

Humboldt Bay Municipal Water District
828 7th Street, Eureka



Minutes for Regular Meeting of the Board of Directors
March 10, 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
	8.3	2020 Census & Redistricting	9:30 am
	9.1	Supervisor Presentation on Crane Operations	10:00 am
	10.1	Engineering	11:00 am
	8.7	Closed Session – Anticipated Litigation (DTSC)	11:30 am
	10.2a	OPEB Presentation	1:30 pm
	10.2b	February Financials	2:15 pm
	8.8	Public Employee Performance Evaluation	3:30 pm

1. ROLL CALL

President Woo called the meeting to order at 8:59 am. Director Rupp conducted the roll call. Directors Fuller, Latt, Lindberg, Rupp, and Woo were present. General Manager (GM) John Friedenbach, Superintendent Dale Davidsen, Business Manager Chris Harris, and Board Secretary Fiona Wilson were present. District Operations Supervisor Ryan Chairez, District Counsel Ryan Plotz, Nathan Stevens of GHD, and members of the public Jennifer Kalt of Humboldt Baykeeper, Jennifer Boak, Linda Miller, Joseph Wilhelm, caller #3044, and an unidentified Galaxy Tab E user were present for a portion of the meeting.

2. FLAG SALUTE

President Woo led the flag salute.

3. ACCEPT AGENDA

GM Friedenbach notified the Board that the District is awaiting survey data for item 8.6. On motion by Director Lindberg, seconded by Director Rupp, the Board voted 5-0 by roll call vote to strike item 8.6 from the agenda and accept the agenda as amended.

4. PUBLIC COMMENT

Lease lot holder Jennifer Boak expressed concern regarding woody debris that has been left on her lot. The Board directed staff to investigate the complaint and follow up with the lease lot holder before reporting to the Board in April.

5. MINUTES

5.1 Minutes of the February 10, 2022 Regular Meeting

On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 by roll call vote to approve the minutes.

6. CONSENT AGENDA

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

On motion by Director Fuller, seconded by Director Lindberg, the Board voted 5-0 by roll call vote to approve the consent agenda.

7. CORRESPONDENCE

7.1 CalOES Program Compliance Letter

The District received notification from CalOES to review and address audit findings regarding the District's procurement policies. Grant recipients must adhere to federal procurement policies to receive funding. Staff drafted an updated federal procurement policy and attended procurement training as directed by CalOES. Upon approval of the updated procurement policy, the District will have addressed the audit findings in full.

a. Update Federal Procurement Policy

GM Friedenbach introduced the draft Procurement Policy for Federally Funded Projects. The updated policy would ensure District compliance with FEMA Hazard Mitigation Grant Program requirements. Consultants who have prepared a federal grant application for the District are prohibited from bidding on a project unless a competitive bidding process has occurred which included the services for: grant application, project permitting and design engineering, and project construction management. The Board discussed the concern that contractors may be reluctant to bid on grant writing if they are interested in bidding on the project construction. The District will likely need to retain a new grant consultant to prepare future grants. On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to approve the revised Procurement Policy for Federally Funded Projects.

7.2 DOT Bridge Inspection Report Letter

In accordance with Title 23 of the Code of Federal Regulations and the National Bridge Inspection Standards, Caltrans Maintenance and Investigations performed an inspection of the spillway bridge at the R. W. Matthews dam. The DOT recommends sealing the surface and repairing the edge spalling at the bridge.

7.3 Dreissenid Mussel Prevention Program Annual Report Letter

The annual Quagga report summarizes implementation of the Prevention Plan for Quagga and Zebra mussels at Ruth Lake. The gates at the marina and Ruth Rec are now functioning. The gate at Old Ruth is not functioning but a new gate will be installed and it is chained off with a padlock in the meantime.

8. CONTINUING BUSINESS

8.1 Water Resource Planning

a. Local Sales

i. Nordic Aquafarms

The project is moving forward with permitting and GM Friedenbach introduced the District's comment letter on the draft EIR. The Board discussed concerns that GHD scientist Ken Mierzwa was misrepresented in the draft EIR.

ii. Trinidad Rancheria Mainline Extension

McKinleyville CSD met on March 2 and approved entering into an MOU with the District to wheel water through their district for the mainline extension. This topic will be discussed later on the agenda. Trinidad Rancheria continues to move forward with their funding efforts.

b. Transport

Nothing to report.

c. Instream Flow

The Committee met with NMFS and CDFW to discuss flow releases. and NMFS has expressed some issues that they would like addressed. The Committee had a follow up meeting and discussed options for moving the project forward.

8.2 McNamara & Peepe

President Woo recused herself due to a conflict of interest. The Mad River Policy Committee, special counsel, and Staff met with DTSC on March 2 to discuss remediation. The Board discussed concerns that DTSC will continue considering bioremediation as a viable method to address the contamination. They are only reviewing remediation of contamination under the cap. They are not responding swiftly and don't appear to share the District's concerns despite the science. The District has been requesting well testing in the area since July 2020, so Humboldt Baykeeper sampled and tested a well about 200 feet south of the cap that tested positive for dioxins and pentachlorophenol (PCP). Humboldt Baykeeper has shared the results with DTSC and will send the results to county Environmental Health because community members have been drilling new drinking water wells in the vicinity of contamination. Jennifer Kalt from Humboldt Baykeeper and Linda Miller provided public comment and share the District's concerns. Kalt attended the DTSC quarterly forum and reported that there is \$250 million dollars in funding that DTSC said they would explore. Humboldt Baykeeper has advocates in Sacramento that are requesting \$5 million in state funding for the cleanup. She thanked the Board for pursuing the issue. Miller expressed disappointment with DTSC. GM Friedenbach will ask Senator McGuire to earmark funding of \$5 million to clean up the site, and to direct DTSC to work with the District to clean up the site before the state budget is approved. The Board discussed pursuing legislation to force the cleanup if need be.

8.3 2020 Census & Redistricting

Every ten years, the District must consider redrawing division boundaries to comply with the federal Voting Rights Act of 1965. Staff reviewed the precinct and population census data and provided four scenarios for the Board's consideration. GM Friedenbach reviewed the scenarios with the Board and received feedback. President Woo opened the public hearing at 10:28 am. There was no public comment and the public hearing was closed at 10:28 am. The Board discussed the merits and shortcomings of the various scenarios. The Board requested additional scenarios to even out the population and enhance continuity of populations and boundaries. They also requested a map layer that shows the boundaries of the Municipalities and CSDs. A special meeting will be scheduled prior to the April 14 Regular Meeting for further discussion. The deadline to submit the finalized District boundaries to Humboldt County Elections is April 17, 2022.

8.4 Resolution 2022-03 - Extension of AB 361

The District is required to reaffirm the circumstances that qualify this act every 30 days. The Board discussed options for meeting in-person and would like to resume in-person meetings with a hybrid option as soon as safely possible. The District has purchased technology to facilitate hybrid meetings. The Board discussed extending AB 361 until the next special meeting. On motion by Director Lindberg, seconded by Director Rupp, the Board voted 5-0 by roll call vote to approve the resolution.

8.5 Ruth Lake Emergency Declaration

Removal of woody debris is underway. Adam Jager has been working to address some issues with septic systems.

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

This item was removed from the agenda under item 3.

8.7 **CLOSED SESSION - Conference with Legal Counsel – Anticipated Litigation: Initiation of litigation**

pursuant to paragraph (4) of subdivision (d) of Section 54956.9 (DTSC)

The Board went into closed session at 11:31 am, and came out of closed session at 12:21 pm with nothing to report.

8.8 CLOSED SESSION – Public Employee Performance Evaluation for General Manager pursuant to Section 54957(b)(1)

The Board went into closed session at 3:35 pm, and came out of closed session at 3:45 pm with nothing to report.

8.9 Amendment to Employment Agreement for General Manager

Two items were included in the employment amendment for the District's General Manager: a term extension through September 30, 2025, and a 1% merit increase based on the Board's performance evaluation of the GM. On motion by Director Rupp, seconded by Director Lindberg, the Board voted 5-0 by roll call vote to authorize the President and GM to execute the first amendment, extending the GM's term and providing a 1% merit increase of \$1,540 as an employer discretionary contribution to the GM's 457(b) account on the next payroll date. The GM's yearly compensation would remain at \$154,048. On motion by Director Rupp, seconded by Director Lindberg, the Board voted 5-0 by roll call vote to authorize the Board President and GM to execute the employment contract amendment.

9. NEW BUSINESS

9.1 Supervisor Presentation on Crane Operations

Maintenance Supervisor Ryan Chairez provided a presentation on crane operations. Crane operator certification is required to operate the District's 2013 Ford 750 Unic 15 ton crane truck with an 86' boom and man basket attachment. The District operates cranes to maintain the collectors, reservoirs, TRF, communications equipment, distribution/electrical systems, spillway, and log boom at Ruth Lake. Four employees will be recertified and one employee will be newly certified in May, 2022. The certification process includes a four-day training course, a written examination, and a practical. Superintendent Dale Davidsen reiterated the importance of the District's crane operators, and expressed appreciation and respect for the District's operators. The Board also expressed their appreciation for the District's operators, and thanked Maintenance Supervisor Chairez for the presentation.

9.2 Preparation of MOU with McKinleyville Community Services District

The District will need to execute an agreement with MCSD to wheel water through their district for the mainline extension agreement with the Trinidad Rancheria. Wheeling water means: the conveying of water through the unused capacity in a pipeline or aqueduct by another water provider; the use of utility conveyance facilities by other than the owner. MCSD's legal counsel works for Mitchell law firm, so they will need to have conflict counsel represent them. GM Friedenbach clarified that the District will pay for MCSD's legal fees up front, and seek reimbursement from the Rancheria. Staff will discuss the reimbursement with Rancheria CEO Jacquie Hostler-Carmesin. GM Friedenbach clarified that the District would reimburse conflict counsel at a rate no higher than their district counsel's rate, unless the Rancheria authorized a higher rate if necessary. Staff will work with MCSD to prepare an MOU for wheeling water through their district to the Trinidad Rancheria for the Mainline Extension.

9.3 Joint Board Meeting with Ruth Lake Community Services District

The Board discussed possible dates for the meeting. Staff will follow up with RLCSO to determine whether they will have a quorum and be available on Friday, June 17, 2022.

10. REPORTS (from STAFF)

10.1 Engineering (Time set 11:00 am)

District Engineer Nathan Stevens of GHD provided the engineering report.

a. Collector 2 Rehabilitation Project

i. Mercer Fraser Bid Rejection Letter and GHD Memo

The rejection letter was sent to Mercer-Fraser because they did not possess the required experience and the bid amount was over the District's budget for the project. Staff analyzed whether rehabilitation of Collector 2 is necessary, and concluded that the rehabilitation is indeed critical to fulfilling the District's Mission. Staff will continue to seek additional funding for the project.

b. 12 kV Switchgear Relocation (\$858,332 District match)

The District is sorting out final issues with PG&E for their approval to energize the equipment. PG&E may need some equipment to be moved and the contractor is on-site to try to sort it out. This has delayed the project and there may be additional costs. March 28, 2022 is the tentative date for the final site witness test. Once the District passes the test, PG&E will tentatively give approval to energize the equipment on May 4, 2022.

c. TRF Generator Project (\$517,819 District match)

Nothing new to report. The District is still waiting to hear from FEMA if they will award funding for the project.

d. Status report re: other engineering work in progress

Approximately \$220,000 in revenue from the 3-acre conversion at the TRF is available to use as a District match for a Hazard Mitigation Grant generator for the TRF.

10.2 Financial

a. OPEB Presentation

In addition to pensions, the District provides Other Post-Employment Benefits (OPEB) to employees. Actuary Cathy MacLeod presented a forecast for the District's OPEB future liabilities. The last valuation was prepared in June of 2018 and a current valuation is overdue. The estimated OPEB liability when factoring in the change by the ACWA-JPIA for retirees requiring them to utilize Medicare Advantage Plans reduces the liability to \$3 million from \$4.7. The Board discussed establishing a 115 Trust to prefund liability. If a 115 was set up and was in place for 5 years with an expected rate of return at 6%, then the liability would be reduced by potentially 30%. Establishment of a trust would provide a higher return that could be used in the actuarial projections to reduce the OPEB liability. The Board expressed concern that a 115 Trust might interfere with the District's ability to obtain loans, and wants to confirm the District's current JPIA liability, debt obligations, and borrowing capability. The Board discussed the benefits of prefunding unfunded liability compared to limiting future liability. The actuary will provide an analysis of what the actual contribution to the trust would need to be to get the 6% discount rate. Staff will work with the actuary to explore the benefits of establishing and contributing to a 115 Trust.

b. February 2022 Financial Statement & Vendor Detail Report

Business Manager Chris Harris provided the February financial report. There is approximately \$3 million in the General Account. Accounts that are contingent on information from the County Auditor-Controller have not been reconciled yet due to deficiencies in the Auditor-Controller's office. If these accounts cannot get resolved, the District's overall financial position may be negatively impacted. General Fund Reserves are \$2.5 million which is a bit low while we await a FEMA reimbursement. Interest and tax revenues are still at \$0 because they have not been received by the County Auditor-Controller. At 67% of the way through the fiscal year, total S&B expenditures are at 70%. This includes the CalPERS unfunded liability expenditure which is paid in July to avoid interest, and the worker's comp expenditure which is paid quarterly. PG&E increased rates in January and will increase rates again in March. A solar project is underway for

the Eureka main office. Director Lindberg reviewed the bills for February. On motion by Director Lindberg, seconded by Director Rupp, the Board voted 5-0 to accept the report and approve payment of the bills in the amount of \$344,905.61.

c. Budget Presentation Calendar

Staff will present the FY 2022/23 budget over four separate Board meetings. Staff will provide a preview of the proposed Total Budget before reviewing the proposed Services & Supplies, and Salary & Employee Benefits Budgets on May 12. The Board will review the proposed Project Budget at a special meeting in May, review the proposed Total Budget on June 9th, and potentially approve the proposed Total Budget on July 14. The Board selected May 31 to review the proposed Project Budget.

10.3 Operations

a. Monthly report on projects and operations

Superintendent Davidsen provided the operations report for February. Penstock maintenance is scheduled for the last week of March instead of in May due to the ongoing drought, and the hydro production graph reflects the recent leveling off of production. Superintendent Davidsen and Operations Supervisor Palmero attended a cyber-resiliency webinar, and Maintenance Mechanic Natividad attended a 10-hour OSHA training. A burning travel trailer near Collector 3 caused a power outage and breaker problems at Essex.

11. MANAGEMENT

11.1 Trapping at Ruth Lake

Illegal trapping of animals was discovered on District property and CDFW has been notified of the trapping.

11.2 ACWA Energy Committee, report out

GM Friedenbach attended the meeting and the minutes were included in the Board packet.

11.3 ACWA Headwaters Committee, report out

GM Friedenbach attended the meeting and the agenda was included in the Board packet.

12. DIRECTOR REPORTS & DISCUSSION

12.1 General - comments or reports from Directors

The Board discussed the limited capability of District laptops and whether upgrades would be appropriate for Directors whose needs aren't being met. Staff will obtain a more powerful laptop for Director Rupp due to his active committee engagement.

12.2 ACWA

a. Region 1 Board Meeting

Director Rupp attended the Region 1 Board meeting on February 16, 2022. The District will host the upcoming Region 1 Meeting and Tour.

b. Region 1 Eureka Meeting and Tour

The District will host the 2022 regional event on July 7 and 8, 2022. A tentative agenda was included in the packet. MCSD and CalTrout estuary restoration may be a possible item to include on the itinerary. Another discussion item could be the District's relationship with the Trinidad Rancheria.

c. ACWA Outreach Alert regarding Opposition of SB 1157

GM Friedenbach introduced the Outreach Alert that recommended members' opposition to Senate Bill 1157. SB 1157 would implement new indoor residential water use standards that the

DWR and SWRCB recommended to the Legislature. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 by roll call vote to oppose SB 1157.

12.3 ACWA – JPIA

- a. Resolution 2022-04 – Concurring in Nomination of Pam Tobin to ACWA/JPIA Executive Committee
JPIA will hold an election in May to fill a vacancy on the ACWA-JPIA Executive Committee. Pam Tobin was nominated by her own district, and the District’s resolution concurs in nomination of Pam Tobin. On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 by roll call vote to approve the resolution.

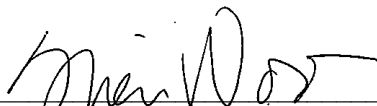
12.4 Organizations on which HBMWD Serves

- a. RCEA News and Updates
President Woo reviewed the RCEA monthly update. PG&E rates are going up, but since RCEA rates are pegged to PG&E, the increased rates will increase RCEA’s revenues.
- b. RREDC
Director Latt provided the RREDC monthly update. RREDC conducted an envisioning session to assess priorities, and the ongoing priority is to provide local loans to those who can’t obtain them elsewhere.

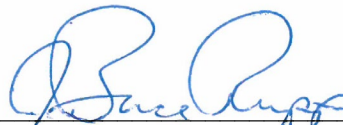
ADJOURNMENT

The meeting adjourned at 4:08 pm.

ATTEST:



Sheri Woo, President



J. Bruce Rupp, Secretary/Treasurer