

**Humboldt Bay Municipal Water District
828 7th Street, Eureka**



**Minutes for Regular Meeting of the Board of Directors
August 11, 2022**

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.

1. ROLL CALL

President Woo called the meeting to order at 9:03 am. Director Rupp conducted the roll call. Director Latt, Lindberg, Rupp and Woo were present. Director Fuller was absent. General Manager John Friedenbach, Superintendent Dale Davidsen, Business Manager Chris Harris and acting Board Secretary Angela Smart were present. Legal Counsel Ryan Plotz and District Engineer Nathan Stevens were present for a portion of the meeting.

2. FLAG SALUTE

President Woo led the flag salute

3. ACCEPT AGENDA

Mr. Friedenbach stated item 9.4 was a duplicate of item 7.2 in the agenda and in the packet and should be deleted. Mr. Friedenbach communicated the need to add an item to the agenda under the "Requires Immediate Action that cannot wait" exception in the Brown Act. For agenda item 7.2, on August 9th the Department of Boating and Waterways (DBW) approved the appeal. DBW staff identified certain items that needed to be sent to them by Friday, August 12th. Since this matter is time sensitive and was received after the agenda was posted, Mr. Friedenbach recommended adding to item 7.2 "discuss and possibly approve updated Resolution 2022-07" to comply with DBW's request for documents. Board unanimously consented on the deletion and addition.

On a motion by Director Rupp, seconded by Director Lindberg, the Board voted 4-0 to accept the agenda as modified Director Fuller was absent.

4. PUBLIC COMMENT

There was no public comment.

5. MINUTES

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On motion by Director Lindberg, seconded by Director Rupp, the Board voted 4-0 to approve the minutes. Director Fuller was absent.

6. CONSENT AGENDA -

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

On motion by Director Rupp, seconded by Director Lindberg, the Board voted 4-0 to accept the Consent Agenda. Director Fuller was absent.

7. CORRESPONDENCE

7.1 ACWA Oppose – Unless – Amended: SB 222 (Dodd) Water Rate Assistance Program

Mr. Friedenbach explained that this is a coalition letter to encourage a “No” vote on the SB 222 “Oppose-Unless-Amended” before voting on the bill in August. Mr. Friedenbach drew attention to page 2 which includes the HBMWD logo. SB 222 would require the State Water Resources Control Board to create a Water Rate Assistance Program to provide financial assistance for both drinking water and wastewater services for low-income residential customers. The District supports a workable and efficient low-income rate assistance program, however, SB 222 puts an additional burden on the districts. Each water/wastewater system would be required to implement its own water rate assistance program as opposed to having an administrative role in the program. This requirement is outside Prop. 218 which disallows district funding of assistance programs, creating conflicts in existing law. Mr. Friedenbach advised that he had reached out to the local legislative offices regarding this. He has not yet received a response but did say that they have confirmed receipt of his email and are aware of the concerns mentioned.

7.2 Appeal of Partial Grant Denial for Quagga Grant C22Q0803(This was added during agenda acceptance)

Staff previously received correspondence from the Department of Boating and Waterways disallowing a portion of the requested grant amount. Staff submitted an appeal and clarified that funding was for the relocation of a gate arm at Ruth Recreation. The appeal was approved and the grant award was increased by \$14,800. Total funding for grant C22Q0803 will be \$65,306.61. In order to receive the grant, a revised Resolution 2022-07 reflecting the revised increased funding will need to be approved.

The Board discussed the improvements planned to enhance and support the Aquatic Invasive Species Prevention Plan, including moving the electric gate arm and the addition of boulders to prevent unauthorized lake access.

On motion by Director Rupp, seconded by Director Lindberg, the Board voted 4-0 by roll call vote to approve revised Resolution 2022-07 reflecting the new grant amount. Director Fuller was absent.

8. CONTINUING BUSINESS

8.1 Water Resource Planning

Local Sales

Nordic Aquafarms

Public Planning Commission meetings on 7/28 and 8/4 resulted in the Planning Commission approving Nordic Aquafarms Coastal Development Permit.

Trinidad Rancheria Mainline Extension

No update.

McKinleyville CSD (MCSD) MOU

Mr. Friedenbach introduced the draft MOU with McKinleyville CSD regarding the preliminary investigation and study work to use their distribution grid as a mechanism to transfer water to the Trinidad Rancheria via the MCSD distribution grid. The agreement was reviewed by our Board last month followed by McKinleyville District Counsel who suggested some edits. Our District counsel

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reviewed the edits made and countered with edits primarily in section 4, in which the language was contested between the two districts.

A compromise was reached at the MCSD's meeting last week attended by Mr. Friedenbach along with our District counsel. The language in the last sentence in section 4 was changed to clarify that expenses would not incur without knowledge and acceptance on both sides. The MOU was approved and signed by David Couch, MCSD President. The staff was asked and affirmed that costs would be passed to the applicant, The Rancheria.

On Motion by Director Lindberg, seconded by Director Rupp the Board voted 4-0 to approve the MOU. Director Fuller was absent.

Transport

The Board discussed the article in Cal Coast News.com "SLO County sold water outside the county residents' foot the bill". Director Rupp stated San Luis Obispo County water purchased and resold water from outside their county. In regards to the District's transport option the Board's intention is to sell our water outside our District and pass on the savings to our local customers.

Instream Flow

The Committee met with water rights legal counsel who provided comments and recommended additional graphs in our narrative for instream flow dedication. The next Committee meeting will be with Attorney Meredith Nichols on Monday to review the proposed graphs to determine if the graphs communicate the message, she wants to communicate to the Water Board. An updated report & finalized graphs will be presented to the Board at the September meeting.

8.2 McNamara & Peepe

President Woo recused herself, citing conflict of interest, and left the room.

Royal Gold is requesting development permits for a parcel bordering Glendale Drive – the former McNamara and Peepe site. Royal Gold currently leases the site from the owner. The District sent a letter of concern to the Planning Commission. The Planning Commission originally met on July 28th. Due to the numerous comments received from the public the decision from the Planning Commission has been delayed.

Another concern was that of the Standard Voluntary Agreement between DTSC and Royal Gold.

Directors expressed concern with section 3 of the document included in the packet. Particularly the first sentence which includes an "and/or" clause that may lead to a discrepancy regarding the responsibility of the cleanup should they deem the project lengthier or more involved than anticipated.

Mr. Friedenbach advised that according to the conditions in the Conditional Use Permit Application there are specific contamination investigation procedures that Royal Gold has proposed while they are doing activities that require ground disturbance. The district's concern is that development can mobilize contaminants and can also limit remediation options.

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

President Woo recused herself due to a conflict of interest and left the room. No public comment was received prior to entering the closed session. Closed session lasted from 1:37pm to 1:48pm. The Board returned to the open session and Vice-President Latt reported the Board encouraged staff to send a letter to the U.S. EPA regarding the Request for US EPA Action to Address Uncontrolled Offsite Migration of Dioxin Toward Public Domestic Use Source Water.

8.4 Park 1 Agreement with Friends of the Pleistocene

Mr. Friedenbach stated that Friends of Pleistocene applied to rent the District's Park 1 facility for a 2-day event for 200 individuals with vehicles. Staff was instructed to modify the existing park day use agreement. District Counsel reviewed the agreement and provided a Waiver of Liability statement to be signed by all attending individuals. Staff sent the agreement and waiver to ACWA-JPIA, the District's insurance provider, for review. JPIA concurs with legal counsel changes. The FOP has agreed that all attendees will sign a waiver. On a motion by Director Lindberg, seconded by Director Rupp, the Board voted 4-0 to approve the agreement. Director Fuller was absent.

9. **NEW BUSINESS**

9.1 District Conflict-of-Interest Code

Mr. Friedenbach stated Humboldt County Office of Elections & Voter Registration and the Political Reform act require local government agencies to review their Conflict-of-Interest code biennially to ensure it is accurate and meets all current conditions. Our code was last reviewed in July 2020.

Upon investigation, it has been concluded that the Conflict-of-interest code is current. There are no recommendations for changes at this time.

On motion by Director Rupp, seconded by Director Lindberg, the Board voted 4-0 to approve the District's Conflict of Interest Code with no changes. Director Fuller was absent.

9.2 Financing Consultant

Oppenheimer representatives approached district staff regarding assistance with financing CIP projects, CalPERS and other projects previously discussed by staff and Board. As a result of the meeting that took place, Oppenheimer agreed to prepare some preliminary projections for discussion with the Board to encourage a proactive approach to explore alternatives available because of the approaching maturity of our existing loans. Oppenheimer outlined what the process would entail obtaining financing by the District. Oppenheimer's Representative Nicki Tallman presented an overview of the process for the District to obtain financing She prepared projections regarding \$10M, \$15M, & \$20M financing amounts along with other options and the factors that would play a part in our rating determination.

9.3 North Coast Resource Partnership grant application

Staff submitted a \$15,000 technical assistance grant application to the North Coast Resource Partnership. The technical assistance will be used to interpret and apply the Mad River Basin Lidar data from the USGS Lidar project in which the district is a planning partner.

10. **REPORTS (from STAFF)**

10.1 Engineering

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

i. FEMA Approval of Additional Funding

Mr. Stevens shared the approval letter from CalOES and FEMA for an additional grant funding increase of \$307.5k. This amount covers the cost overruns of the project. The FEMA grant pays 75% of the expenses, except for the generator controller which was 100% covered by another grant.

ii. Final Contractor Pay Request

The contractor submitted his final payment request. The District is still withholding 5% retention totaling \$143,000. We are currently waiting on paperwork items from the contractors. The biggest item that we are waiting for from them is a revised arc flash analysis that looks at all the new infrastructure that determines the potential for our arcing in our system.

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

Staff responded to an RFI (request for information) in April on this application. Mr. Stevens noted that no additional RFI's have been received. The CalOES staff is hopeful that the environmental review process is coming to a close, but she did advise that she anticipates projects will not start to be approved for several months/ possibly towards the end of this year.

c. Matthews Dam Advance Assistance Seismic Stability Project

The project is also coming to a close in the review process but still seems to be months from an approval determination.

d. Status report re: other engineering work in progress

Nothing else to report.

10.2 Financial

a. July 2022 Financial Statement & Vendor Detail Report

Ms. Harris stated our District has 3.8 million in general account currently. Ms. Harris shared the District was a victim of check fraud. Internal accounting controls discovered the anomaly quickly due to bank reconciliation and accounting procedures. Communication with the bank has resulted in claims being filed and procedures have been updated. The amount of fraudulent charges was \$14,950.00. Ms. Harris will be updating the Board on the total damage caused by this unfortunate event.

Current investments total \$7.8 million (USD). Some accounts might be affected by current market poor performance but there is confidence since the CalTRUST accounts are considerably more stable when considering the national average, modest in earning but also modest in loss. \$5.7 million in Advanced Charges have been collected and are earmarked for various projects. General Fund Reserves are currently above \$2.3 million. The District is still waiting on property tax revenue from the County. The staff has requested property tax information but has not yet received a response. Total revenue is currently 7% which is right on budget. Director Rupp reviewed the bills and didn't have any specific comments other than the rise of property insurance.

On a motion by Director Rupp, seconded by Director Latt, the Board voted 4-0 to accept the July 2022 Financial statement and Vendor detail in the amount of \$570,766.20. Director Fuller was absent.

b HBMWD Letter to Municipal Customers re: Estimated wholesale water charges, the price factor

Ms. Harris explained the Annual letter that goes out to all the municipal customers regarding the budget and actual charges. A brief mention was made by Mr. Friedenbach regarding a customer who contacted him about The City of Blue Lake using our rate as justification for their water rate increase. It was noted that multiple factors are involved in rate increases, not solely the cost of water.

Operations

Monthly report on projects and operations

Mr. Davidsen reported the 90-day crane inspection took place as well as the 6-month fall protection equipment inspection. The SB 198 safety meeting was conducted as well as other safety training including Asbestos / Silica exposure.

Request to surplus Unit 9, 2000 Ford F-350

Mr. Davidsen stated the District has replaced Unit 9 in the FY 22-23 budget and requested the old Unit 9 be declared surplus. On a motion by Director Rupp, seconded by Director Lindberg was approved by vote 4-0 to accept surplus Unit 9, 2000 Ford F-350. Director Fuller was absent.

Request to add a project to the FY23 budget in the amount of \$2,750.00 using the amount of budgeted reserves.

Mr. Davidsen requested the addition of a small project to the FY 23 budget. On a motion by Director Rupp, seconded by Director Lindberg, the Board voted 4-0 to add a \$2,750 budget line item to purchase an articulating boom for the vacuum trailer. Director Fuller was absent.

11. MANAGEMENT

FERC Training

Mr. Friedenbach attended in-person-only training by FERC and the Army Corps of Engineers. FERC is incorporating risk-informed decision-making (RIDM) into its dam safety program. This new practice will flow into our Part 12 Reports. FERC will not require a specific team, having a certain level of experience to conduct the Part 12D reports. They are also changing the Part 12 Report to be a shortened periodic assessment vs a more intense comprehensive assessment. These versions will alternate in intensity between shortened and in-depth reports on a 5-year cycle.

ACWA Energy Committee

The ACWA Energy Committee met last month. The State is developing a 5000 MW Strategic Reserve. The project is currently in the planning stage of creating a reserve of energy that can be tapped. Mr. Friedenbach spoke with Terra Verde, the preferred provider of solar energy services, and they indicated that our project needs are not large enough to service. Our Eureka office solar project will be handled internally with current staff, no consultant is necessary.

Lease Lot 43, Ponnay-status update

Lease Lot 43 (Anthony Ponnay) is near headquarters at Ruth Lake and there are concerns regarding boundary lines. Lease lot 43 was recently (within the last month) transferred from father to son and there are plans to rebuild the lot. The survey is needed to ensure there is no encroachment onto District property.

Mr. Friedenbach met with the surveyor and Mr. Ponnay at the site. The "Survey" information that Ruth Lake CSD has on lease lots is not legal descriptions but vague several decade-old historical descriptions based on landmarks such as telephone poles and trees which may not have survived the August Complex wildfire. The surveyor tried to recreate those boundaries as best he could but might not be 100% accurate. Mr. Friedenbach will attempt to get the surveyor's report for the September meeting but information may include discrepancies because of possibly less than accurate information.

Presentation to Employee

Darcey Quinn, a new hire in Accounting Department was presented with a District jacket as is the custom in celebrating her new employment with the Humboldt Bay Municipal Water District.

12. DIRECTOR REPORTS & DISCUSSION

12.2 ACWA

a. Director report out

Director Rupp reported that the Finance committee met this week and the budget seems sound. They are proposing a 4% increase in membership dues. Director Rupp brought a document about the membership increase. He advised he was initially opposed because their O & M automatically generates an increase in

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revenue but did end up accepting the difference in dues because of society-wide inflation. Director Rupp will work to ensure that the increase in dues is appropriate.

b. Article re: Region 1 Hosts North Coast Water Forum in Eureka

Director Rupp thanked staff and Board members for their participation in the Region 1 Event and complemented everyone on the success of the event.

c. ACWA Fall Conference Agenda

The ACWA Fall Conference will be held in Indian Wells, CA. Last month the Board approved authorizing attendance by any staff or Board members that would like to attend. Registration for the conference opens on Monday, August 15th.

12.3 ACWA – JPIA

Articles re: President Jerry Gladbach

Director Rupp expressed that he has spent a significant amount of time with Jerry. His loss is felt throughout the organization. Mr. Gladbach has served on ACWA for a long time. He started on the energy committee and went on to serve as chair of JPIA. Mr. Gladbach attended many board meetings and always stayed involved and prioritized his contribution. His loss is felt and he will be missed. The Board has signed and will send a sympathy card to his family.

12.4 Organizations on which HBMWD Serves

RCEA

President Woo reported that the meeting was notable and stressed the importance of building reserves and putting action in place that will allow RCEA to achieve better ratings.

RREDC

Director Latt stated the guest speaker was Allie Jones who spoke about the Humboldt County Comprehensive Economic Development Strategy (CEDS). CEDS is looking at fresh ideas to bring big business to Humboldt County. Taking into consideration that the growth potential is here now with the Redwood Coast Offshore Wind Project, Trans-Pacific Network, Cal-Poly Humboldt expansion, and Nordic Aquafarm. Humboldt County is moving into the next economic development phase.

ADJOURNMENT

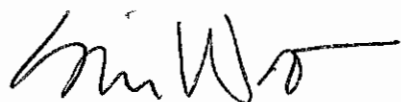
The meeting adjourned at 2:30.

Adopted and approved this 8th day of September 2022 by the following roll call vote:

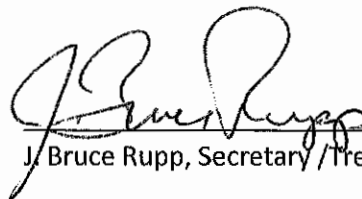
AYES: Directors Fuller, Latt, Lindberg, Rupp and Woo

NOES: None

ABSENT: None



Sheri Woo, President



J. Bruce Rupp, Secretary/Treasurer