



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

April 13, 2017

A. ROLL CALL

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 also present. Pat Kaspari and John Winzler of GHD; Paul Brisso, Legal Counsel; Michael O'Connor of R.J. Ricciardi, Inc.; and Eric Helgeson of Bartle Wells were present for a portion of the meeting.

B. FLAG SALUTE

President Woo led the flag salute.

C. ACCEPT AGENDA

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

D. MINUTES

On motion by Director Hecathorn, seconded by Director Latt, the Board voted 5-0 to approve the minutes of the March 9, 2017 Regular Meeting.

E. PUBLIC COMMENT

No public comment was received.

F. CONSENT AGENDA

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

G. CORRESPONDENCE

1. H.R. LaBounty Safety Award Nomination

Mr. Friedenbach shared information on the JPIA H.R. LaBounty Safety Award Program. This program is designed for all JPIA members as a way for them to promote safe workplace behavior and operations practices and reward those employees who demonstrate safe behavior, take part in recognizable proactive activities, or participate in risk-reducing actions. This year staff submitted a nomination for their Trenching & Shoring trailer. The maintenance department customized a basic flat deck trailer for rapid response. The final result is a valuable, practical and safe piece of equipment that has all the equipment necessary to tackle any trenching/shoring situation. Generally, the nomination is submitted by an individual, however staff wanted to submit the item as a team and did so. This is the first time the District has submitted a nomination. Superintendent Davidsen added the shoring/trenching equipment is very heavy and bulky. Having the items on a trailer, ready to go lessens the chances of a strain or injury when moving equipment each time. Director Rupp stated that the maintenance staff is very innovative and safety conscious and he was pleased to see a nomination submitted for the award. Director Hecathorn and the Board concurred.

2. Letter to Humboldt County Board of Supervisors re: Measure S Funds

In November of 2016, Humboldt County voters passed Measure S which places a tax on individuals who cultivate cannabis for commercial purposes. The County estimates Measure S



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will provide around \$2.2 million in revenue for Fiscal Year 2017-18. The Humboldt County Board of Supervisors is requesting input to identify services and strategies to best use the funds. Mr. Friedenbach shared the letter he wrote to the Humboldt County Board of Supervisors outlining our interests and requesting a large portion of Measure S be utilized to protect our public drinking water source of supply by enhancing the law enforcement team dedicated to eliminating illegal cannabis grow operations in the Mad River Watershed.

3. JPIA Fund Reports

Mr. Friedenbach stated the District received a refund in the amount of \$12,845.60 from the RPA Stabilization Fund. Director Rupp added we received the refund since we are part of the JPIA insurance pool. The premium payments are established based on previous history and are re-evaluated every three years. Our loss history is improving and therefore we received a refund. He noted that an advantage to being in an insurance pool is that if you do well, a portion of the premium is refunded.

H. CONTINUING BUSINESS

1. Water Conservation Regulations

In May of last year, Governor Brown issued Executive Order B-37-16, the most recent one pertaining to the 2013-15 California drought. The order included a range of actions directing State agencies to address various water management topics. The Department of Water Resources and the State Water Control Board and their system agencies conducted a stakeholder advisory group process last fall that culminated in a draft report in November 30, 2016 "Making Water Conservation a California Way of Life: Implementing Executive Order B-37-16". In response to the draft report, 114 water supply agencies throughout the state, including HBMWD, submitted a joint letter in December 2016 that laid out a number of points of agreement and disagreement with the draft proposal. Based on this letter, draft legislative language was prepared and reviewed by a subcommittee of ACWA's State Legislative Committee. ACWA's full State Legislative Committee then approved support for the language to become two water supplier-sponsored bills. One is to update standards for water use efficiency and one relates to water shortage contingency plans. These bills, AB 968 and AB 1654 have been introduced by Assemblymember Rubio who is a member of the Assembly Water, Parks and Wildlife Committee. Mr. Friedenbach stated staff recommends a position of support for the two bills and to join the coalition of water suppliers in favor of this as well. After some discussion, on motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to authorize staff to send a letter of support for the two bills and join the coalition of water suppliers supporting the bills as well.

2. Water Resource Planning

Local Sales

Mr. Friedenbach stated the "Digital 299" broadband infrastructure project was funded. The data cooling center for the project will be located on Harbor District property and it will need lot of water for cooling purposes.



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Transport

Nothing new to report.

Instream Flow

Mr. Friedenbach reported he met with President Woo, Dennis Halligan of Stillwater Sciences and Sharon Kramer of H.T. Harvey and Associates to discuss an application for an instream flow grant. Mr. Halligan and Ms. Kramer also attended a webinar on State Coastal Conservancy (SCC) Prop. 1 grant funding. After the meeting and webinar, he and Director Woo spoke with the representative from the SCC about the project. The representative recommended the District pursue a grant from the Prop. 1 funding from the Wildlife Conservation Board (WCB) Streamflow Enhancement program which is due this summer. President Woo stated we did not get the previous WCB grant we applied for, however, believes we should apply again. Mr. Friedenbach added that District is hoping to get some resource agencies to sign on as grant supporters. The Board concurred the District should apply for the WCB grant. It was suggested that perhaps the contract for the grant application state that half the contract price be paid now, and the remainder contingent upon receiving the grant. Director Rupp stated he is supportive of instream flow, however wanted to confirm there is still water available for transport. The Board and staff confirmed there was enough water for both options.

Currently, the Committee to Support Consideration of an Instream Flow Dedication in the Mad River is short one member since former Director Laird resigned. The Board inquired if Director Fuller would be interested in serving on the committee and she stated she is interested. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to have Director Fuller serve on the committee with President Woo.

3. Capital Improvement Plan (CIP)

Mr. Eric Helgeson of Bartle Wells provided a presentation on the financial plan for capital improvement projects. The good news is, the projected annual municipal increases over the next ten years is four percent or less. He discussed how he arrived at this number. He noted that an inflation assumption of three percent was used and CIP escalated costs over the next ten years is around \$50.7 million. Their goal in financial planning is consistency. This is to avoid cost spikes in the year 2025/2026 and keep costs to the Municipal Customers down. Director Rupp inquired if the increases are based on CIP costs only. Mr. Helgeson stated the estimated increases include operational costs. Mr. Friedenbach concurred. Staff and the Board requested two additional financing scenarios be run; one without the 15-inch pipeline in FY 25/26 and one with no industrial system projects. Mr. Helgeson stated he would provide a revised version of the plan to include the additional scenarios. Director Rupp stated the costs look good and thanked Mr. Helgeson for a job well done. Mr. Helgeson added that they were conservative in their numbers and if anything, erred on the side of higher costs. Director Rupp noted that with financing, all parties share in the infrastructure costs, however, if paying with cash, only the current generation pays. Mr. Helgeson concurred and noted with the financing plan, there is intergenerational equity. Director Woo inquired if the Municipal Customers had seen the numbers yet. Mr. Friedenbach stated no, the Board is seeing it first.



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4. PG&E ReMat

Mr. Friedenbach stated the District has almost completed all the required conditions for the ReMAT program. An inspection of the electrical system/hydropower plant was required and PG&E approved Redwood Electrical Services to conduct the work. The inspection report states the facility is "clean and well maintained". No items need to be addressed to ensure safe and reliable operation of the facility. Mr. Friedenbach stated this is good news and hope to be ready to go with ReMAT by May 1 of this year.

5. Illegal Marijuana Grows

Mr. Friedenbach shared that he met with Mr. Brendan Lynch, a California Department of Fish & Wildlife warden who is part of the enforcement team. They discussed ways to try and stay ahead of illegal marijuana growers. Mr. Friedenbach is in the process of arranging meetings with the Trinity County Sheriff and Trinity County Supervisor John Fenley to discuss concerns regarding the illegal marijuana grows on or near District property. Director Latt suggested the District pursue a civil lawsuit for conversion (theft and trespass) if future evidence supports these claims against an offending party. He also suggested the use of game cameras to augment human surveillance. Director Fuller requested going forward, the term cannabis be used instead of marijuana. Mr. Friedenbach also shared that Humboldt County released a draft EIR for the cannabis act and are accepting comments through May 9th. Mr. Friedenbach encouraged Directors to submit comments to him which he will incorporate into a letter from the District. Director Woo requested better enforcement be included.

I. NEW BUSINESS

1. Secretary/Treasurer Duties and Compensation

Director Rupp receives a stipend for his additional duties as Secretary/Treasurer. Last month he requested the item be on the agenda for discussion given potential procedural changes. Mr. Friedenbach provided background on the Secretary/Treasurer position for the District. In 1971 the Board established a stipend of \$250 per month. This remained in effect until 2001 when the Board increased the stipend to \$262.50 where it remains today. Given the duties and expectations of the Secretary/Treasurer, Mr. Friedenbach recommended keeping the compensation at the current level or possibly increasing it. Director Rupp stated he is not interested in an increase and was actually thinking it might decrease since the agenda review committee is now inactive. The Directors agreed the stipend should not be reduced. On motion by Director Hecathorn, seconded by Director Fuller, the Board voted 5-0 to keep the list of duties and the stipend at the current level.

2. Public Records Act-Supreme Court Ruling

California's highest court Thursday, March 2, 2017 unanimously ruled the public has a right to see emails and text messages about public affairs on government officials' personal devices, ending a long legal battle that began in San Jose and setting a statewide precedent for records disclosure. The court said that communications sent on personal cell phones and computers must be disclosed to the public if they "relate in some substantive way to the conduct of the public's business." Mr. Friedenbach attended a webinar on the ruling and shared that JPIA is working on a template policy for disclosure and he will share it with the Board when it is received.



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3. Conflict of Interest guidelines

Legal Counsel Paul Brisso provided an overview of the Conflict of Interest statutes. He noted that the majority of them are related to financial gain. Even if there is no legal or technical conflict of interest, it may appear to the public that there is. He advised the Board that if they feel there is a conflict of interest or the appearance of, it is best to declare the conflict of interest and recuse themselves from the discussion. He provided examples of perceived conflict of interests. Director Rupp inquired about the requirements for recusal. Mr. Brisso stated the best practice is when the agenda item is called, notify the chair that there is a conflict of interest, step down from the dais and leave the room. The chair should call you back when they are ready to discuss the next item. At no point should you discuss the item in the Board Room. If you wish to address the Board on the item as a member of the public, address the Board after you have recused yourself and then leave the room after your public comments are made. This avoids any interpretation of trying to influence the Board members, via body language, facial expressions, etc.

4. Director monitor screens at dais

Mr. Friedenbach inquired if the Board is interested in having monitors at the dais that would reflect what is being shown on the big screen during meetings. If yes, the option will be further pursued as a project. The Directors stated they are interested and asked for costs for both a smart screen monitor and one that would only reflect what is being shown on the big screen.

5. Little Hoover Commission Business Meeting

Mr. Friedenbach shared information on the recent Little Hoover Commission meeting. He noted the item was informational only, no action is requested.

6. New employee/Board member District jackets

President Woo presented Director Michelle Fuller, Business Manager Chris Harris and Electrician David Corral with their District jackets and officially welcomed them to the District.

J. REPORTS (from Staff)

1. Engineering

Ranney Collector 1 Lateral Replacement Project (partially funded by Prop 84 NCIRWMP grant)

Mr. Kaspari stated the project is complete except for the removal of the percolation pond. Dry weather is needed for the regrading work to be completed. Change Order 11 is for an extension of the contract through June 1, 2017 to allow time for the work to be done once the ground is dry enough. There is no monetary change associated with the change order. Collector 1 and 1A are online and working great. The flow is good, drawdown is low and quality is good. He is very happy with the results of the project and it should be another fifty years before they need to be worked on again. Mr. Davidsen stated he ordered new pumps for the Collectors and they should be delivered in about 18-20 weeks.

Blue Lake-FG CSD Water Line Replacement over Mad River (funded by Prop 84 NCIRWMP grant and FEMA Hazard Mitigation Grant)

Mr. Kaspari was happy to share that Phase II funding has been approved. It has been almost five years since the District applied for the grant. He is working on CEQA Mitigated Negative Declaration documents. Next will be surveying for directional drill alternative and need to get Geotech work done in likely June or July. Most of the work can be done on



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District property. Garth Sundberg is allowing the District to use their property for staging of equipment and is being very amenable. Prior to the start of the project, a public outreach meeting with the neighbors will be held. President Woo inquired as to how many people will be impacted by the project. Mr. Kaspari stated there are about six in the project area but people driving West End Road will be affected by the project as well. Mr. Friedenbach suggested an open house at Essex and one on the Blue Lake side. President Woo and Director Fuller stated they would attend the meetings too.

1MG Reservoir Roof Replacement & Painting

Mr. Kaspari stated the contract for \$468,000 was awarded to Paso Robles Tank, Inc. (PRT). PRT said the tank is not up to current seismic code and is thirty percent under-designed from current code based on peak ground acceleration. The District has three options: 1) add new roof and paint as originally planned; 2) reduce water in the tank by 11 percent (not good in the summer time); and 3) retrofit the tank to current seismic standards at estimated additional cost of \$395,000. The Directors asked several questions about the options and Mr. Kaspari stated that option 2 is the least desirable. He added that money would be better spent on a new pipeline to reduce the chances of a single point failure on West End Road. Option 1 of going with the original plan is a viable option. Next year, the 1 MG and 2 MG could potentially be eligible for Hazard Mitigation Grant funding. The Board discussed the options and impacts. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0, based on the engineer and staff recommendation, to move forward with the roof replacement and painting and defer the seismic retrofit to a later date.

12kV and Surge Tower HMG/PDM

Mr. Kaspari stated staff is still waiting to hear if the 12kV project is funded under the PDM program.

Under FEMA's HMG program, Phase I approval was received for the Surge Tower however, the project will likely start in June since work can't proceed until the wallflowers on the Samoa Peninsula are done blooming.

Ruth Slide

Mr. Kaspari and Mr. Davidsen shared photos of the superficial slide at Ruth. They will continue to do maintenance to keep the road clear and stressed this is not a hazard to the dam. Debris needs to be removed at the k-rails but there is no threat to the dam. As a result of the above average rainfall, there is also an increase in sediment at Sheriff's Cove. Staff is moving forward with both projects to remove debris and sediment. Staff will apply for disaster funding to help with the cleanup costs.

2. Financial

Financial Report

Director Rupp provided the March 2017 financial report. Director Fuller reviewed the bills. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve the March financial report and vendor detail report in the amount of \$413,699.93.



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Letter from County Treasurer

Ms. Harris discussed the interest rate letter from the County Treasurer regarding fund balances for the period of October -December 2017. She noted that December ended on a slight uptick at 1.1%.

FY 2015/16 Audit and Financial Statements

Mr. Michael O'Connor, District Auditor with R.J. Ricciardi, Inc. provided a report summary of the District's FY2015/16 audited financial statement and Board and Management Report. He stated everything is in compliance and the District has a positive net position. He stated there were no issues with management or others. He saw no issues with internal controls and the process is running smoothly. Mr. Friedenbach commended Becky Moyle for the outstanding work she does and wanted to recognize her work before the Board.

Director Rupp stated the Audit Committee met with Mr. O'Connor and heard the presentation. They provided some suggestions to clarify a few items. Director Rupp stated it was a good audit and very well done. Most importantly, it was a clean audit opinion. He recommended the Board accept and approve the audited financial statements for FY 15/16. Director Latt inquired about internal control issues. Mr. O'Connor stated there are no internal control issues and would reword the report to reflect that. He also stated he audits a number of agencies and HBMWD is exceptional. The fact that the Board discusses internal controls lowers the audit risk. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve the audited financial statements for FY 15/16.

Bank Signature Card-discuss and approve adding Director Fuller and Business Manager Chris Harris as account signer and removing Paul Helliker and Aldaron Laird

Ms. Harris stated US Bank Signature Cards needed to be updated. Paul Helliker, former General Manager and Aldaron Laird, former Director need to be removed from the account as signer. Two people need to be added as signers: Director Fuller and herself. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to remove Mr. Helliker and Laird as account signers, and authorize the addition of Ms. Fuller and Harris as signers.

Addition of project budget line item for ergonomic workstation

Ms. Harris discussed the importance of ergonomics at work. Over the past several years, the District has been transitioning from traditional style desks to adjustable desks which allows for work in either a standing or sitting position. Allowing staff this flexibility not only improves general wellness through movement, but also improves staff efficiency by reducing or eliminating work-related injuries that occur from repetitive motion and lack of movement such as carpal tunnel and back strain. Staff recommends the addition of a project budget line item for the purchase of one ergonomic workstation for the Eureka office based on the quote from Pacific Paper. Funds will be reallocated in June to the line item if approved. On motion by Director Hecathorn, seconded by Director Rupp, the Board voted 5-0 to create a line item budget for the purchase of the ergonomic workstation in the amount of \$1,400.

Forms 640&645 re: lobbyist payments

Ms. Harris provided background on Form 640 and 645 which are required to be filed with the office of the California Secretary of State. Recently, the District received correspondence from ACWA regarding reporting requirements for Form 640 and 645. After some research, staff



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learned that effective July 1, 2016 new reporting requirements were applied to lobbyist employers and agencies that pay \$5,000.00 or more to others who “influence legislative or administrative action”. Staff determined that the District’s payment to ACWA for membership dues falls into this category. Staff was not aware of the reporting requirements prior to the correspondence from ACWA and has now completed the required forms. Staff recommends the forms be signed by a Board officer and filed with the Secretary of State as required. Staff also recommends that future approval of dues payments to ACWA also constitute approval to complete Forms 640 and 645. The forms will then be provided to the Board office for signature. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve staff recommendations regarding Forms 640 and 645.

3. Operations

Mr. Davidsen provided the March Operational Report. The District’s newest electrician David Corral started on March 6th and is doing a great job. March was a month with lots of safety training including chlorine leak response, arc flash safety, motor control and electrical safety, rigging safety and CPR/AED training. An operational meeting was held and Mr. Davidsen briefed staff on the current and future larger projects and how operations will be affected by them. He also shared some staffing changes.

K. DIRECTOR REPORTS & DISCUSSION

1. General

Director Fuller shared that she attended a Tap the Mad event at Blue Lake Elementary School. The Tap the Mad donation helped with the installation of hydration station and reusable water bottles for all students and staff at the school. They were very appreciative of the District’s support.

2. ACWA – JPIA

Director Rupp attended a Worker’s Comp Committee meeting. He shared that the insurance fees will actually be going down about 1.1%. He also attended a Finance and Audit Committee meeting where they approved the budget for FY 17/18. He attended the Employee Benefits Committee and stated it was his first meeting as Chair of the committee. They are trying to find ways to lower health insurance costs down but unfortunately, the rates will continue to increase. It looks as if the projected increase in rates will be 10-12%. For employees on the PPO program, he shared information on Centers of Excellence.

3. ACWA

Resolution 2017-07 In Support of ACWA Policy Statement on Bay-Delta Flow Requirements

Mr. Friedenbach stated ACWA is requesting the District’s support by adopting a resolution on the Bay-Delta flows. He provided info from parties supporting this as well as info from parties who are opposing it. The Board discussed the issue and Director Hecathorn stated historically the Board has remained neutral on the issue given how removed we are from the Delta. Director Fuller and Latt noted that parties on both sides of the issue have losses. At the end of the discussion, the Board decided by consensus to not take a position on the matter.



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4. Organizations on which HBMWD Serves: RCEA, RREDC, NCRP

RCEA

Director Woo reported out on the RCEA Meeting. The meeting was well attended by the public and the Community Choice Energy (CCE) outreach is continuing. One of the options available with CCE is to “opt up” to 100% renewable energy. She asked Mr. Friedenbach to look into the additional costs if any, to opt up. She was surprised to learn it would cost the District approximately \$50,000 additional. Mr. Friedenbach stated the District is not opting out of the CCE, just not opting up.

RREDC

Director Rupp stated in January he requested to remain on the RREDC Board. He has been on the Board for ten years and feels he may have been a bit selfish. He believes Director Latt would be a great addition to the RREDC Board and shared background on RREDC. Director Latt replied he would be willing to serve on RREDC provided it was not a ten-year commitment. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve Director Latt as the new representative for the RREDC Board.

NCRP

Mr. Friedenbach informed the Board that the Humboldt County Board of Supervisors will decide next Tuesday if he will be on NCRP Technical Peer Review Committee. The two previous General Managers have served in this capacity as well. If approved by Board of Supervisors, he will be attending meetings next Thursday and Friday.

ADJOURNMENT

The meeting adjourned at 3:55 p.m.

Attest:

 Sheri Woo, President

 J. Bruce Rupp, Secretary/Treasurer

