



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

June 14, 2018

A. ROLL CALL

President Woo called the meeting to order at 9:01 am. Director Rupp conducted the roll call. Directors Fuller, Hecathorn, Rupp and Woo were present. Director Latt was absent. Director Rupp left the meeting at 2:35 pm. General Manager John Friedenbach, Business Manager Chris Harris and Board Secretary Sherrie Sobol were also present. Superintendent Dale Davidsen was absent. Nathan Stevens and John Winzler of GHD were present for a portion of the meeting.

B. FLAG SALUTE

President Woo lead the flag salute.

C. ACCEPT AGENDA

Mr. Friedenbach requested Item H1b be deleted as it is a duplicate item. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 4-0 to accept the agenda as amended.

D. MINUTES

President Woo noted a typo on the May 15th, 2018 minutes. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 4-0 to approve the Minutes of the May 15, 2018 Regular Board Meeting and the May 30, 2018 Special Board Meeting.

E. PUBLIC COMMENT

No public comment was received.

F. CONSENT AGENDA

Director Rupp requested Item 2 be pulled. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 4-0 approve the Consent Agenda, less Item 2.

Mussel-infested boat stopped at Lake Mendocino

Director Rupp stated he pulled the item to highlight the importance of the Quagga prevention. This is a real threat to our water source, Ruth Lake. He requested staff share the article with Ruth Lake CSD and emphasize with them the importance of inspections to prevent the introduction of Quagga or Zebra Mussels into the lake.

Drinking Water Tax

Director Hecathorn inquired about the new water mandates. Mr. Friedenbach replied the state will issue new regulations for the law. This will affect our retail customers. New laws include: establishing an indoor, per person water use goal of 55 gallons per day until 2025, 52.5 gallons from 2025 to 2030 and 50 gallons beginning in 2030; Creating incentives for water suppliers to recycle water; and Requiring both urban and agricultural water suppliers to set annual water budgets and prepare for drought. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 4-0 approve Consent Item 2.

G. CORRESPONDENCE

Letter from District to Humboldt County Board of Supervisors re: Mad River Watershed

Mr. Friedenbach shared the letter from the District to the Board of Supervisors notifying them of the District's request to the Planning Department to be included in the notification process for Plan Checks, Notice of Application/Public Hearings and CEQA. Director Rupp inquired if the District received any response from the Board of Supervisors. Mr. Friedenbach stated he has not heard from the Board of Supervisors however, the Planning Department has been sending us more referrals regarding cannabis projects in the Blue Lake area.



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Letter from District's Legal Counsel to Humboldt Planning Department re: Withdrawal of SP 16-015 and ZR -16-000 (MCMP withdrawal letter)

Previously, the Board provided input on the response letter to the MCMP withdrawal letter to the Planning Department. Mr. Friedenbach shared the final version that was sent to the Planning Department. Director Rupp stated Ms. Walker did a good job on the letter and he is glad it is on record.

Letter from District to CDFW re: Long-Term Streambed Alteration Agreement (LTSAA)

Mr. Friedenbach stated the District has an approved LTSAA. One of the requirements in the agreement is to provide notification for Authorized Activities. This letter is the required notification of Planned Activities in the river. Although the District also has an approved Habitat Conservation Plan, three of the planned work items require an Incidental Take Permit since the Foothill Yellow-Legged Frog is being considered for the Endangered Species list.

Letter from District to CDFW re: Request for Incidental Take Permit

The District submitted a Request for Incidental Take Permit (ITP) to the CDFW and sent in the required application fee of \$7,739.25. Staff was informed by CDFW that our request is fifth in line and it generally takes 120 days to review an ITP request. The District's LTSAA allows for work in the river generally from June through October 15th and we will be past the deadline by the time our ITP request is reviewed. Mr. Friedenbach learned that our ITP request might proceed quicker if we Provided mitigation measures. In an effort to fast track the review process, Mr. Friedenbach worked with Dennis Halligan on the mitigation measures to benefit the Foothill Yellow-Legged Frog. The proposed mitigation was sent to CDFW and the District is awaiting a response. The Board asked questions regarding the proposed mitigation and noted that Mr. Halligan has and continues to do good work for the District.

Letter from District to SWRCB re: 2017 Electronic Annual Reporting (eAR)

Last month, the Board discussed new reporting requirements being imposed on the 2017 eAR and agreed to join a coalition of water utilities to express comments related to the new requirements that were included without the benefit of an open and transparent stakeholder process. Mr. Friedenbach shared the letter that was sent to the State Water Resources Control Board. He noted that the City of Eureka and Humboldt Community Services District were also signers as well as Paul Helliker of San Juan Water District. Mr. Friedenbach added that staff did submit the required 2017 eAR and has not yet received a response.

Letter from FERC re: receipt of 2016-17 DSSMR reports

Mr. Friedenbach shared the May 2018 letter from FERC stating they received our 2016 and 2017 Dam Safety Surveillance and Monitoring Reports for R. W. Matthews Dam. They reviewed the Reports and have no comments.

Mr. Friedenbach added that last month the DSOD conducted their annual inspection of R.W. Matthews Dam and found no issues. FERC will be conducting their annual inspection in August.



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H. CONTINUING BUSINESS

Water Resource Planning - re: water-use options under consideration (local sales, transport, and in-stream flow dedication)

Local Sales

No significant activity has occurred in the past month. The District continues to receive requests to Issue “Will Serve” letters for new cannabis enterprises.

Transport

Mr. Tavares continues to move his project forward regarding ocean transport of water, however the project remains in the fact-finding stages.

Instream Flow Dedication WCB Grant Agreement

Mr. Friedenbach stated the District received the Grant Agreement from the California Wildlife Conservation Board (WCB) for the “Streamflow enhancement for benefit of salmonids and other special status species, on the Mad River in Humboldt and Trinity Counties”. Mr. Friedenbach highlighted areas of the grant agreement and recommended approval of the grant. On motion by Director Hecathorn, seconded by Director Fuller, the Board voted 4-0 to approve the WCB grant agreement for Streamflow Enhancement and authorize the General Manager to execute the Grant Agreement.

Cannabis Grows affecting Mad River Watershed

Nothing new to report.

I. NEW BUSINESS

LAFCo letter re: Proposed Langlois Lane Annexation to the Humboldt Community Services District-discuss District letter of Support

Mr. Friedenbach shared the Notice of Filing from LAFCo for the HCSD Langlois Lane Annexation. The notice stated that HCSD currently provides water service to four of the five parcels in the proposed annexation area. Additionally, the proposal has 100% property owner consent. LAFCo is requesting we respond to the proposal with any comments, conditions or recommendations.

Director Rupp stated the real question is do we have adequate water to supply HCSD with the annexation. We shouldn’t view this as are we supportive of the annexation or not. Mr. Friedenbach stated one of the Water Resource Planning objectives is to increase local sales. HCSD is a customer and this annexation would be increasing local sales. He suggested sending a letter to LAFCo notifying them that we can provide water and have no concerns given that 100% of the property owners are in favor of the annexation. The Board concurred. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 4-0 to send the letter to LAFCo as suggested.

2. DWR Sustainable Groundwater Management Act Change in Mad River Basin ranking

The DWR ranking for the Mad River Basin was previously designated as a “very low priority” and no Groundwater Sustainability Plan was required. This year, the revised ranking is listed as “medium priority” by one point and will therefore require a Groundwater Sustainability Plan. Mr. Friedenbach stated staff is working with the County, McKinleyville CSD and the City of Arcata to review the scoring criteria as they believe it was scored incorrectly and is still a low priority basin. Director Fuller agreed that there are flaws in the data and noted the scoring shows that the Mad River Basin is similar to the Eel River Basin which is not accurate.



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J. **REPORTS (from Staff)**

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

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

Nathan Stevens stated the project kick off meeting the previous Monday went well. The project is currently scheduled to be completed on September 14th which is well ahead of the grant deadline of October 21, 2018. The meetings at Fieldbrook and Blue Lake councils went well. Public meetings will be scheduled for the end of June to provide updates on the project and answer questions.

Surge Tower Replacement/12kV Replacement

Nothing new to report on the Surge Tower Project.

Mr. Friedenbach shared the letter from FEMA notifying the District that the 12kV Switchgear Relocation grant was approved. He stated that the name has been corrected from Humboldt Bay Flood Control District to Humboldt Bay Municipal Water District. Mr. Friedenbach was going to request approval of the license agreement with NCRA for use of land for 12kV site, however will defer that given the recent legislation regarding the dissolution of the North Coast Railroad Authority.

Collector Mainline Redundancy Hazard Mitigation Grants

Nothing to report.

Reservoir Structural Retrofit Hazard Mitigation Grant Application

Nothing to report.

Single Line Industrial Slough Crossing Hazard Mitigation Grant Notice of Interest (NOI)

The NOI was submitted and approved. The full application is due September 4, 2018.

Axel Property Development

Mr. Friedenbach expressed his concerns regarding the Axel plans submitted to the City of Arcata. He shared the letter provided to the Arcata Community Development Department outlining the concerns and reiterating the District's easements over the property.

Status report re: other engineering work in progress

Nothing to report.

2. **Financial**

Financial Report

Ms. Harris provided the May 2018 financial report. Director Fuller reviewed the bills. On motion by Director Rupp, seconded by Director Fuller, the Board voted 4-0 to approve the May financial report and vendor statement in the amount of \$176,440.63.

Limit for Appropriations from Taxes

The California Constitution 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 capita income and population increases. The State Department of Finance provided the District with the annual price and population figures for fiscal year 2018/19. Ms. Harris noted that they are using a cost



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of living change of 3.67%. Staff recommends the Board adopt Resolution 2018-08 to establish the required appropriations limit for the 2018/19 fiscal year. Director Rupp read the resolution and the Board voted 4-0 by roll call vote adopt Resolution 2018-08.

FY 2017/18 Project Budget Reallocation

Each year, staff conducts a mid-year project budget analysis for projects that are charged to the Municipal Customers. Ms. Harris shared the process by which the budget reallocation is determined. She reviewed the budget reallocation spreadsheet and 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 \$578,565. Staff recommends the Board consider modifying the 2017/18 year project budget to include the following additional budget line items: Upgrade to Accounting System \$28,845; FERC Spillway PF \$25,150; and FERC Geologic Spillway Assessment \$9,325. The remainder of the reallocation will go to advance charges for two specific authorized projects under Ordinance 16 for: Redundant Pipeline, \$260,245; and 3x Tank Seismic Retrofit, \$255,000. The net change to the budget is zero with no impact on total Municipal Customer costs. Director Hecathorn stated the report was very well laid out and nicely done. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 4-0 to approve the reallocation.

FY 2018/19 Budget

Ms. Harris presented the proposed total budget and revenue estimates and recapped the May meeting presentation. She reviewed items with proposed changes in Service and Supply. There are sixteen accounts with no change, five accounts with decreased budget and six accounts with increased budgets. The total Service and Supply budget is \$1,508,200 which is an increase of \$25,835 or 1.74%. The largest factor is power expense at \$13,335.

Ms. Harris discussed the Salary and Employee Benefits (S&EB) budget. New additions to the proposed budget include a new O&M Tech position and Air Med coverage. Ms. Harris stated that recent SWRCB regulation changes has impacted training of necessary staff. Currently, the District does not have enough staffing to allow for a "floater" position for coverage due to sickness or vacations. This coverage is currently accomplished by adjusting all operations staff schedules. This can result in very short notice for staff and overtime expenses. The AirMedCare Flight Insurance coverage will cost \$2,200. She also provided a comparison of the District's salary and wage rates compared to other local agencies and East Bay MUD. Staff is requesting a 3% COLA based on the Consumer Price Index and comparison with local agencies. A 3% COLA represents .46% of the total budget. The total proposed S&EB budget is \$3,930,475. This is an increase of 5.03% compared to FY 17/18 budget.

The proposed Service and Supply, Salary and Employee Benefits and Project budgets total \$13,297,960. This is an increase over FY 17/18 of \$509,829 or 3.99%. This is within the range communicated to the Municipal Customers and contained within the CIP Financial Plan.

3. Operations

Mr. Friedenbach stated that Mr. Davidsen is attending an AWWA Conference and is co-presenting a talk on the Ranney System with Henry Hunt. Mr. Friedenbach provided the May Operational Report. The maintenance crew conducted the annual Ruth Maintenance, including confined space operations for the penstock inspection. The new transformer has also been installed at the hydro plant. Staff began shutting down the TRF for the season. Training included CPR/AED and First Aid training as well as Traffic Control Safety.



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Industrial System Overview

Mr. Friedenbach provided an overview of the Industrial Water System. Although there is no current industrial customer, he shared reasons to keep the channel open, including regulatory and the potential use for town of Samoa and fire suppression system use on the peninsula. The Board asked several questions with good discussions following. Director Fuller inquired if all of the deferred maintenance and improvements were included in the CIP. Mr. Friedenbach stated yes however, it is further out on the timeline.

K. MANAGEMENT

California Special Districts Association (CSDA)

Mr. Friedenbach stated the CSDA has officially recognized the Humboldt Area Chapter as an affiliated chapter. The chapter meets every other month. The most recent meeting took place on June 4, 2018 and he shared highlights from the meeting.

ACWA Spring Conference

Mr. Friedenbach reported out on his attendance at the ACWA Conference. He shared a list of meetings he attended and provided a brief description of them.

Letter to Humboldt County Planning and Building

Mr. Friedenbach shared a copy of the letter sent to the Humboldt County Planning and Building Department regarding a project referral received for a cannabis project. He explained that this was his first attempt to provide a somewhat standardized letter response to the County. Going forward he would like to receive input from our legal counsel and District engineer. Director Fuller stated it's important to consider the cumulative impacts on the watershed. She felt that oversight and enforcement in this area is lacking regarding the use of pesticides, rodenticides, nitrogen, etc. The other Directors also expressed concern. They did acknowledge that this particular applicant seemed to be taking the right steps.

L. DIRECTOR REPORTS & DISCUSSION

1. General

No topics were discussed here.

2. ACWA

Spring Conference

Directors Rupp and Woo reported out on their attendance. Director Rupp attended some of the same sessions as Mr. Friedenbach. He stated Governor Brown was a surprise guest speaker and was actually quite funny. Director Rupp also renewed his ethics training, is now on the Region 1 membership committee and worked the JPIA booth for a few hours. Director Rupp left the meeting at 2:25 pm after reporting out. President Woo reported she also attended the Region 1 meeting along with Director Rupp and Mr. Friedenbach as well as other sessions. She stated that Mr. Mayo is doing a good job as Vice-Chair of Region 1 and putting a lot of effort into it. She attended a session on the water fix and learned a new phrase "Reconciliation Ecology".

4. Organizations on which HBMWD Serves: RCEA, RREDC

President Woo provided an update on the RCEA meetings. She stated the Offshore Wind Development Partnership negotiations are going well and there are companies willing to underwrite this. In regards to biomass, they still have members of the public showing up to each meeting to express their unhappiness with the alternative energy source.



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ADJOURNMENT

The meeting adjourned at 2:40 p.m.

Attest:

Handwritten signature of Sheri Woo in blue ink.

Sheri Woo, President

Handwritten signature of J. Bruce Rupp in blue ink.

J. Bruce Rupp, Secretary/Treasurer

