



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Agenda for Meeting of Board of Directors

August 16, 2018

A. **ROLL CALL**

President Woo called the meeting to order at 9:00 am. Director Rupp conducted the roll call. Directors Fuller, Latt, Rupp, Hecathorn and Woo were present. General Manager John Friedenbach, Superintendent Dale Davidsen, Business Manager Chris Harris and Acting Board Secretary Dee Dee Simpson-Glenn were present. Pat Kaspari of GHD and Paul Brisso, District Legal Counsel were present for a portion of the meeting.

B. **FLAG SALUTE**

President Woo led the flag salute.

C. **ACCEPT AGENDA**

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

D. **MINUTES**

On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to accept the minutes of the July 12, 2018 Board meeting.

E. **PUBLIC COMMENT**

No public comment was received.

F. **CONSENT AGENDA**

On motion by Director Latt, seconded by Director Rupp, the Board voted 5-0 to accept the Consent Agenda.

G. **CORRESPONDENCE**

1. **District letter to Municipal Customers re: FY 2018/19 budget**

Mr. Friedenbach shared a letter sent to the Municipal customers conveying the fiscal year 2018/19 budget with estimated wholesale water charges for each customer. At the end of each fiscal year, a Price Factor 2 (PF2) reconciliation is done. The reconciliation for fiscal year 2017/18 resulted in a credit in the amount of \$37,888.85. The credit results from non-water revenues coming in higher than budgeted and expenditures coming in lower than budgeted, offsetting costs to the Municipal customers.

2. **DWR letter regarding EAP Requirements for Dam Owners**

Mr. Friedenbach shared a letter from Department of Water Resources (DWR) Division of Dam Safety (DSOD) regarding the State required inundation maps and finalization of the regulations. The District already has inundation maps as they are required by FERC and has submitted those for approval by DWR/DSOD.

H. **CONTINUING BUSINESS**

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

Mr. Friedenbach reported there had not been much activity in the area of local sales. He had a conference call with an individual regarding transport via remote controlled barges. The Board discussed the potential, albeit slight, for the remote-control barge prospect.

Mr. Friedenbach shared a news article regarding Sites Reservoir receiving Proposition 1 funding. This is a potential location for transport, but is ten years out.



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Mr. Friedenbach reported that the Instream Flow meeting will be scheduled with all the partners, for either the end of August or the beginning of September.

Director Woo sent Mr. Friedenbach information regarding the Western Freshwater Restoration Fund Grant. The total grant available is \$850,000. Director Woo suggested the District get on the mailing list for a possible next round. Director Rupp would like the District to be on the lookout for funds/grants to clean up abandoned cannabis sites on or near the Mad River.

2. Cannabis Grows affecting Mad River Watershed

Mr. Friedenbach shared with the Board, the 19 enforcement notices published in the Times Standard newspaper. These notices were for the Mad River area and listed the violations in relation to cannabis grows. Director Latt gave a brief explanation of the fees and process the violators go through if they want to appeal the fees to the County. Director Rupp suggested Staff send a letter to the County and thank them for their work.

3. SGMA for Mad River Basin combined agency response letter

Mr. Friedenbach reported that the Mad River Basin, had previously been designated a “very low priority” basin, which meant it did not require the District prepare a Groundwater Sustainability Plan. However, in the most recent categorization released by DWR, the Mad River Basin was scored as a “medium priority” by one scoring point. Humboldt County is the lead agency for SGMA compliance. Hank Seeman, Natural Resources Director for the County of Humboldt has been preparing a staff report and response to DWR. Mr. Friedenbach had anticipated the staff report would be available prior to the District board meeting but it was not yet available. Staff recommendation was to work with the County of Humboldt, Greg Orsini of McKinleyville CSD and Mark Andre from the City of Arcata, and submit a joint letter of response to DWR indicating their initial data was incorrect. On motion by Director Latt, seconded by Director Fuller, the Board voted 5-0 to accept the staff recommendation for a joint letter.

I. NEW BUSINESS

1. Sick Leave

Ms. Harris provided an overview of the District’s current sick leave policy as well as a comparison to several other water and governmental agencies sick leave policies. Staff recommended no change to the current sick leave policy. After a brief discussion, the board agreed with the staff recommendation of no change to the current sick leave policy.

2. Request for Proposals (RFP) for Actuarial Services for OPEB (Retiree Health) Valuation

Ms. Harris reported that RFP’s were sent to four different agencies for actuarial requesting Actuarial Services to value Other Post-Employment Benefits (OPEB) in compliance with Government Accounting Standards Board Statement No. 75 (GASB 75). Only one response was received. She recommended the one proposal be rejected and the proposal be reissued. The revised request will be for GASB 75 and will include OPEB valuation as part of it. Staff recommended no changes. On a motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to reject the proposal that was submitted.

A lively discussion ensued on the current policy for retiree health benefits, including possible modifications to it in the future. After much discussion, Ms. Harris suggested perhaps a tiered approach to health care benefits based on longevity could be discussed in the future. This was met with positive reactions. Director Rupp suggested this be discussed during the next budget discussions. Ms. Harris stated she would provide additional information in the next few months.



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3. Mad River Policy Committee

Mr. Friedenbach shared the agenda and reported out on the meeting of the McKinleyville Municipal Advisory Committee (McMAC) on July 25, 2018. Directors Woo and Fuller also attended the meeting as members of the District's Mad River Policy Committee. They attended the meeting since one of the agenda line items was "Mad River protection statement draft. Review and take appropriate action." President Woo answered various questions from the McMAC. The McMAC proposed their own policy statement and requested input from the Mad River Policy Committee. No issues were raised with their proposed policy.

4. Water Task Force

a) Committee Report out on meeting

b) Purpose Statement composition revision

At the last Water Task Force meeting, Humboldt Community Services District requested Ruth Lake CSD be included as members of the task force. Mr. Friedenbach discussed this with Michael Francesconi, Manager of Ruth Lake CSD and he stated he would be interested in joining the group. After much discussion of the pros and cons of Ruth Lake CSD joining the task force, Director Rupp stated he wanted it made clear that this is the Water Task Force and not the Municipal Customers meeting. On a motion by Director Latt, seconded by Director Fuller, the Board voted 5-0 to invite Ruth Lake Community Services District to become a member of the Water Task Force.

5. Potential Retail Water Service to Peninsula CSD

Mr. Friedenbach provided background and current status on the Peninsula Community Services District (PCSD) formation. The Directors discussed a variety of ideas regarding the potential transfer of services to the PCSD. Questions included what, if any costs the District would incur. Director Latt asked for a quick rundown of the costs and explanation of the options. Ms. Harris provided an overview of the factors to consider when transferring retail water customers and infrastructure to PCSD. She reviewed the four options regarding the amount of payment to request, and the five options for payment. Director Latt stated Option D, requesting payment of \$249,366 seemed the most equitable. Staff was directed to discuss this option with PCSD staff at the appropriate time and report back to the Board.

J. REPORTS (from Staff)

1. Engineering

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

Mr. Kaspari reported on the status of the Blue Lake-FGCSD Water Line Replacement over the Mad River. Drilling work is going on and all is going well so far. The drillers are at the half-way point. The first shut-down is scheduled for August 29, 2018 on the Warren Creek side. The second shut-down is scheduled for October 18, 2018. Mr. Kaspari suggested the Board attend a site visit and this was arranged by Mr. Friedenbach. Mr. Kaspari submitted the first pay request in the amount of \$141,338.15 less retainage. As the certified payroll has not been received, he will not recommend paying until the required items have been received.

b) Surge Tower Replacement/12kV Replacement



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Mr. Kaspari gave a status report on the Surge Tower Replacement/12kV Replacement. The District has a signed lease agreement with the North Coast Railroad Authority for the land the 12kV Replacement will be located on.

- c) Collector Mainline Redundancy Hazard Mitigation Grants
Mr. Kaspari reported the District has been waitlisted and will resubmit the project at a later date.
- d) Reservoir Structural Retrofit Hazard Mitigation Grant Application
On motion by Director Latt, seconded by Director Rupp, the Board voted 5-0 to Ratify the Matching Fund Commitment Letter.
- e) Single Line Industrial Slough Crossing Hazard Mitigation Grant Application
Mr. Kaspari stated the project maintenance letter needs to be signed to move forward with the Single Line crossing grant application. The District has inspected the single line crossing approximately once every ten years throughout the life of the structure at an estimated cost of \$10,000 per inspection. This means maintenance costs prior to mitigation averaged \$1,000 per year. Future costs after mitigation is estimated at \$250 per year. On motion by Director Rupp, seconded by Director Hecathorn, the board voted 5-0 to submit the Project Maintenance and Project Match Letter. Director Rupp asked if the District has the matching funds available. Mr. Friedenbach said yes. Director Latt inquired if we get the grant, will the pilings be removed and will this disturb the Bay mud. Mr. Kaspari said they would use silt curtains and baffles that will not disturb the mud.
- f) Matthews Dam Spillway Analysis NOI maintenance and match fund commitment letter
Mr. Kaspari went through the items that are listed in the grant for review and/or repair. Mr. Davidson provided additional details. Mr. Friedenbach met with FERC regarding several of the identified issues and asked whether we should pursue hazard mitigation monies for this. Following the meeting, Mr. Friedenbach felt confident FERC understood and supported the District's decision. On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to approve the Match Fund Commitment letter and Project Maintenance Letter.
- g) Axel Property Development
Mr. Kaspari provided an update on the development of the Axel property. The main concern is the District's right of way. Mr. Davidsen expressed concern over the ability to get equipment in and repairs completed in the area due to the fence issues. Mr. Kaspari has requested that the property owners on the other side move the fence back 10 feet. Further Board discussion followed with concerns expressed over liability and requesting the City of Arcata agree to a hold harmless agreement for the District. Staff was asked to draft a letter that encapsulates the District position. Paul Brisso, legal counsel arrived for discussion. and Mr. Friedenbach provided background on the earlier discussion. Mr. Friedenbach suggested we look at a hold harmless or indemnification agreement with the developer and the City of Arcata. Mr. Brisso felt it may be possible to get a hold harmless or indemnification agreement from the developer but doubted the City of Arcata would agree. The Board directed him to draft a letter with input from staff requesting hold harmless and indemnification from the developer since they have infringed upon the District's easement rights on the property and a hold harmless from the City of Arcata since they have allowed the encroachment upon the District's easement rights.



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2. **Financial**

a) **Financial Report**

Ms. Harris provided the July 2018 Financial Report. Director Woo reviewed the bills and stated all looked good. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve the July financial report and vendor statement in the amount of \$296,806,47.

b) **PARS review of 6/30/2018 statement**

Ms. Harris stated the ending balance for the second quarter is \$605,438.75.

3. **Operations**

July Operational Report

Mr. Davidsen provided the July Operational Report. On July 6th the Humboldt County DHHS did their annual Cal-ARP inspection and all went well. On July 10th NCAQMD did their annual inspection of the generators, and mobile diesel equipment. There were no major concerns. On July 17th a maintenance crew went to Ruth to start the demolition of areas needing repairs on the spillway. They were able to complete their final concrete pour on August 15th and it went very well. All spillway work was done in-house. There was an accident with one of the District vehicles when it was hit by a deer, causing significant damage but no injuries, except to the deer. July 31st Staff and Stillwater Science completed the annual dredging of the channel up-stream of PS 6.

Director Fuller asked Mr. Davidsen if he was able to figure out the anomaly in the river flow readings from the previous month. Mr. Davidsen reported that the USGS corrected their readings which was the source of the anomaly.

Mr. Davidsen gave a presentation at an Information Exchange Conference on Maximizing America's alluvial Aquifers. He and Craig Thompson of West Yost Associates presented on Classification of Riverbank Filtration Wells as Groundwater. It was well received. Mr. Friedenbach complemented Mr. Davidsen on his technical expertise and his representation of the District the conference and water community.

Ruth Cabin Remodel: True North Constructors Inc.

Mr. Davidsen reported on the status of the Ruth Cabin remodel. We are waiting for the performance bonds from the contractor. On a motion by Director Latt, seconded by Director Rupp, the Board voted 5-0 to accept the bid from True North Constructors, Inc. for the remodel of the Ruth Cabin.

Surplus for scrap failed TRF 150 hp John Deere 2001 Generator. Model #6068TF150C. SN TO6068T891762

Mr. Davidsen requested the scrap from the failed TRF 150 hp John Deere 2001 Generator, Model #6068TF150C be declared surplus. On a motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to declare the scrap from the failed TRF generator be surplus.

K. **MANAGEMENT**

CSDA

Mr. Friedenbach provided a status report on various "take action" briefs. AB1912 as originally drafted, would have assigned prospective and retroactive joint and several liability to Joint Powers



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Authority (JPA) member agencies with regards to a JPA's pension liabilities. This significant change in law would have resulted in substantial financial reporting issues and may have resulted in the downgrading of credit ratings of JPA member agencies. As amended on the July 3, 2018, the bill now requires apportioned liability of pension obligation be assigned to JPA agencies, and only prior to a JPA dissolving, ceasing operations or terminating its contract with the retirement system. AB1912 still places new liabilities on JPA member agencies, however the amended requirements are more manageable than the original version and helps protect employees from losing their pension if a JPA were to fail.

AB2447 mandates additional CEQA notices and public outreach for projects in disadvantaged communities. CEQA already has strict notification requirements that must be met. AB2447 would implement several new additional requirements that would substantially increase the costs for the lead agency. CSDA opposes the bill. Staff recommends opposing AB2447. The Board concurred.

Prop 5: Base Value Property Tax Portability is being opposed by CSDA. According to the Legislative Analyst's Office, this measure would reduce property tax revenues for special districts and other local governments by \$1 billion annually over the long-term. This would also cost schools an additional \$1 billion annually over the long-term. Staff recommends opposing Prop 5. The Board concurred.

RCEA Solar evaluation and status report

Mr. Friedenbach reported on the solar evaluation of the main office that had been done in participation with RCEA. Mike Avcollie of RCEA was present and went over the change-out of the main office lights. The total cost, after rebate to replace and upgrade the office lighting was \$127. Mr. Avcollie discussed the proposed solar panels on the roof of the main office. Part of the proposal was to include an Electric Vehicle (EV) charger in the parking lot. The Directors asked Mr. Avcollie several questions regarding potential EV charger anticipated level of use, the cost of and time required for a standard full charge, etc. Following discussion of the EV charger install, it was the general consensus of the Board that the EV charger not be included as part of the solar project. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve the installation of a solar facility contingent upon staff resolving the concerns raised about the roof warranty and review of the GEC 1% loan documents and begin to plan for basic design but not approve the EV charging station at this time.

Other items

Mr. Friedenbach reported on his meeting with Assembly Member Jim Wood. They discussed watershed issues, the proposed watershed tax, and rail to trail.

Mr. Friedenbach received an email from Ruth Lake CSD Manager Michael Francesconi regarding a houseboat on Ruth Lake. It had gone through the quagga inspection process but unfortunately no one was aware of the District prohibition of houseboats on the lake. Mr. Francesconi will track down the houseboat owner as he was told he is local, and follow up with him so he understands that it is not permitted.

Mr. Friedenbach stated the North Coast Resource Partnership (NCRP) contracted with Greenway Partners to engage in community outreach to identify potential projects in the Humboldt Bay watershed. It is anticipated that Prop 1 grant money (via the Integrated Regional Water Management Program) will be available in a few years and the NCRP would like to be ready with a list of proposed grant projects.



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L. DIRECTOR REPORTS & DISCUSSION

1. General -comments or reports from Directors

There were no general comments received.

2. ACWA – JPIA

Director Rupp reported there was a meeting of the ACWA Budget Subcommittee of the Finance Committee and there will be no dues increase beyond the 3% scheduled in the multi-year budget plan.

3. ACWA

Update on current issues by Brian Sanders

Brian Sanders, Regional Affairs Representative from ACWA met with the Board. It was an opportunity to meet the Board and give them updates on some of the things ACWA is working on. He went through the list of priority goals for ACWA and highlighted and discussed several. Director Rupp stated he would like to see another Region 1 event held here on the North Coast.

ACWA Fall Conference attendance

On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to approve attendance at the ACWA Fall Conference for Board members and appropriate staff.

4. Organizations on which HBMWD Serves: RCEA, RREDC

RCEA

Director Woo reported on the Off-shore wind project.

RREDC

Director Latt reported on the economic development strategy.

ADJOURNMENT

Meeting adjourned at 5:01 p.m.

Attest:

Sheri Woo, President

Barbara Hecathorn, Assistant Secretary/Treasurer

