



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors
NOTE DATE CHANGE

May 15, 2018

A. ROLL CALL

President Woo called the meeting to order at 9:00 am. Director Rupp conducted the roll call. Directors Fuller, Hecathorn, Latt, Rupp and Woo were present. General Manager John Friedenbach, Superintendent Dale Davidsen, Business Manager Chris Harris and Board Secretary Sherrie Sobol were present. Pat Kaspari of GHD was present for a portion of the meeting. Legal Counsel Leslie Walker participated in a portion of the meeting via phone.

B. FLAG SALUTE

President Woo led the flag salute.

C. ACCEPT AGENDA

Under the Ralph M. Brown Act, a legitimate immediate need can be acted upon even though it is not on the posted agenda. The Board must determine that there is an immediate need to take action and the need arose after the agenda was posted. Under the Ralph M. Brown Act, in order to add a qualified item to the agenda, it must be publicly identified so that interested members of the public can monitor or participate in the consideration of the item in question. Also, the Board must agree by consensus to discuss the item.

Based on the above-mentioned criteria, Mr. Friedenbach stated he would like the Board to consider two additions to the agenda under New Business. At the ACWA conference he learned of ACWA's request to submit a letter to the SWRCB expressing opposition the new requirements of content to be added to the 2017 electronic Annual Report (eAR). This is due by May 25th. The other addition requested is for Closed Session to discuss potential litigation. This is result of actions taken last week by the Board of Supervisors regarding a change in the cannabis ordinance. The Board agreed by consensus to add the additional items as there was an immediate need to take action and it occurred after the agenda was posted. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to accept the agenda as modified.

D. MINUTES

President Woo and Director Latt requested changes to better clarify the minutes. President Woo's changes were in reference to the RCEA off shore energy project and Director Latt's were related the Lazzar subdivision. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve the minutes of April 12, 2018 as amended and the minutes of April 20, 2018.

E. PUBLIC COMMENT

No public comment was received.

F. CONSENT AGENDA

Director Latt pulled Item 1 and Director Rupp pulled Item 2. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to accept the Consent Agenda, less Items 1 and 2.

Director Latt pulled Item 1: Email from Mr. Edrich re: Manila Dunes. He stated he is not familiar with the topic and requested more information. Mr. Friedenbach stated the email is from Dan Edrich who is a proponent of not removing European Beach Grass from the dunes. Mr. Edrich believes that removal of the European Beach Grass causes destabilization of the dunes and has presented his information to the Board on several occasions. The District wanted to get science backed information on the dunes and is a participant in a Dunes Climate Ready Study. This is a five-year study that began in 2015 to improve understanding of sediment movement along a 32- mile unit of coastline in the Eureka area. One of the transects being studied is the location of the District's pipeline which has



HUMBOLDT BAY MUNICIPAL WATER DISTRICT

828 7th Street, Eureka



**Minutes for Meeting of Board of Directors
NOTE DATE CHANGE**

May 15, 2018

been uncovered in the past (approximately every 7 to 10 years) due to shifting dunes, however has not been a problem historically.

Director Rupp pulled Item 2: ACOE Public Notice re: Schneider Dock Maintenance Dredging. He stated he believes this is where the cruise ship will be docking. He was curious if the work was being done as part of the scheduled maintenance or in response to a cruise ship arriving.

On motion by Director Hecathorn, seconded by Director Fuller, the Board voted 5-0 to approve Consent Items 1 and 2.

G. CORRESPONDENCE

Letter from LAFCo re: nomination results

Mr. Friedenbach shared the letter from LAFCo regarding the Special District nominations for their Board. Only one nomination was received for regular member and alternate member so there is no need for an election. Troy Nicolini will serve as regular member and David Couch as alternate member.

Letter from District to Rural County Representatives of California re: SB 623 Water Tax

Mr. Friedenbach shared the letter the District sent expressing opposition to SB 623 unless amended. Rex Bohn is the chair of executive committee of the Rural County Representatives. Mr. Friedenbach noted that the Board of Supervisors is scheduled to discuss SB 623 at their meeting today.

USFS request for public comment re: PG&E Special Uses

The District received notice from the USFS requesting comments during the 30-day public scoping period regarding the proposed continued use and occupancy of USFS lands to Pacific Gas and Electric Company for existing electric systems. Mr. Friedenbach inquired if the Board would like to provide comments. Director Rupp stated he would like a general comment made to request they manage the forest in a way to protect it against fire, including proper installation of PGE equipment, lines etc. and timber management. He noted that the Consolidated Appropriations Act of 2018 also known as the "omnibus" bill, now separates funding for fire suppression and timber management. Previously the funding was not separated and most of the funding was spent on fire suppression. The Board concurred to provide the suggested comments.

H. CONTINUING BUSINESS

Water Resource Planning - status report and discussion re: water-use options under consideration

Local Sales

Nothing to report.

Transport

The Transport Committee (Directors Latt and Rupp, and Mr. Friedenbach) met with Erico Tavares via Skype to discuss Mr. Tavares ocean transport proposal. The committee shared the term sheet and made it clear the preferred end customer is a municipal agency. The District has water to sell if Mr. Tavares achieves a viable transport method and customer. They recommended Mr. Tavares contact the Harbor District for additional logistical information.

Instream Flow

Mr. Friedenbach stated the District is still waiting on the grant agreement from the Wildlife Conservation Board. President Woo noted that Mad River Alliance (MRA) is a grant partner and they are preparing to do temperature monitoring of the Mad River. She is concerned they may



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors
NOTE DATE CHANGE

May 15, 2018

believe the costs will be covered by the grant. We do not have an agreement yet so they cannot be reimbursed with grant funds for the monitoring. Director Fuller stated the MRA conducts this monitoring every year.

Cannabis Grows

Last month, the Board requested staff bring back information on possible funding opportunities to assist local law enforcement with illegal cannabis grows within the Mad River watershed. Mr. Friedenbach met with Scott Bauer of the CDFW's Watershed Enforcement Team to discuss the issue. Mr. Bauer reiterated the most effective assistance would be to help fund overtime to enhance their operations. Mr. Friedenbach reaffirmed that if funding is provided, it would be dedicated to enforcement activities in the Mad River watershed and the District would like to receive metrics on the effectiveness of funded enforcement activities. Mr. Bauer provided assurance that metrics could be communicated should funding be provided.

Mr. Friedenbach stated he was originally going to request authorization from the Board to provide funding for enforcement of illegal cannabis grows in the Mad River watershed, however, one of the Municipal Customers requested the topic be discussed with the Municipal Customer Group or Water Task Force. Given this, he recommends tabling the discussion until later. He stated the topic was shared at the Municipal Customer meeting yesterday, unfortunately, the person who requested the topic did not attend the meeting.

Planning Commission Appeal

Director Latt recused himself from discussion and left the dais. As a member of the public, he stated he was supportive of the District sending a letter to the Planning Commission, then left the room. District legal counsel Leslie Walker of the Thomas Law Group participated in the discussion via phone. She stated the letter was still being drafted at the time the Board packet was published. She inquired if they all had a copy now. Mr. Friedenbach stated copies were provided to all and are also in the public review packets. The Board discussed the response letter from the Thomas Law Group to the Humboldt County Planning Department regarding the MCMP letter regarding Withdrawal of SP - 16-015 and ZR-16-001. The letter is necessary to clear up some misstatements by MCMP in their permit and zoning application withdrawal letter and reiterate the District's position. The Board reviewed the letter and suggested minor edits. Director Rupp stated the letter was very good and commended Ms. Walker for the great job with letter.

Lazzar Subdivision

Last month the Board requested staff send a letter to the City of Arcata Planning Department opposing the Lazzar subdivision as proposed given concern regarding the District's easements interests. Mr. Friedenbach shared the letter sent opposing the project and he shared the response received from the City of Arcata. Mr. Mateer of Arcata Planning Department stated Mr. Lazzar has been notified that there are deficiencies with the project that must be resolved before the project can be approved. Mr. Friedenbach noted the District has not been contacted by Mr. Lazzar. Director Latt noted that legally, the District's position with the 45' easement is very strong.

District Facebook

The Social Media Committee (Directors Woo and Fuller and Ms. Harris) met and decided to keep the District's Facebook page. There were actually three Facebook pages and the committee made significant progress in eliminating the two inactive and older versions. President Woo noted that Facebook is a good mechanism for getting information out and can link to the District website. Director Rupp stated if the District is going to keep an active Facebook page, there should be a



HUMBOLDT BAY MUNICIPAL WATER DISTRICT

828 7th Street, Eureka



Minutes for Meeting of Board of Directors NOTE DATE CHANGE

May 15, 2018

policy. Ms. Harris agreed and noted it is already on the list of items to do. The draft policy will be brought to the Board for consideration in the near future.

Joint Board Meeting with Ruth Lake CSD

Mr. Friedenbach shared the draft agenda for the Joint Board meeting with Ruth Lake CSD. The agenda is consistent with previous ones. He did call out the departure time of 6:00 am given the road construction on Highway 36. The Board stated the agenda looked good.

I. NEW BUSINESS

LAFCo Ballot for Humboldt County Consolidated Redevelopment Agency (RDA) Oversight Board

The District received the official ballot from LAFCo for the Special District Appointment to Humboldt County Consolidated Redevelopment Agency (RDA) Oversight Board. On motion by Director Latt, seconded by Director Hecathorn, the Board voted 5-0 to cast the District's vote for J. Bruce Rupp.

District Timber Management Plan/Timber Harvest Plan

The District owns approximately 3,000 acres of property around Ruth Lake. Much of this land is producing timber and not actively managed by the District. The last active Timber Harvest Plan was in the 1990s. Currently, the District utilizes exemptions such as the Drought Mortality; Dead, Dying and Diseased Tree Removal; or Public Agency, Public and Private Utility Right-of-Way to remove dead and dying trees. Using these exemptions means there is little to no value in the trees and the District may actually incur costs to have the hazardous trees removed. If the District takes a more active role in Timber Management there can be other benefits in addition to increased timber value such as improving headwaters ecosystem for water sustainability, reducing fuel hazards and fire risks improving overall aesthetics, and allowing for timberland goals to meet with wildlife goals. Director Rupp inquired if the intent is to find trees to harvest that have value. Mr. Friedenbach stated yes to some extent. The goal regarding timber value is to have a zero-net cost to the District for tree removal and to have a healthy timber environment for the headwaters watershed, wildlife, fuel reduction and recreation. Director Rupp stated he is supportive of managing resources, however, inquired what kind of costs are involved. Mr. Friedenbach replied that if the Board approves moving forward with a Timber Management Plan, staff will pursue grant funding opportunities and explore partnering with the US Forest Service. The purpose of partnering with the US Forest Service is to continue to enhance 1) timber management in the headwaters ecosystem, 2) the long-term good working relationship and 3) improve grant opportunities. Director Hecathorn stated it sounds like staff is viewing Timber Management as an enhancement and not a money maker. Mr. Friedenbach confirmed this was correct. A Timber Management Plan for the District would be for enhancement of the environment, including the watershed. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to pursue grant funding for a Timber Management Plan and to work with the US Forest Service.

Mad River Watershed Zoning

Mr. Friedenbach shared the Mad River Watershed Zoning maps provided by the County Planning and Building Department. He requested direction from the Board on how to proceed with the information. Director Fuller requested staff keep the maps in mind while working with Mad River Alliance, (MRA) on water quality and note any "hot spots" that may benefit from monitoring. It is also important to be aware of any projects going on so we know what to ask for regarding sampling by MRA. Director Latt stated an important first step is a formal request to the County Planning and Building Department for notification of any projects or zoning changes. The



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors
NOTE DATE CHANGE

May 15, 2018

Directors provided additional input on verbiage to include in the letter. The Board requested staff submit a letter and include a copy to the Board of Supervisors.

eAR 2017 New Reporting Requirements

Mr. Friedenbach stated at the ACWA Conference he learned that ACWA is requesting member agencies protest the new requirements being imposed on the 2017 electronic Annual Report (eAR) to the State Water Resources Control Board. The new requirements were included in the 2017 eAR without the benefit of an open and transparent stakeholder process. New data is now being requested without the advance notice necessary to allow water agencies to collect and report accurate information. A coalition of water utilities have come together to express comments related to the new 2017 eAR requirements. Mr. Friedenbach stated the electronic Annual Report is a water quality report, not a venue for collecting data. ACWA is requesting responses by May 25th. He inquired if the Board would like to protest the new requirements and if so, would they like to sign on to the coalition letter or draft their own. On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to join the coalition letter expressing concerns and protesting the new requirements for the 2017 eAR.

CLOSED SESSION- Public Employee Personnel Matter: General Manager (pursuant to Section 54957(b)(1))

President Woo announced the Board was going to enter into Closed Session to discuss a Personnel Matter. No public comment was received and the Board entered into Closed Session at 5:10 pm. The Board returned to Open Session at 5:31 pm. There was no reportable action.

J. REPORTS (from Staff)

1. Engineering

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

Mr. Kaspari shared the signed Notice to Proceed. He stated the kick off meeting was held May 14th and was a good, productive meeting. The contractor provided a schedule and September 12, 2018 is the scheduled project completion date. Mr. Friedenbach stated now that we have a schedule, he and Nate Stevens of GHD will attend the Fieldbrook Glendale CSD meeting and City of Blue Lake meeting to share the schedule, the draft letters to be sent to customers notifying them of the project and discuss the project in general. President Woo stated she will attend the Fieldbrook meeting and Director Fuller stated she would attend the Blue Lake meeting. Mr. Kaspari added that the emergency agencies will also be notified in advance via letter of road closures on Warren Creek Road.

Surge Tower Replacement/12kV Replacement

NEPA has been completed and the Surge Tower Replacement project will likely go out to bid at the end of the year.

The 12kV Replacement project has not cleared NEPA yet.

Collector Mainline Redundancy Hazard Mitigation Grants

The District is still waiting to hear the grant was received.

Reservoir Structural Retrofit Hazard Mitigation Grant Application



HUMBOLDT BAY MUNICIPAL WATER DISTRICT

828 7th Street, Eureka



Minutes for Meeting of Board of Directors NOTE DATE CHANGE

May 15, 2018

Although the grant is not approved yet, CalOES is requesting the District submit a Project Maintenance Letter, Local Match Fund Commitment Letter and Project Conditions. The grant portion is \$2,686,500 and the Local match is \$895,500. On motion by Director Latt, seconded by Director Hecathorn, the Board voted 5-0 to approve submittal of the Maintenance Letter, Local Match Fund Commitment Letter and the Project Conditions.

Single Line Industrial Slough Crossing Hazard Mitigation Grant Notice of Interest

Mr. Kaspari stated the NOI was approved and the District is invited to submit a full application. He also noted that CalOES encouraged him to discuss environmental impacts in the application. Mr. Kaspari state it costs about \$20,000 to submit the grant. The current arrangement is GHD initially invoices for incurred costs up to \$10,000 for grant preparation and any remaining balance up to a total of \$20,000 if the grant is awarded. The cost of the project is \$3 million. Mr. Friedenbach added that since the project is for the industrial line, we can't advance charge our Municipal Customers so funds would likely come from ReMAT revenue. Mr. Kaspari estimated a 51% chance of receiving the grant and shared why he feels the District should go for the grant. President Woo stated she is in favor of moving forward with the grant and the Board concurred. They requested the item come back to the Board for final approval before submitting the grant application.

Dam Spillway Specific PFMA PowerPoint presentation

Mr. Kaspari provided an overview of the Dam Spillway PFMA presentation. The purpose of the PFMA is to assess scenarios of ways the dam's spillway can fail and how to prevent or monitor them. He shared historic photos of the construction of the dam and discussed the preventative maintenance and inspections done currently.

Status report re: other engineering work in progress

Mr. Kaspari stated he received notification that the NOI period for the Hazard Mitigation grant is re-opening. He inquired if the District is interested in doing a submittal and if yes, suggested some potential dam work projects. After a brief discussion, the Board concurred to pursue a NOI for investigations related to possible re-enforcement of the spillway.

2. **Financial**

Financial Report

Ms. Harris provided the April 2018 financial report. She noted that the Ruth Lake Bunkhouse will be a carryover project. Director Hecathorn reviewed bills and stated all was good. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve the April 2018 financial report and vendor statement in the amount of \$238,229.09.

Letter from County Treasurer summarizing interest earned report for quarter ending December 2017

Ms. Harris shared the letter from the County Treasurer. The County's interest rate on District funds was 1.32%. The LAIF rate was up to 1.2% at the end of the December 2017.

Project Budget 2018/19

Mr. Friedenbach stated the item was listed just as a reminder that the Project Budget meeting is scheduled for May 30th at 9:00 am at Essex. He reminded the Directors that if they have specific items they'd like in the budget to email them to him or Ms. Harris.



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors
NOTE DATE CHANGE

May 15, 2018

Budget presentation -Salary and Employee Benefits (SEB) & Service and Supply (S&S)

Ms. Harris provided an overview of the budget schedule process and stated today she will be discussing the SEB and S&S budgets.

Changes to this year's S&S budget include some account separations to allow for increased detail and budget monitoring. The Maintenance and Repairs-General account is now broken out into four separate accounts. The four new accounts are: Maintenance and Repairs; Materials and Supplies; Tools and Equipment; and Safety Equipment and Training.

The Maintenance and Repairs – TRF account is now broken out into three accounts: Maintenance and Repairs- TRF; Materials and Supplies- TRF; and Safety Equipment and Training- TRF.

The Office Expense account is now two accounts: Office Expense; and IT and Software Maintenance.

The total proposed S&S Budget with power costs is \$1,508,200. This is 1.74% higher than last year. The largest factor in this is power purchased.

Each year management consults employees to find out what is important to them. Feedback from employees this year included the need for an additional O& M Tech; a new position description for "Operator-in-Training" given new requirements; expansion of cell phone stipend to all employees; incentive pay for additional licenses and certifications; COLA increase; AirMedCare Medical Flight Insurance and gym membership for employees.

The Salary and Employee Benefits (SEB) topics included Employee Feedback, "Operator-in-Training" job description, Additional Operations & Maintenance (O&M) Tech Position, CPI and COLA and AirMedCare Medical Flight Insurance.

Ms. Harris stated the District has the highest certification requirements (T-4) in area. T-4 certification is required for the Chief Operator and T-3 Certification is required for Shift Supervisors. Given recent regulatory requirement changes for the T-3 certification process, having sufficiently certified operators becomes an increasing concern as current staff begins considering retirement. A new O & M Tech position as well as a new position description for an "Operator-in-Training" is requested by staff and supported by management. She provided specific examples how and why this is important. President Woo commented it sounds like this would improve morale and retention as well as safety by reducing overtime. She discussed the new position description and its impact on the workforce. On motion by Director Hecathorn, seconded by Director Fuller, the Board voted 5-0 to approve the new position description for the "Operator-in-Training" effective immediately.

Ms. Harris presented four CPI's ranging from the US City Average to San Francisco-Oakland-San Jose. CPI indices have been used historically to help establish the basis for a COLA. The purpose of a COLA to help employees address inflation over time and maintain compensation parity with local agencies. She provided FY 19 costs for COLA ranging from 2.1% up to 3.6%, as well as the COLA's for the four larger Municipal Customers. She recommended a 3% COLA based on the local comparison and CPI's indices. Director Latt stated he would like to see the costs for a 2% COLA at the next presentation.



HUMBOLDT BAY MUNICIPAL WATER DISTRICT

828 7th Street, Eureka



Minutes for Meeting of Board of Directors NOTE DATE CHANGE

May 15, 2018

Ms. Harris discussed the AirMedCare Medical Flight Insurance requested by employees. This is America's largest medical membership network and includes: REACH, Cal-Ore Life Flight, CALSTAR, Sierra Lifeflight, CareConnect, Woman's Air Care and Mad River Ambulance. Annual membership covers the entire household, including full time college students up to age twenty-six. The total annual cost for employees and directors is \$2,200 or \$65 per household.

Ms. Harris discussed known increases in the Employee Benefits budget. CalPERS employee contributions will be going up .783% and the Unfunded Liability will increase 17.65%. Health insurance is estimated to increase between 4%-9% and for budget purposes, she selected the percentage in the middle. Worker's Comp Insurance will see an X-Mod increase due to recent claims history.

Ms. Harris stated the proposed S&EB budget, including a new O&M Tech position, COLA at 3%, healthcare premium increases and the new Medical Flight Insurance is \$3,930,475. This is 5.03% higher than last year.

The S&S budget and SEB budget combined are 4.10% greater than the previous budget. Ms. Harris noted that the Municipal Customers were provided projected costs three months ago and we are within the projected range provided.

Director Rupp stated it was a very good presentation and the District is doing a good job managing costs. Director Hecathorn agreed and thanked Ms. Harris for a thorough job with the presentation.

3. Operations

Mr. Davidsen provided the April Operational Report. He stated that an employee moved from the maintenance worker position to O&M Tech given Carol McKibben's retirement and Ryan Schneider was hired as the new maintenance worker. Staff conducted the required 90-day truck inspections per DOT regulations. He and Mr. Chairez attended a Dam Safety Training seminar in Sacramento. This was a very informative seminar, was geared towards regulators, and covered all types of dams and problems associated with each type and early warning signs of potential problems. Staff participated in the annual Confined Space and Heat Illness Prevention training. He noted that staff removed graffiti from the IW Reservoir. Graffiti is becoming a bigger issue and only getting worse. The SCADA Project is complete and he shared the letter of completion. The Ruth Bunkhouse project went out for bid. He met with a contractor for a walk-thru of the project at Ruth. The contractor inquired if we could postpone the bid opening given that he had a conflict with the timing and he was told no, it was not possible at this time. No bids were received on bid day. Mr. Davidsen shared some options on how to proceed. The Board suggested Mr. Davidsen contact the contractor who did the walk thru to see if he is interested still and if he could provide a bid.

K. MANAGEMENT

This section was not discussed due to lack of time. The topics will be included on the next regular agenda.

1. CSDA
 - a) Welcome Humboldt Chapter -discuss
 - b) Take Action May 2018-discuss
2. ACWA Spring Conference-report out on attendance



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors
NOTE DATE CHANGE

May 15, 2018

L. DIRECTOR REPORTS & DISCUSSION

1. General

No general comments received.

2. ACWA – JPIA

3. ACWA

General

Director Rupp announced that he is on the Region 1 membership committee.

Region 1 Tour

On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to authorize the Board and appropriate staff to attend the Region 1 if they wished to attend.

Spring Conference report out

This was not discussed due to lack of time. It will be included on the next regular agenda.

4. Organizations on which HBMWD Serves: RCEA, RREDC

This was not discussed due to lack of time. It will be on the next regular agenda.

ADJOURNMENT

The meeting adjourned at 5:35 pm.

Attest:

Sheri Woo, President

J. Bruce Rupp, Secretary/Treasurer

