate a Phase 1 funding award in the coming months.

d. Status report re: other engineering work in progress

Nothing to report.

10.2 Financial

Business Manager Chris Harris provided the Financial Report.

a. April 2022 Financial Statement & Vendor Detail Report

The PARS Investment Account balance decreased for the sixth month in a row. Almost \$300k of credits back to the munis remain encumbered. General Fund Reserves are \$2.5m. The District has not received any property tax revenue from the County. Salary & Benefits expenditures are on budget. Materials & Supplies expenditures are up with the rising price of chlorine. Accounting Services expenditures are over budget due to the timing of the completion of the audit. Fire assessment went up. Total expenses for April were \$780k; total customer charges were \$80k. Director Latt reviewed the April bills and had no questions.

On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to accept the report and approve payment of the bills in the amount of \$520,401.40.

b. Employee Life Insurance Analysis

Staff obtained life, accidental death & dismemberment (AD&D), and long-term disability (LTD) insurance quotes and performed a comparison of rates and coverages. Staff recommend the District move from Unum to Lincoln for an estimated annual savings to the District of \$13,000. On motion by Director Rupp, seconded by Director Lindberg, the Board voted 5-0 to move all District life, AD&D, and LTD coverages from Unum Insurance to Lincoln Insurance, effective June 1, 2022.

c. FY22/23 Budget Introduction: Services & Supplies and Salaries & Employee Benefits

Bartles & Wells provided projections for what the District will need to charge muni customers over a five-year period. Total estimated muni charges for FY 2022/23 are \$7.8m, with a net increase of 2.9%.

The proposed Services & Supplies budget has a net increase of \$140k (8.2%), primarily because PG&E rates have increased.

The proposed Salary & Wages budget has a net increase of \$299k, which includes an 8.5% cost of living adjustment (COLA). A revision to the District's sick leave accrual policy and request for District observance of the Juneteenth Federal holiday were proposed.

The Board discussed the Services & Supplies and Salaries & Benefits Budget introduction and directed staff to remove the revision to the sick leave accrual policy from the budget proposal and provide further comparison details for the Juneteenth holiday. Staff will introduce the Project Budget at a Special Meeting on May 31, 2022.

10.3 Operations

Superintendent Dale Davidsen provided the Operations Report.

- a. Monthly report on projects and operations
Ruth Headquarters recorded 8.47" of rainfall and Ruth Hydro produced 559,200 KWh in April. There were two hydro shutdowns for PG&E and maintenance. Staff completed Hazwoper, first aid/CPR, traffic control, and ergonomics trainings. Safety meetings addressed heat illness prevention, electrical safety, and arc flash. Superintendent Davidsen attended the AWWA Spring Conference in Anaheim and thanked the Board for the opportunity. Davidsen met with McKinleyville Community Services District (MCSD) and Arcata's Fire and Police Departments regarding a future communications system upgrade at the MCSD tank site. The 12kV cutover went fairly well despite bad conductors and some communications issues due to power loss. Only one collector was in service for a short time. There was a power outage at the treatment plant that required reliance on generator power for 8 hours. The District will shut down the TRF the week of May 23.

11. MANAGEMENT

11.1 Cal Poly HSU Capstone Reports

Four capstone project reports were included in the packet and the Board will have an opportunity to consider the projects at a later date. The Board thanked staff for supporting the projects.

11.2 Allocation of \$19,597.72 Refund from JPIA Rate Stabilization Fund

Staff requested Board direction to allocate the JPIA refund to a cybersecurity risk analysis for the main office. A cybersecurity risk analysis is underway for Essex.

On motion by Director Lindberg, seconded by Director Fuller, the Board voted 5-0 to allocate the refund to a cybersecurity risk analysis for the main office.

12. DIRECTOR REPORTS & DISCUSSION

12.1 General - comments or reports from Directors

Director Fuller expressed appreciation for staff's implementation of the Meeting Owl and Zoom platform to conduct hybrid meetings.

12.2 ACWA

a. ACWA Committee Update

Director Rupp attended ACWA Finance Committee, Election Review Committee Non-profit Formation Steering Committee, and Board meetings. He provided a report out for all meetings attended.

b. ACWA Region 1 Program and Tour

Rupp reviewed the itinerary for the Region 1 event. Staff will register the Directors who intend to attend.

12.3 ACWA – JPIA

a. JPIA Spring Conference and Committee Update

Director Rupp attended the Spring Conference and the Board approved a clean audit report for the year ending September 30, 2021. Premiums on cybersecurity will be \$900k next year, so JPIA may drop that coverage. Training staff will become increasingly important because cyberattacks are on the rise.

b. H. R. LaBounty Safety Awards Program

The award was issued for the installation of a new server room ladder that meets OSHA requirements. Staff developed an innovative solution with several custom mechanical elements. The Directors expressed their appreciation for staff's participation, and for winning the safety award.

12.4 Organizations on which HBMWD Serves

- a. RCEA News and Updates
Energy costs continue to rise.
- b. RREDC
Nothing to report.

ADJOURNMENT

President Woo adjourned the meeting at 4:31 pm.

ATTEST: _____

NAME

TITLE

DATE

ATTEST:



Sheri Woo, President



J. Bruce Rupp, Secretary/Treasurer