



HUMBOLDT BAY MUNICIPAL WATER DISTRICT  
828 7<sup>th</sup> Street, Eureka



Minutes for Meeting of Board of Directors

July 13, 2016

---

A. **ROLL CALL**

President Hecathorn called the meeting to order at 9:00 am. Director Rupp conducted the roll call. Directors Hecathorn, Laird, Rupp and Woo were present. Director Latt was absent. General Manager Paul Helliker, Superintendent Dale Davidsen, Business Manager John Friedenbach, and Board Secretary Sherrie Sobol were present. John Winzler and Pat Kaspari of GHD were present for a portion of the meeting.

B. **FLAG SALUTE**

President Hecathorn led the flag salute.

C. **ACCEPT AGENDA**

On motion by Director Rupp, seconded by Director Woo, the Board voted 4-0 to accept the agenda.

D. **MINUTES**

On motion by Director Rupp, seconded by Director Woo, the Board voted 4-0 to approve the Minutes of the June 9, 2016 Regular Meeting.

E. **PUBLIC COMMENT**

No public comment was received.

F. **CONSENT AGENDA**

On motion by Director Laird, seconded by Director Woo, the Board voted 4-0 to approve the Consent Agenda.

G. **CORRESPONDENCE**

Letter to Board of Supervisors re: redesignation of Coastal-Dependent Industrial properties

The Humboldt County Board of Supervisors will discuss and vote on a proposed Local Coastal Plan amendment allowing non-coastal dependent uses in the Industrial/Coastal Dependent Zone at their next meeting on July 19<sup>th</sup>. The District submitted a letter of support that will be included in the Board of Supervisors packet. Mr. Helliker stated he would attend that meeting.

H. **CONTINUING BUSINESS**

Water Conservation Regulations

Wholesale water agencies are required to report to their retail agency customers by June 15 the amount of water supply projected for each customer during the next three years. Mr. Helliker shared the report, which shows there is enough water for each of the municipalities. Retail agencies are then required to conduct an analysis and report to the State Water Board the status of their supplies and demands, and conservation level needed. The District has retail customers and is required to submit a report. Mr. Helliker shared the report and response from the State Water Resources Control Board. The report shows a conservation standard of -139%. The email response states a negative number indicates a surplus and the Conservation Standard is zero. The reports are posted on the District website.



**HUMBOLDT BAY MUNICIPAL WATER DISTRICT**  
828 7<sup>th</sup> Street, Eureka



**Minutes for Meeting of Board of Directors**

**July 13, 2016**

---

Water Resource Planning

Local Sales

GHD prepared a grant application for the State Revolving Loan Fund for further design and analysis of pipeline extensions to the north and south. The District received a call from a grant officer inquiring if this was a viable project. Staff assured them it is and the need is there. The application is moving forward. The Board discussed next steps if the project is approved, including contacting the County and others to apprise them of the status.

Instream Flow

As reported last month, Mr. Helliker met with Mr. LaBanca and Mr. Wheatley of California Department of Fish and Wildlife (CDFW) to discuss the response from the Wildlife Conservation Board regarding the District's grant application and CDFW's review of the document. He learned that their group (fisheries/biology) was not involved in the review and it was the water rights/hydrology staff that participated. Mr. LaBanca agreed to follow up and organize a discussion with the water rights and hydrology division to discuss instream flow dedication procedures and ensure that all agree on the scope of information necessary for a successful stream flow enhancement water right application. Director Laird expressed frustration with the progress made on the instream flow option and felt more emphasis is being placed on transport. Director Rupp stated he felt all options were given equal emphasis. The lack of progress is from external factors and we need to keep working to overcome those. Director Woo felt comparable work was achieved on both instream flow and transport. She noted both committees have worked hard.

Transport

Mr. Helliker provided a summary of last month's Transport Committee meeting. As noted last month, the Transport Committee met and they are continuing to seek options. The committee invested significant time and energy between 2013 and 2016 to evaluate delivery options and secure interest from buyers. They met several times with North Coast/Bay Area public agencies to brief them on the availability of water supplies from the Mad River. The committee recommends the District broaden their contacts. It appears that a combination delivery and storage option makes our water more desirable. The proposed Sites Reservoir could provide additional storage space for water transferred from the Mad River. Another potential use could be to offset other releases for environmental benefit. A result of the Sustainable Groundwater Management Act is that some agencies are looking at additional source options such as surface water. Director Laird stated he was not comfortable moving forward with any action on a West-East option. He was adamant that no additional time or money should be spent exploring the option further, including the Sites Reservoir. Director Woo stated that the West-East option was discussed when she was on the Advisory Committee and was the one option on which they did not reach consensus. Mr. Helliker noted the Advisory Committee did have a conversation regarding all options at the recent spring meeting. Director Rupp stated he believed to stop looking is a mistake. The option should be discussed with the Advisory Committee, and then discussed with other public agencies. The next Advisory Committee meeting will be in September.



**HUMBOLDT BAY MUNICIPAL WATER DISTRICT**  
828 7<sup>th</sup> Street, Eureka



**Minutes for Meeting of Board of Directors**

**July 13, 2016**

---

New Board member representative for Advisory Committee

When the Advisory Committee (AC) was formed, the Board selected Director Rupp and Director Sopoci-Belknap to serve on the Advisory Committee. A new Board member is needed to serve on the AC since Ms. Sopoci-Belknap relocated out of the area and is therefore no longer on the Board. Staff recommends the Board select a new representative for the AC. Mr. Helliker also noted the Board might want to revisit the structure of the AC. The meetings were not configured to be open to the public, thus allowing a maximum of two Board members to participate.

Director Laird stated he would like the AC meetings to be publicly noticed Board meetings. Directors Woo and Rupp responded stating the initial meetings were specifically designed not to be public meetings so the meetings and goals could be streamlined. The various stakeholders then were able to take information back to their constituents and come back to the AC with their comments/suggestions. The majority of the AC decisions were done by consensus and they are inclined to keep the structure of the AC. President Hecathorn agreed the AC worked well. She suggested the AC meet as planned, followed by a public meeting to provide a status update on the work done so far and to receive input about future options.

Director Woo stated she would like to serve on the AC as a Board member since she previously served as a stakeholder representative and is familiar with the process. She added she would defer to Director Laird if he would like to serve on the AC. On motion by Director Laird, seconded by Director Rupp, the Board voted 4-0 to appoint Director Woo to the AC.

Mr. Helliker will prepare suggested discussion areas for the upcoming AC meeting and bring it to the next Board meeting.

Cannabis activities

The North Coast Regional Water Quality Control Board provides a summary of enrollment requests they have received and processed for their cannabis waste discharge regulatory program. Mr. Helliker shared the enrollment numbers for the Humboldt, Mendocino, Siskiyou, Sonoma and Trinity Counties. Of the five counties, Humboldt has the largest number of enrollments to date at 276. The deadline to register is August 31, 2016. He also noted that the 2016-17 state budget includes additional staffing and funding for medical marijuana environmental compliance programs. The State and Regional Water Boards will receive an additional \$5.7 million and 35 new positions to help implement new cannabis regulatory items. The Department of Fish and Wildlife will receive an additional \$7.7 million and 31 new positions for medical marijuana environmental programs. It is likely that several of the new staff will be located in our local north coast region. Mr. Helliker stated he spoke with staff at the Regional Water Board and they are interested in working with the District to set up monitoring equipment to detect illegal diversions that are occurring along the Mad River.



**HUMBOLDT BAY MUNICIPAL WATER DISTRICT**  
828 7<sup>th</sup> Street, Eureka



**Minutes for Meeting of Board of Directors**

**July 13, 2016**

---

There were two legislative bills related to marijuana: Assemblymember Wood's bill (AB 2243, the Medical Cannabis Tax Law) and Senator McGuire's bill (SB 987, Marijuana Value Tax Act). AB 2243 is in the Senate Appropriations Committee and moving forward. SB 987 failed to pass the Assembly Revenue and Taxation Committee and is dead for this session.

RCEA update

Director Woo reported there is a lot happening at RCEA. RCEA will be increasing staff as two new Program Assistant positions were approved. The RCEA Board adopted the 2016-17 annual budget, with the Community Choice Aggregation (CCA) being one of the biggest programs in the budget. To increase public engagement, the Board approved a Citizen's Advisory Committee Charter and is in the process of appointing Citizen Advisory Committee members. They also authorized an application to the Headwaters Community Investment Fund for a \$700,000 five-year line of credit for CCA working capital.

Director Woo expressed some frustration with the level of RCEA Board involvement and sought input on ways to increase and engage participation. The Board provided some suggestions and Director Woo thanked them for the input.

**I. NEW BUSINESS**

Conflict of Interest Code

Mr. Friedenbach gave an overview of the Conflict of Interest Code. Every two years local public agencies must review their Conflict of Interest Code. An extensive update was done in 2014 and is still current. Staff reviewed information on the FPPC website and no changes are recommended. Staff recommends the Board approve the District's 2016 Local Agency Biennial Notice stating no amendment is required for the District's Conflict of Interest Code. On motion by Director Woo, seconded by Director Rupp, the Board voted 4-0 to approve the response to the County's 2016 Local Agency Biennial Notice.

**J. REPORTS (from Staff)**

**1. Engineering**

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

Mr. Kaspari provided an update on the project and brought up an issue. Currently, there is construction safety fencing (orange webbing) around the perc pond. Additionally, there is signage around the park and the construction site; however, some of the public have decided to cut a hole in the fencing to get a better view of the perc pond. The District is very concerned about safety and liability. Mr. Friedenbach stated he contacted JPIA regarding their recommendation on whether or not to keep the park open during construction and did not receive a definitive answer. He then requested District legal counsel Paul Brisso look at the site to help determine if the park should be closed or not to help prevent vandalism and reduce District liability. They discussed closing the park but ultimately decided against it. The District can install chain link fencing at an additional cost of \$5,000 and increase signage in effort to keep the public away from the construction zones. Director Rupp stated a chain link fence sounds like a good idea in that it will increase security and



HUMBOLDT BAY MUNICIPAL WATER DISTRICT  
828 7<sup>th</sup> Street, Eureka



Minutes for Meeting of Board of Directors

July 13, 2016

---

decrease risk. The Board concurred. Mr. Kaspari stated he would bring back a Change Order next month reflecting the change in fencing and cost.

Mr. Kaspari requested approval of Change Order #2. This Change Order extends the completion deadline and does not have any monetary change. On motion by Director Laird, seconded by Director Woo, the Board voted 4-0 to approve Change Orders #2.

Mr. Kaspari also recommended approval of Progress Payment #1 for \$120,300 less retainage of \$6,015, for a net payment of \$114,285. On motion by Director Rupp, seconded by Director Woo, the Board voted 4-0 to approve Progress Payment #1.

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

Mr. Kaspari stated that FEMA/Cal OES received the Feasibility Study, extended the Phase I completion date for the project to September 30, 2016 and listed a few additional requirements for Phase I. He shared his response memo to FEMA/Cal OES providing the additional items requested.

FEMA Hazard Mitigation Grant and Pre-Disaster Mitigation Grant Submittals

Mr. Kaspari stated Cal OES is reviewing the Hazard Mitigation Grant application for the Surge Tower and the 12kV Switchgear projects. The 12kV Switchgear project was also submitted to the Pre-Disaster Mitigation Grant Program and the District received word that Cal OES is recommending it for funding and moving it on FEMA. FEMA will likely make their funding selections by August 30, 2016.

Potential Exposure of Pipeline on New Navy Base Road

Mr. Kaspari stated that PG&E has an exposed pipeline on New Navy Base Road. They recently covered the pipeline with sand, however, it is once again exposed and PG&E has requested the County's riprap plan. We are waiting to see if PG&E will do the riprap work for the pipeline.

Coonrod development

Mr. Friedenbach shared the latest proposed sub-division map. Mr. Phil Lazzar has been gathering information on the property and met with Mr. Davidsen on site to discuss appropriate cover over District lines. Mr. Davidsen suggested he contact the District Engineer. Mr. Kaspari stated Mr. Lazzar did contact him and they discussed options. Mr. Kaspari noted the proposed design layout is not bad.

Hog Island Development

Mr. Kaspari provided an update on the latest developments. Hog Island Oyster Company inquired if the District could provide water to them at their proposed facility on the Samoa Peninsula and the answer is yes. The Samoa Peninsula Fire Department also inquired if the District could provide water for two additional hydrants since the building the Hog Island Oyster is considering using does not have a sprinkler system. This required an updated flow model analysis that was provided to the Fire Department along with information on two additional hydrants. Mr. Kaspari made it clear that fire flows are not the District's jurisdiction. The fire chief said the updated flow models looked fine and the two additional hydrants will be part of the Hog Island Oyster Development site.



HUMBOLDT BAY MUNICIPAL WATER DISTRICT  
828 7<sup>th</sup> Street, Eureka



Minutes for Meeting of Board of Directors

July 13, 2016

---

2. **Financial**

Letter from County Treasurer

Mr. Friedenbach summarized the interest earned report from the County of Humboldt. The annualized interest rate is 1.01%. This is the highest it has been in a long time.

OPEB

The Government Accounting Standards Board (GASB) issued Statement 45: Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. The District provides other postemployment benefits (OPEB) as part of the total compensation offered. Every three years the District is required to hire an actuary to perform the necessary computations to comply with the reporting requirements of GASB 45. It is time once again for the GASB 45 reporting. The District has used James Marta & Company, LLP in the past to provide the necessary information to comply with GASB 45. Staff recommends the Board authorize engaging the services of James Marta & Company. Mr. Friedenbach also noted that going forward the GASB 45 reporting would be required every two years instead of three. On motion by Director Woo, seconded by Director Rupp, the Board voted 4-0 to engage the services of James Marta & Company for the GASB 45 reporting requirements.

Financial Report

Director Rupp provided the June financial report. Director Woo reviewed the bills. She stated all was in order and noted that there were quite a few as it was the end of the fiscal year. On motion by Director Rupp, seconded by Director Woo, the Board voted 4-0 to approve the June 2016 financial statement & vendor detail report in the amount of \$485, 342.08.

FY 2016/17 Budget

Mr. Friedenbach stated that since the presentation of the proposed budget in June, some additional information has become available. In regards to the Salary and Employee Benefits (SEB), Director Rupp informed him that JPIA Benefits Committee met and the medical insurance rates will be increasing by 12%. The previous budget assumption was 10%. This change results in a budget increase of \$5,700. In addition, the Maintenance Mechanic who was considering retiring has decided to remain with the District. As a result, there is no longer a need for a mechanic trainee for part of the year, resulting in a budget decrease of \$70,075. These items combined result in a net SEB budget of \$3,596,134. The total change from the prior fiscal year 4.1%.

There is no change in the Service & Supply budget and it remains at \$1,432,400. This is a decrease of 0.5% from the prior fiscal year.

There is no change in revenues. Total revenues are projected at \$8,240,470, which is an 8% increase from last fiscal year.



HUMBOLDT BAY MUNICIPAL WATER DISTRICT  
828 7<sup>th</sup> Street, Eureka



Minutes for Meeting of Board of Directors

July 13, 2016

---

The Project Budget has some changes since the June presentation. Three new projects have become known in addition to some Carryover Projects that were determined after the June books were closed. The total proposed project budget is \$2,464,600.

There are no changes to additions to reserves, the proposed additions to reserves remains at \$200,000.

The overall budget results in a 9.8% increase from the FY 15/16 budget. The potential increase communicated to the Municipal Customers in March was 12% and in June 9.8%.

Staff recommends the Board approve the FY 2016/17 budget as presented. In addition, staff recommends the Board approve use of the DWFP reserve on the District's Ranney Collector rehabilitation project and/or the SCADA upgrade project if necessary. After some discussion, on motion by Director Rupp, seconded by Director Woo, the Board voted 4-0 to approve the budget as presented and use of the DWFP reserves for the two projects mentioned above.

3. **Operations**

Mr. Davidsen provided the July Operational Report. Electrical staff finished installation of the new PG&E approved battery bank at the hydro plant. The process went well and they are awaiting final approval from PG&E. Another completed project is the painting of the spillway bridge. Mr. Davidsen stated that in an effort to help save money, staff is doing some of the work on the Collector 1 & 1A project. Staff has installed yellow mine pipe in preparation for the project and they have removed two pumps and raised two pumps forty feet on Collector 1. Wahlund Construction crews were on site to construct the percolation pond in Park 1 for the Collector 1 project. Training for the month included the annual forklift safety training and driver competency testing, first aid and CPR, and Chlorine leak repair training.

K. **DIRECTOR REPORTS & DISCUSSION**

1. **General**

Last month, Director Rupp requested staff bring the mission statement so the Board could consider if they would like to include it on the agenda. Staff provided samples of the agenda with the Mission Statement at the beginning and end of the agenda. The Board discussed and agreed the Mission Statement should be included at the beginning of the agenda.

Director Laird stated he would like to see the Mission Statement changed. Staff will include the item on the next agenda for discussion and possible approval.

Director Rupp would like a discussion regarding dental and vision coverage for Board members. Mr. Friedenbach stated he would look into the coverage and report next month.

2. **ACWA – JPIA**

Director Rupp attended the JPIA Employee Benefits Committee meeting on June 29<sup>th</sup>. Pharmaceutical costs are going up as well as health insurance premiums. Premiums are increasing by 15% however; JPIA is subsidizing a portion so the increase to employees will only be 12%. He noted it is anticipated that rates will to continue to escalate and for the first time the



HUMBOLDT BAY MUNICIPAL WATER DISTRICT  
828 7<sup>th</sup> Street, Eureka



Minutes for Meeting of Board of Directors

July 13, 2016

committee discussed actually changing benefits. They will meet again in December at the Fall Conference and discuss potential modifications to the health insurance program.

3. **ACWA**

Director Woo stated the Region 1 meeting and tour was coming was up on August 5<sup>th</sup>. On motion by Director Rupp, seconded by Director Laird, the Board voted 4-0 to approval attendance at the ACWA Region 1 meeting and tour.

Mr. Helliker shared that Katie Dahl of ACWA will be visiting our area tomorrow. He and other Municipal Customers reps will be meeting with her.

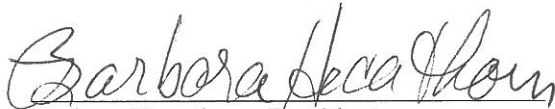
4. **Organizations on which HBMWD Serves: RREDC, NCRP**

Director Rupp stated RREDC did not meet last month. Mr. Helliker noted that NCRP does not meet during the summer months. The next meeting will be in October.

**ADJOURNMENT**

The meeting adjourned at 2:00 pm.

Attest:

  
Barbara Hecathorn, President

  
J. Bruce Rupp, Secretary/Treasurer