



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

June 09, 2016

A. **ROLL CALL**

President Hecathorn called the meeting to order at 9:00 am. Director Rupp conducted the roll call. Director Hecathorn, Laird, Latt, Rupp and Woo were present. General Manager Paul Helliker, Superintendent Dale Davidsen, Business Manager John Friedenbach, and Board Secretary Sherrie Sobol were present. John Winzler and Susan O’Gorman of GHD were present for a portion of the meeting. President Hecathorn left the meeting during the lunch break.

B. **FLAG SALUTE**

President Hecathorn led the flag salute.

C. **ACCEPT AGENDA**

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

D. **MINUTES**

On motion by Director Laird, seconded by Director Latt, the Board voted 5-0 to approve the Minutes of April 12, 2016. Director Woo requested the last sentence, of the second paragraph under ACWA of the May 12, 2016 minutes be removed. On motion by Director Woo, seconded by Director Laird, the Board voted 5-0 to approve the amended minutes of the May 12, 2016 Regular Meeting and the minutes of the May 13, 2016 Special Meeting.

E. **PUBLIC COMMENT**

No public comment was received.

F. **CONSENT AGENDA**

Director Rupp requested Item F3, Page 24 be pulled. On motion by Director Laird, seconded by Director Woo, the Board voted 5-0 to approve the Consent Agenda less Item F3.

3. **Newspaper articles of local/water interest (given the large number, organized by topic)**

Director Rupp referred to the article in High Country News and stated the paragraph about the District is deceiving. HBMWD will continue to comply with required conservation goals and requested this be clarified. Director Latt requested staff respond with the clarification. Mr. Helliker stated he would contact the writer and confirm the District will be continuing our water conservation programs, which consist of public education and outreach programs, to ensure that we meet our 2020 goal, associated with the 2009 water conservation legislation, and its target of 20% reduction in per capita urban water consumption by 2020. On motion by Director Rupp, seconded by Director Woo, the Board voted 5-0 to approve Item F3.

G. **CORRESPONDENCE**

1. **Joint letter from HBMWD and Ruth Lake CSD inviting Ruth-area parties to joint Board meeting and draft meeting agenda**

The Board reviewed the agenda and had no additional items to add.

2. **Samoa Peninsula CSD**

Last month the Board discussed a request from Troy Nicolini of the Samoa Fire District for a letter of support for their proposal to create a Community Services District. The Board had some concerns regarding the service area map. Mr. Helliker shared that he spoke with Mr. Nicolini regarding the concerns, and the Redwood Marine Terminal area may be included in the possible



HUMBOLDT BAY MUNICIPAL WATER DISTRICT

828 7th Street, Eureka



Minutes for Meeting of Board of Directors

June 09, 2016

expansion. Humboldt Bay Harbor District owns the terminal and it is not currently in use. Staff recommends sending LAFCo a letter supporting the creation of the new CSD. On motion by Director Rupp, seconded by Director Laird, the Board voted 5-0 to send a letter of support for the CSD.

H. CONTINUING BUSINESS

1. Water Conservation Regulations

Mr. Helliker provided an update on the regulations. On May 18, the State Water Board adopted revisions to the emergency conservation regulations. It now allows water agencies to define the status of their water supplies and determine whether or not there is any need for emergency conservation measures in 2016. He shared the formula to determine the conservation requirement and noted the District's amount should be zero since we have more water available than demand. Director Laird stated the District should highlight that we have enough water to supply our customers, however also note that we are supplying illegal customers that are taking water from the river for their marijuana grows. It is important to bring this issue up. Mr. Helliker stated he could add a sentence noting the un-quantified illegal demand and that we still have excess supply.

Mr. Helliker attended a Public Listening Session hosted by the California Department of Water Resources, State Water Resources Control Board and the California Department of Food and Agriculture regarding the Governor's Executive Order B-37-16. The Executive Order "builds on temporary statewide water restrictions to establish longer-term water conservation measures, including permanent monthly water use reporting, new permanent water use standards in California communities and bans on clearly wasteful practices such as hosing off sidewalks, driveways, and other hardscapes." Mr. Helliker shared the highlights of the meeting and noted the new regulations will likely take into account local conditions.

2. Water Resource Planning

Local Sales

Mr. Helliker stated GHD is moving forward on the application for an SRF Loan for design and analysis of pipeline extension to the north and south of the District. They are currently awaiting the assignment of a grant officer.

Transport

Mr. Helliker shared the latest communication from Mr. Simpson. At this point, Mr. Simpson does not have a project that could utilize the District's water.

The Transport Committee met and they are continuing to seek options. The committee recommends the District broaden their contacts. It appears that a combination delivery and storage option makes our water more desirable. Another potential use could be to offset other releases for environmental benefit. A result of the Sustainable Groundwater Act is that some agencies are looking at additional source options such as surface water. Mr. Helliker stated he will put together a summary, per the committee's request, for discussion with the Board. Director Laird suggested the conversation with the Board occur sooner than later and perhaps an Advisory Committee meeting as well. The Board concurred and Director Rupp agreed it is important to keep the public informed and keep community trust. President Hecathorn agreed and stated education and communication are key. She noted at the beginning of the process, the public initially said "Don't sell our water". After a series of public educational meetings they agreed the District needs to sell



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

June 09, 2016

water in order to retain rights to the water.

Instream Flow

Mr. Helliker stated he spoke with Tony LaBanca of DFW regarding the District's efforts on streamflow enhancement. The purpose of the discussion was to clarify what needs to be done to ensure the District and DFW are in agreement so the District can move forward with a 1707 instream flow dedication. Mr. LaBanca said he would speak with his staff but suggested the District should just move forward with their 1707 application.

I. NEW BUSINESS

1. Urban Water Management Plan (UWMP)

The Public Hearing began at 10:08 a.m. Mr. Helliker provided background on UWMP. The purpose of the UWMP is to support long-term resource planning and ensure adequate water supplies are available to meet existing and future water demands. Water suppliers are required to assess the reliability of their water sources over a 20-year planning horizon considering normal, single dry years and multiple dry years. These plans are prepared every five years and submitted to the Department of Water Resources (DWR) for review. DWR reviews the plans for compliance with the requirements of the Urban Water Management Planning Act. The District worked in collaboration with its Municipal Customers on the UWMP, although each entity has its own plan. The Plan must be adopted and submitted by July 1, 2016. Mr. Helliker noted that Kennedy Jenks Consultants has reviewed the plan and made some good suggestions, including some related to groundwater. Mr. Helliker proposed submitting the UWMP by July 1 and submitting a re-write of the groundwater sections later this year. No public comment was received and the Public Hearing closed at 10:35 am. Director Rupp read Resolution 2016-06 Adopting the District's 2015 Urban Water Management Plan. On motion by Director Rupp, seconded by Director Woo, the Board voted 5-0 by roll call vote to the adopt Resolution 2016-06.

2. Agenda Review Committee

Mr. Helliker discussed the purpose of the Agenda Review Committee. The charter states the committee is composed of the Board President, Secretary/Treasurer and the General Manager and the purpose is to conduct a brief review of the agenda. Director Rupp previously inquired why the Secretary/Treasurer is involved and felt it was not necessary. Mr. Helliker concurred and stated the purpose of the meeting has value and should continue to allow whomever is presiding over the meeting to have an opportunity to become fully oriented to the agenda. He recommended however, that the Board discontinue the actual committee. As noted previously, the person presiding over the meeting will still have an opportunity to meet with the General Manager to go over the agenda. Mr. Helliker added he would be happy to meet with any Director who wanted to review the agenda. On motion by Director Rupp, seconded by Director Laird, the Board voted 5-0 to discontinue the Agenda Review Committee.

3. Ruth Fires, Landslide Investigation of Matthews Dam Vicinity

Mr. Helliker discussed the Landslide Investigation report from Six Rivers National Forest, Mad River Ranger District. After the Ruth fires this past summer, the District requested the Forest Service assist in evaluating the landslide activity, in part because it appeared that the forest road drainage might be promoting slope instability. He noted that this past winter, Mr. Davidsen successfully negotiated with the US Forest Service to have them re-grade their road on the dam side so as not to exacerbate drainage. The report states their findings agree with past finding in



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

June 09, 2016

that there is a large dormant landslide on the hillside above the left dam abutment, although there is no evidence of current movement and it likely presents no threat to the dam. The report also notes an additional area on the same hillslope that may affect the powerhouse road but poses no serious threat to facilities beyond the road grade. The report recommends continued monitoring, engineering review when activity is observed and improvement of forest road drainage. The District has and will continue to monitor the left abutment of the dam and it also inspected by engineers on a regular basis.

J. REPORTS (from Staff)

1. Engineering

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

Mr. Davidsen provided a status report on the project. The general contractor is now scheduled to start work in July. The subcontractor doing the perc pond is also delayed and will begin work within the next few weeks. They will fence off the area of the perc pond from public access. In the meantime, staff is beginning the dewatering process and laying the pipe in preparation. The Board discussed security issues if the park were to remain open. Director Rupp suggested staff check with JPIA for suggestions to limit the District's liability.

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

Previously, the District engineers presented two options for the Blue Lake-Fieldbrook Glendale water line replacement. One was an overhead crossing and the other an under river crossing. Based on several factors, they recommended the under river crossing. Director Laird requested the decision be postponed as he was concerned that proponents of the Annie and Mary Trail would not have an opportunity to weigh in on a possible pedestrian crossing option. The Board agreed and last month, Mr. Lovelace and Mr. Wilson attended the meeting and shared their thoughts. Since then, the item also was on the agenda for discussion at the Humboldt County Board of Supervisors meeting. Mr. Hank Seemann from Humboldt County Public Works was clear that the County did not have funds to contribute to a pedestrian crossing design even if the District chose an overhead crossing. Additionally, he confirmed that the Blue Lake to Glendale portion of the Annie & Mary trail is the first priority. Director Woo stated she and Director Laird attended a trails summit last weekend and the event was well attended. She believes the District can be supportive of the Annie & Mary trail in ways other than selecting an aerial crossing. Director Laird stated the intent is for a trail to go from Arcata to Blue Lake with the trail along the river versus railroad routes. The Board discussed the matter in more detail and Director Latt clarified the District is not against trails, but the pedestrian option on overhead crossing really is not an option at this point in time given our grant funding limitations. He noted that it has been previously mentioned that the District cannot use grant funding to accommodate a pedestrian pathway and it is clear the county has no funds for that. If it is designed this way and not disclosed under CEQA, repercussions could be loss of funding. Additionally, there are liability issues that have yet to be addressed with pedestrian access to the District's pipeline. Members of the public provided input as well. Ms. Mandy Mager, Blue Lake City Manager, clarified that the City of Blue Lake is not requesting the pedestrian trail option. She also noted that the Annie & Mary trail project is a Humboldt County project. She stated Blue Lake is advocating for the best possible project. Mr. John Bartholomew, Blue Lake resident also spoke. He stated he is a trails advocate but can also see that the opportunity to include a pedestrian crossing on an aerial crossing was lost years ago when the District first engaged with the County/HCOAG. He stated he is also an advocate for good, reliable drinking water and it sounds like the under river crossing would best accommodate this for



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

June 09, 2016

communities of Blue Lake, Fieldbrook and Glendale and he is supportive of this. After additional discussion, Director Laird stated he appreciated the Board’s delay in vetting the issue. On motion by Director Rupp, seconded by Director Woo, the Board voted 5-0 to adopt the engineer’s recommendation to pursue the under river crossing.

FEMA Hazard Mitigation Grant and Pre-Disaster Mitigation Grant Submittals

Ms. O’Gorman stated the 12kV Switchgear and the Surge Tower project applications were submitted to the Hazard Mitigation grant program.

Potential Exposure of Pipeline on New Navy Base Road

Ms. O’Gorman said there are no updates at this time. Director Laird inquired if staff looked at applying for a living shoreline grant with the Coastal Conservancy. Mr. Helliker stated he spoke with project manager Joel Gerwein who suggested we apply in the fall.

Coonrod development

Mr. Friedenbach stated he spoke with Mr. Lazzar, who recently purchased the Moss property and is considering purchasing the Coonrod parcel. He shared the District’s concerns regarding the easement with Mr. Lazzar and the limitations on the property. Mr. Lazzar then met with Mr. Davidsen on the property site and discussed the easement concerns. Mr. Lazzar said he would look at design options that did not impact the District’s easement.

2. Financial

Limit for Appropriations from Taxes – adopt Resolution 2016-5 establishing limitation for appropriations from taxes

Mr. Friedenbach stated the California Constitution Article XIII(b) requires the adoption of an annual resolution limiting the amount of appropriations from taxes to a certain base level plus annual increases based on per capital income and population increases. Staff recommends the Board adopt Resolution 2016-05 to establish the required appropriations limit for the 2016/2017 fiscal year. Director Rupp read the resolution. On motion by Director Rupp, seconded by Director Woo, the Board voted 5-0 by roll call vote to adopt Resolution 2016-05.

FY 2015/16 Project Budget

Each year, staff conducts a mid-year project budget analysis for projects that are charged to the Municipal Customers. Mr. Friedenbach shared the process by which the budget reallocation is determined. Staff identified projects that have money left over or cannot be completed during the current fiscal year. The amount available from these projects this year is \$804,310. Staff recommends the Board consider modifying the 2015/16 year project budget and reallocation to advance charges for four specific authorized projects in the amount of \$804,310 as defined under Ordinance 16 for: 1) the Collector 1 &1A ; 2)Ruth Bunkhouse, ; 3)1 MG DW Reservoir Roof; and 4) Painting the Hydro Plant Roof. The net change to the budget is zero with no impact on total Municipal Customer costs. Mr. Helliker explained that the amount may seem high, however it can be attributed to a few projects such as Collector 2, the Ruth Lake Bunkhouse and the Septic System at Essex.

On motion by Director Rupp, seconded by Director Latt, the Board voted 4-0 to approve the budget reallocation as proposed by staff for the 2015/16 fiscal year. President Hecathorn was absent.



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

June 09, 2016

Under the District's Capital Improvement Plan, the next collector rehabilitation project was Collector 2. The District collected Advance Charges and applied for a grant but was not successful in getting grant funding. Given the increased yield from the Collector 3 rehabilitation project and the projected increased yield from Collector 1, staff is recommending the Collector 2 project be postponed until the actual yield from Collector 1 rehabilitation is known. Additionally, the project must be completed within three years of collecting Advance Charges. This would mean Collector 2 must be completed in the 2017/18 fiscal year. Given these factors, staff is recommending the Collector 2 Advance Charges be re-designated as Advance Charges for the Collector 1 & 1A rehabilitation project. The Municipal Customers discussed this previously and were in agreement with the process.

On motion by Director Rupp, seconded by Director Latt, the Board voted 4-0 to approve re-designating the 2014/15 Advance Charges for the Collector 2 project to Advance Charges for the Collector 1 & 1A rehabilitation project.

FY 2016/17 Budget

Mr. Friedenbach provided a budget summary for the proposed 2016/17 budget. He shared a presentation of the proposed total budget and revenue estimates which was a recap of the May meeting. As reported previously, staff is proposing a 2% Cost of Living Allowance and two support positions: six months for a full time Electrician trainee and eight months for a full time Maintenance Mechanic trainee. Health Benefit costs are expected to increase by approximately ten percent. These changes bring the total Salary & Employee Benefit budget to \$3.66 million. This is 6% greater than the FY 15/16.

The Service & Supply Budget with power is \$1,432,400. This is actually a .5% decrease over FY 15/16.

In regards to the Project Budget, carryover items will not be finalized until the close of June's accounting. This will be the only substantial item that will be revised for next month. The finalized budget will be presented for consideration and adoption at the July 13, 2016 Board meeting.

Financial Report

Director Rupp provided the May 2016 financial report. Director Latt reviewed the bills. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve the May 2016 financial statement & vendor detail report in the amount of \$131,556.70

Audit RFP

As reported last month, the District's three-year agreement with the accounting firm of Hunter, Hunter and Hunt ended. Six request for proposals were sent out. Two firms did not respond, two declined and two submitted proposals. The proposals received were from Jackson & Eklund, a local firm and R.J. Ricciardi, Inc. in San Rafael. The Audit Committee met to review the proposals received.

Director Woo stated the committee had a significant discussion regarding the merits of a local firm however, still agreed to recommend the firm of R.J. Ricciardi (RJR). The District has several projects that are grant funded and will be required to conduct single audits. RJR has done hundreds of single audits and has numerous Special Districts as clients. Director Rupp added that in addition to their experience level, their proposal was \$8,000 less than the local firm. He noted the committee had some concerns regarding extra cost. Mr. Friedenbach contacted RJR to



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

June 09, 2016

discuss this and checked in with some of their clients. Based on the information received and positive feedback from clients, Directors Rupp and Woo stated they are confident in the cost and abilities of RJR and recommends the Board offer a three contract to R.J. Ricciardi, Inc. for audit services. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve a three-year agreement with the auditing firm R.J. Ricciardi, Inc.

3. **Operations**

Mr. Davidsen provided the June Operational Report. The Ruth bridge is being painted and should be completed by the end of the month. Training included a Hazard Communications webinar regarding the change from the old Material Data Safety Sheet (MSDS) to the new Globally Harmonized System for hazard communications and the new Safety Data Sheet (GHS/SDS). This is a required regulatory change and it is almost complete. Other training included a water symposium in Fortuna and a Traffic Control safety meeting. Mr. Davidsen attended a Water Knowledge Seminar in the Davis area. West Yost Associates and Henry Hunt of Layne put on the seminar. They showcased Sonoma County Water Agency and Humboldt Bay Municipal Water District as being Northern California systems that have well operated systems and use Ranney wells.

Mr. Davidsen and the Supervisors conducted five interviews for the Maintenance Mechanic position. They decided to hire Keith Daggs, an internal candidate. Mr. Daggs was initially hired as a Maintenance Worker and has excelled in the position. He brings a lot of underground work experience as well as mechanical/maintenance talent to the District. Since his initial hiring, he earned his T-2 and D-2 certifications.

4. **Management**

Mr. Helliker stated he, Mr. Davidsen, Mr. Friedenbach and Pat Kaspari met with FERC representatives and the Mr. Ahlgren, the Independent Consultant for the FERC Part 12 report. For the PFMA, they discussed 14 possible failure scenarios. Most are not likely to impact the dam, however there are two items that may need further analysis include water seeping around an outlet pipe on the dam and an earthquake analysis. Mr. Ahlgren is reviewing scenarios and will report back in a few months in the FERC Part 12D Report.

K. **DIRECTOR REPORTS & DISCUSSION**

1. **General**

Director Latt stated the Board has previously discussed illegal marijuana grows and their impact on the watershed. He would like the Board to consider allocating money to do something about it. He requested the item be on the agenda next month. Director Rupp added he would like to see this listed as a standing item on the agenda.

Director Rupp requested staff bring the District's Mission Statement to the next meeting. He would like the Board to consider including it on the agenda.

2. **ACWA – JPIA**

Director Rupp stated the Executive Committee will meet next month. Nothing to report out on for this month.



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

June 09, 2016

3. **ACWA**

Director Woo stated Region 1 has added pre and post meeting calls in addition to the regular meetings. She reported out on the latest meeting. She shared the draft itinerary for the August 5, Region 1 Russian River Water Supply Tour.

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

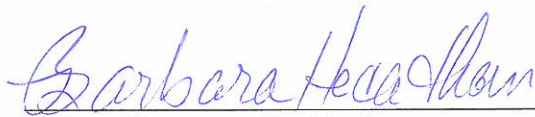
Director Rupp stated he was not able to attend the recent RREDC meeting and President Hecathorn attended in his absence.

Director Woo attended the RCEA meeting and stated the Community Choice Aggregation (CCA) was the main topic. Each RCEA Board member was asked to select someone to serve on a Citizens Advisory Committee. She chose an Engineering student at Humboldt State University who is active with the Society of Women Engineers and has an interest in the CCA. She added that Mary Gelinas is helping with CCA Public Engagement Strategy.

ADJOURNMENT

The meeting adjourned at 3:04 pm.

Attest:


Barbara Hecathorn, President


J. Bruce Rupp, Secretary/Treasurer