



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Agenda for Meeting of Board of Directors

May 4, 2017

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 also present. Pat Kaspari and John Winzler of GHD were present for a portion of the meeting.

B. FLAG SALUTE

President Woo led the flag salute.

C. ACCEPT AGENDA

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

D. MINUTES

Director Latt requested an addition be made to page four, Illegal Marijuana Grows regarding pursuit of a civil lawsuit for conversion. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve the Minutes of the April 13, 2017 Regular Meeting as amended.

E. PUBLIC COMMENT

No public comment was received.

F. CONSENT AGENDA

Mr. Friedenbach pulled Item 1.

Blue Lake Rancheria Resiliency Preparedness Fair announcement

Mr. Friedenbach stated the District participated in the Resiliency Preparedness Fair. Thavisak Syphanthong was at the booth and shared inundation maps and the District's Emergency Action Plan (EAP). About forty people stopped by and most were happy to see that their homes were not in the inundation area. Mr. Friedenbach shared photos of the event and the nice thank you card received the Blue Lake Rancheria. Director Latt asked for a quick overview of the EAP process which Mr. Friedenbach provided.

On motion by Director Rupp, seconded by Director Hecathorn, the Board voted to approve the Consent Agenda, including Item 1.

G. CORRESPONDENCE

Letters from District opposing AB 1668-Water Management Planning and AB 1669-Urban Water Conservation Standards

Mr. Friedenbach shared the District letters opposing AB 1668 and AB 1669. Both of these bills were passed by the Assembly Water, Parks & Wildlife Committee (AB 1668 by a vote of 10-5 and AB 1669 by a vote of 9-6) and are being referred to the Committee on Appropriations.

Letter from District supporting AB 968 Water Efficiency Standards and AB 1654 Urban Water Management Planning

Mr. Friedenbach stated the District sent a letter of support for AB 968 and AB 1654. Mr. Friedenbach noted these bills were also passed by the Assembly of Water, Parks & Wildlife Committee (AB 968



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by a vote of 14-0 and AB 1654 by a vote of 15-0) and are being referred to the Committee on Appropriations.

Home for the Homeless in Manila?

Mr. Friedenbach stated he included this article to bring awareness regarding the homeless people who are camping out at the District's Eureka office and blocking doorways, etc. He is considering options including motion activated lights for the parking lot area.

H. CONTINUING BUSINESS

1. Water Conservation Regulations

Mr. Friedenbach noted that although the "stress test" requirement has been rescinded by Governor Brown, we still need to report on conservation standards. He commented that even though we have proven that we have plenty of water available, the Municipal Customers are still required to conserve water. This equates to less revenue which must be made up somewhere.

2. Water Resource Planning

Mr. Friedenbach stated he did not have any new updates at this time. There is an upcoming meeting with the Instream Flow committee meeting with the consultants to discuss grant applications for instream flow.

Director Rupp stated he and Mr. Friedenbach will be meeting with some agency representatives at the ACWA Conference to discuss transport options.

A discussion and clarification of Director roles on committees and how it relates to interfacing with staff work took place. Grant oversight was also discussed as well as options if consultants do not properly complete grant applications, including filing a negligence claim.

3. PG&E ReMat

Mr. Friedenbach stated the District received the Cal ISO Certificate of Compliance and can start the new contract. Since next week is May maintenance week, and he will be at ACWA, he suggested to JTN (consultant) a start date of May 15th. The lake will still be full at that time and power production should be good.

Director Fuller and Mr. Friedenbach attended a City of Arcata Council meeting since Ordinance 16 approval was on their agenda. The topic of hydropower was also discussed and they were able to answer several questions from the council members.

4. Illegal Cannabis Grows

As previously discussed, Mr. Friedenbach will be submitting a letter to the County regarding cannabis EIR input. He requested input from the Directors which he will incorporate into the letter, if acceptable by the Board. President Woo requested enforcement be listed as a top priority. Director Latt requested the letter state that revenue from cannabis tax be funneled to cannabis related items such as enforcement as previously mentioned and application processing for example. On motion by Director Latt, seconded by Director Fuller, the Board voted 5-0 to authorize the General Manager to send a letter, inclusive of Director comments and requesting enhanced enforcement.



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Director Rupp inquired what the North Coast Regional Water Quality Control Board did with the enforcement funding received from the District. Mr. Friedenbach stated he would follow up.

5. LAFCo Notice of Hearing/Proceedings for Reorganization of Samoa Peninsula Fire Protection District into a Community Services District

LAFCo held an informational meeting on April 26 regarding the proposed reorganization of the Samoa Peninsula Fire Protection District into a Community Services District (CSD). Mr. Friedenbach stated he was not able to attend, however he did follow up with Troy Nicolini. Mr. Nicolini said the meeting was well attended and the people were supportive of the CSD formation. The next meeting is May 15th and Mr. Friedenbach stated District staff will be in attendance. Staff has a great deal of work to do prior to entering into an agreement with the new CSD. He stated he would discuss with the Board various options and processes prior to drafting an agreement. Director Rupp suggested this might be a good discussion to have with the Water Task Force as well.

I. NEW BUSINESS

1. Dam Safety

Federal Energy Regulatory Commission (FERC) Dam Safety-Oroville Dam

Mr. Friedenbach shared the FERC letter regarding the Oroville Dam. The end result will be more regulations costing more money.

AB 1270-Proposed annual dam inspections by DWR

Mr. Friedenbach stated AB 1270 is a bill that would require the State Department of Water Resources to inspect dams and reservoirs at least annually. The District already has the dam inspected annually by FERC and the Division of Safety of Dams. All reports from both agencies have been good.

Dam Safety Surveillance and Monitoring Report (DSSMR) Summary

Mr. Friedenbach stated he included the DSSMR components to show the multiple activities taking place in regards to dam safety on daily, annual, bi-annual and every five- year basis. The DSSMR is reviewed by engineering staff at GHD and our Chief Dam Safety Engineer, Bill Rettberg. The engineers will be onsite at the next inspection with FERC and the State Division of Safety of Dams.

Director Latt inquired what the District is doing to prevent an Oroville dam scenario. Mr. Friedenbach stated the Oroville dam inspection process was not as thorough as ours, nor was it as frequent. Given the regular, detailed monitoring, it is not likely that we will have an Oroville situation. Mr. Davidsen added that the Oroville spillway was not anchored to bedrock and was built in sections. As the soft material underneath eroded, one slab “tipped” and created a domino effect. Additionally, their Howell Bungler valves were not working and they were down one generator. The District spillway is one solid unit and is anchored to bedrock. The spillway also has a different under drainage system. Mr. Friedenbach stated he would like to do an article for the Times-Standard about our dam safety program and what we do to prevent an Oroville crises. Director Latt thanked Mr. Davidsen for his research and efforts to ensure the safety of our dam and spillway. He added that he likes the idea of educating the public about our dam safety efforts.



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The Board requested staff provide more public awareness information such as the news article and a video on dam safety.

J. **REPORTS (from Staff)**

1. **Engineering (11:00 a.m.)**

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

The project is almost complete. The grading of the perc pond is going well. Mr. Kaspari stated Progress Payment 9 has been received from Layne. Since the final report with locations of the laterals, pump test results, as-builts and performance results have been received, he recommends staff pay the invoice for \$130,600 less retainage of \$6,530 for payment of \$124,070.

Mr. Kaspari stated part of the Prop 84 grant agreement requires a publicity photograph when the project is completed. The Board will be notified in advance of the photo op. He will also do a final presentation to the Board in June or July.

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

Mr. Kaspari reported that CEQA compliance will be through a mitigated negative declaration process. He will likely bring this to the Board in July. He also shared that under AB52, the Wiyot Tribe requested formal notification of project information in a geographic area where they are culturally affiliated. The Wiyot Tribe has been notified of this and several other projects. Mr. Kaspari also noted that he met with Mr. Friedenbach and Ms. Harris to discuss public outreach prior to project construction. There will be two meetings, one on the Blue Lake side and one on the Essex side to inform people about the project and increased traffic on West End Road due to the construction. The meeting will occur this summer.

1MG Reservoir Roof Replacement & Painting

Mr. Kaspari stated the project is moving forward at the original bid amount as discussed last month. The Notice to Proceed will be out later this week and the project should be completed by the beginning of August.

12kV HMG/PDM

Mr. Kaspari shared that he heard that the project was approved for the Hazard Mitigation Grant, however, the District has not received formal notification. Mr. Davidsen added this project will allow for new switchgear equipment at a higher elevation above the water line. The current equipment is aging and replacement parts are not available.

Surge Tower

The biological survey is nearly complete. Biologists are waiting for the wallflowers to bloom at this point and then the survey can be completed.

New Hazard Mitigation Notice of Intent (NOI)

The NOI for this round of Hazard Mitigation Grants (HMG) are due this June. The District will submit a NOI for the main pipeline to the Turbidity Reduction Facility. The grant would allow another pipeline installed as a redundant line for emergencies and reroute the line around Essex Control. The NOI does not obligate the District to anything. If the NOI is approved, Mr. Kaspari



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stated he will bring it to the Board as a project for approval. This is a \$3 million-dollar project and if approved for the grant, the District match would be \$700,000.

Ruth Dredging -Emergency Work below Ruth Dam

Mr. Kaspari discussed the permitting process and phone calls made prior to dredging. The process was fairly smooth since the permitting agencies were generally in favor of the project. Mr. Davidsen shared photos of the dredging project. He stated the dredging was required since the sediment caused a backup of water which resulted in water backing up into the tailrace and the Howell Bunger valves. The sediment was successfully cleared away and a separation built up between the plunge pool and tailrace. The District took a proactive approach and corrected the situation to avoid an event similar to situation at the Oroville dam. Mr. Friedenbach stated he will apply for funding under the Disaster Declaration to help cover costs since the increased sediment was a direct result of the intense, above-average rainfall this winter that precipitated the California and Federal disaster declarations.

2. Financial

FY 2017/18 Budget

Ms. Harris provided an overview of the budget process and stated she will be discussing two components of the budget today: Service and Supply (S&S) and the Salary and Employee Benefits (SEB). She stated these are still in draft form and the Board will approve the final budget in July.

Ms. Harris discussed the areas of change in the S&S budget. Two new items include: Safety Apparel (based on employee feedback) and GM Training. The employees have requested safety yellow t-shirts and sweatshirts. They also requested the ability to purchase HBMWD logo items in addition to any provided and to purchase them in non-safety colors. She outlined the proposed purchasing process and stated the safety apparel annual cost is approximately \$3,000. The GM Training was previously covered in the education line item and will now be a separate line item. The total proposed S&S Budget with power costs is \$1,482,365. This is an increase of \$49,965 or 3.5 % compared to last year.

The Salary and Employee Benefits (SEB) topics included Employee Feedback, Benefit Cost Factors, CPI& COLA and New & Additional Policy considerations.

Each year, management consults employees to find out what is important to them. Feedback from employees is that they would like a COLA, Safety Apparel, PERS payments for new employees and banked comp time versus paid overtime. Ms. Harris presented a range of US and Western US CPI's. Given the CPI indices, she recommended a 3% COLA and stated this helps employees address inflation as well as maintain parity with local agencies. She noted that the several costs factors such as food and fuel are higher here than in the San Francisco area. Director Rupp stated that housing is less than in the Bay Area. He acknowledged that District employees do an excellent job, however there needs to be a balance between fiscal responsibility and employee benefit. He would like additional justification from staff for the COLA.

Employee feedback included the question can HBMWD pay PERS payments for PEPRA staff. Ms. Harris stated staff researched this and contacted both CalPERS and JPIA for input. Both agencies had the same response-this is strictly prohibited.



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Ms. Harris shared the projected outlook for Cost Benefit Factors. Known/estimated rate increases include dental at 2%, PERS at 1.478% and Healthcare at 10%. There is some good news in that there are no rate increases for Long-Term Disability, Unemployment Insurance, Life Insurance, Worker’s Compensation or Vision Insurance.

Additional Policy Considerations include longevity pay, correcting supervisor overtime pay, revision of the compensation time policy, cellphone stipend policy and management leave policy. Ms. Harris provided detail on the proposed policy changes and its impact on the budget.

Ms. Harris stated the proposed S&EB budget including the 3% COLA, healthcare premium increase and additional policies offered is \$3,774,573 or 5.0% more than the 16/17 budget.

Director Rupp stated Ms. Harris did a good presentation and the Board concurred. Director Latt suggested future presentations include a contrasting viewpoint, i.e. lower or no COLA for other agencies. Director Rupp suggested that a general survey of comparable agencies should be done and that it may be time for an overall compensation survey.

Investment Policy

Ms. Harris stated state law requires that the Board consider and confirm the District’s Investment Policy each year. The Board approved and originally adopted the Investment Policy in 2004 and has re-adopted the policy each year thereafter. The District has three investment objectives for the funds the District does not need for immediate use. These objectives are: 1) Preserve the Safety of Principal; 2) Maintain Liquidity, and 3) Achieve a reasonable Rate of Return consistent with current economic cycles and risk limitations. The policy also specifies the two investment options the District will utilize are the County Treasury and the State Local Investment Fund (LAIF). Staff recommends the Board re-approve the policy. Director Rupp inquired if there are other investment options besides the County Treasury and LAIF. Mr. Friedenbach replied there are other options, however he has not looked at them in detail. Director Rupp requested staff research what other local agencies are utilizing for their investment options. On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to approve the District’s Statement of Investment Policy.

Financial Report

Due to the early date of Board meeting, there was no financial report. The Directors requested staff present both the April and May financial reports at the June meeting.

3. Operations

Mr. Davidsen reported the Safety Committee has new members, Ian Ivey and Bruce Brashear. Staff attended several training sessions including SCADA, Confined Space and Heat Illness Prevention, and a Water Loss workshop. Larry Raschein is the new Assistant Operations Supervisor.

K. DIRECTOR REPORTS & DISCUSSION

1. GENERAL



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The District had an informational booth at the March for Science event in Arcata. Director Rupp and Woo represented the District at the event and provided information about the Turbidity Reduction Facility. The event was well attended.

2. ACWA – JPIA

Nothing to report.

3. ACWA

Nothing to report.

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

RCEA

President Woo reported out on the RCEA meeting. The Community Choice Energy (CCE) Program was discussed and several houses were officially having their energy source switched to the CCE on May 1, 2017.

RREDC

Director Latt reported out on the RREDC meeting. The meeting took place at the airport in McKinleyville since the program was Fly Humboldt. This was the first RREDC meeting for Director Latt.

NCRP

Mr. Friedenbach attended the meeting as the new Technical Peer Review Committee member. He carpoled with two staff members from Humboldt County and noted Highway 101 was closed due to a slide so the drive was extended by another 4 hours. The meeting was informative.

ADJOURNMENT

The meeting adjourned at 3:42 p.m.

Attest:

Sheri Woo, President

J. Bruce Rupp, Secretary/Treasurer

