



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

October 11, 2018

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. Maintenance Supervisor Ryan Chairez and Regulatory Analyst Samantha Ryan were present for a portion of the meeting. Pat Kaspari of GHD and Legal Counsel Paul Brisso and Ryan Plotz were also present for a portion of the meeting.

B. FLAG SALUTE

President Woo lead 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

The Board requested two changes to the Minutes of September 13, 2018 Regular Board Meeting. One was to correct a misstatement and the other to add clarification. On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to approve the amended minutes of the September 13th Regular Meeting and the September 25, 2018 Special Board Meeting.

E. PUBLIC COMMENT

No public comment was received.

F. CONSENT AGENDA

Director Rupp requested Item 1: Ruth Lake CSD Minutes be pulled. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to accept the agenda less Item 1.

Ruth Lake CSD August 2018 minutes

Director Rupp commented on the Public Comment section of the minutes. He expressed concern regarding the tone of the comment and that Mr. Saunderson feels as if the District is “not saying much”. Director Rupp stated the District has been very transparent. The District has been using the same methodology for years and the data shows the lake levels this year are comparable to last years. He suggested staff provide a presentation to the Ruth Lake CSD Board and the Humboldt CSD Board since Mr. Saunderson is on the board there and they have expressed concern regarding instream flow. Director Latt firmly reiterated the District is very transparent and we need to correct any erroneous contrary thoughts. He added the Humboldt CSD Board seems to be under the impression that the District is releasing “additional flows” with the instream flow option. We are not releasing water at a cost to ratepayers and decisions are not done in secrecy.

Mr. Friedenbach concurred that it could be helpful to provide additional education regarding the District’s established process regarding releases from Ruth Lake. As background, he shared that Mr. Saunderson has expressed concern regarding perceived lower lake levels in bass spawning areas. Staff has explained to him the lake levels are similar to last year, perhaps there is additional sedimentation in the area, but the lake levels are not significantly lower. He stated that Mr. Francesconi (RLCSD) seems open to receiving communication and input. He shared that Mr. Francesconi contacted him on another matter to request input. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 approve Consent Agenda Item 1.



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G. CORRESPONDENCE

Email from USFW re: Dunes Guild

Mr. Friedenbach stated he included the email for informational purposes and it is not listed for any action. He noted that staff received two inquiries regarding the email and one of them provided comment via email that was shared as an addition to the Board packet.

Letter from CDFW re: Ruth Lake Headwaters Restoration Grant

The District received notification that the Ruth Lake Headwater Restoration project would not be receiving funding this grant cycle. Mr. Friedenbach stated the District will resubmit in another grant cycle. He also stated that he met with the new Six Rivers Forest Supervisor, Ted McArthur. One of the topics discussed was the grant, as well as the MOU for water withdrawal from Ruth Lake for fire suppression purposes. The meeting was very productive. Director Fuller suggested staff follow up with CDFW and ask for the scoring information as this might be helpful for the next grant cycle.

Email from CalOES re: NOI for Flood Mitigation Assistance Grant

Mr. Friedenbach shared the notice from CalOES stating the R.W. Matthews Dam Failure Inundation Maps NOI was “determined the NOI did not represent an eligible jurisdiction and/or activity”. He will follow up and ask CalOES why were invited to apply with this project only to be immediately denied. If the DSOD requires the District to update the existing FERC approved inundation maps, it could cost up to \$200,000.

H. CONTINUING BUSINESS

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

Mr. Friedenbach stated there is not much to report out. He shared the article regarding the Sites Reservoir which could potentially have less water at its disposal. This could be a possible opportunity for water transport. Director Rupp concurred and suggested he and Mr. Friedenbach try to meet to discuss opportunities at the ACWA conference.

Cannabis Grows affecting Mad River Watershed

The Board discussed the two articles regarding eradication of illegal cannabis grows in the Mad River Watershed.

The Mad River Policy Committee reported out on their meeting. Attorney Leslie Walker participated in the meeting and provided good input. The committee drafted policy on HBMWD’s Interests and Actions with Respect to Zoning and Land Use Changes that Potentially Affect the Mad River Watershed. The Board discussed the policy and provided suggestions including removing the first set of bulleted points and adding in the last paragraph that the GM will notify the Board President at a minimum. The Board suggested the draft policy be shared with the Municipal Customers to receive their input. Staff will bring the revised policy back to the November Board meeting for possible approval.

Humboldt County Public Hearing re: New Zoning Districts proposed to be added and properties

The new zoning districts for Humboldt County was not discussed at the October 4, 2018 Planning Commission meeting due to lack of time and was continued to October 18, 2018. Mr. Friedenbach shared the letter the District sent expressing concerns. He stated he met with John Ford and John Miller to discuss the concerns as well. He shared the email received from John Ford which shared the proposed changes addressing some of the concerns. It wasn’t exactly what was requested but the changes are acceptable. Mr. Friedenbach requested clarification on proposed County Code section



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314-55.3.4.1 and John Ford clarified that once a cannabis project application is withdrawn, if it is not revised within 180 days it cannot be revived and a new cannabis project application must be submitted and the process begins over again.

I. NEW BUSINESS

Water Loss Audit 2017

Ms. Samantha Ryan, Regulatory Analyst provided the Water Loss Audit report for 2017. She discussed the new process and methods used to determine water loss. The District was able to account for 99.85% of its water. Director Fuller thanked Ms. Ryan for walking them through the report in manner that they could understand. Director Rupp concurred and thanked Ms. Ryan for a great job. Ms. Harris added she was not able to help with the water loss audit and that this was Ms. Ryan's first water loss audit. Ms. Ryan completed the report on her own with some office support assistance. Mr. Friedenbach also commended Ms. Ryan stating she quickly learned and understood the regulations and was able to provide accurate data.

Ms. Harris stated she conducted the Water Loss Audit Validations for the District and four Municipal Customers. The other agencies have an average of 16% loss and we have .15%. President Woo inquired how much time was spent on the validations and if it was worth it. Ms. Harris stated yes, she spent about 60 hours. She needed to create her own forms and report template which accounted for ten of those hours. Next year should be much less time. The Muni customers were appreciative of her validation of their water loss audit reports. Mr. Friedenbach commended her for a job well done.

J. REPORTS (from Staff)

1. Engineering

a) Axel Property Development

Mr. Friedenbach provided the staff report. He noted the two concessions the property owner was willing to make that resulted in a decrease of approximately 2000 square feet to their development. Staff is recommending approval of the revised site plan in light of the concessions which staff believes would provide acceptable access for the District to maintain and repair our pipeline. Staff will continue to work with the City of Arcata to develop a land use policy via ordinance that will address this issue when future developments are proposed adjacent to our pipeline easement in the City of Arcata. He also shared the letter received from the Axel Properties attorney late last night. Superintendent Davidsen discussed the space needed and the equipment required in the event of broken pipeline and why the easement is important. Mr. Kaspari concurred and stated this is true regardless of where the break is, it is not specific to this property. Mr. Davidsen stated that if the Board approves the staff recommendation, he needs assurances that heavy equipment is not on our pipeline during their construction. Members of the public provided comment. Mr. Bryan Gaynor, attorney for Axel Properties stated he wrote the letter to the Board since he feels the accommodations made by his client are reasonable. Ms. Jennifer Dart from the City of Arcata Planning Department spoke and stated she is supportive of the District and Axel Properties coming to an agreement. She noted that the City of Arcata does not have authority to enforce a right-of-way. Ms. Woo asked Ms. Dart if the City of Arcata's Axel Project approval is conditioned upon an agreement between Axel Properties and the District. Ms. Dart responded affirmatively; however Mr. Gaynor stated no in the background. Ms. Stacia Eliason, one of the owners of Axel Properties addressed the Board. She stated she was not aware of the easement in 2016 when the plans were drawn up. She stated she already has tenants with signed leases waiting to move in and feels that Axel Properties has made all the adjustments they can. Director Rupp asked her if she would be willing to submit a letter to the District acknowledging that she is aware of the possible



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damage resulting from a pipeline break due to their proximity on our easement. She stated she was willing to do so. Mr. Gaynor stated he has other consultants ready to speak and set the basis for a legal case. Director Rupp asked him why he felt the need to write a letter regarding legal proceedings when he clearly saw the staff recommendation to accept the revised plan. Mr. Gaynor stated he felt the need for the letter since Mr. Friedenbach would not commit to the Board agreeing with his recommendation, but stated he could not say what the Board would decide. He did state that if a pipeline break were to occur, his clients would do whatever they could to accommodate the repair. It is in their best interest to not have the foundations undermined. Director Latt addressed Ms. Eliason and stated he appreciated her conciliatory tone. His decision will be based on the facts presented by the Superintendent and staff. The Board entered into closed session at 11:30 am. The Board returned to open session at 12:25 pm and stated there was no reportable action. On motion by Director Latt, seconded by Director Rupp, the Board voted 5-0 to approve staff recommendation with reservations that the location of the improvements in proximate location the District's lines creates a significantly greater risk of damage to owner's improvements in the event of a line failure. Approval is conditioned upon owner's acknowledgement and acceptance of this risk in writing.

Director Rupp expressed concerns going forward with similar issues with other developers. The District operated in good faith and protection of our facilities is very important. Director Fuller appreciates staff meeting with the City of Arcata and property owners to reach an acceptable compromise.

- b) 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 progress. Mercer Fraser should be ready to make the final connection next Monday. No water loss is expected with the exception of one house. Full completion of the project is anticipated by the end next week which is good since the grant deadline is November 7, 2018. Mr. Kaspari shared Progress Payment Request 3 in the amount of \$273,743.50 less retention for payment of \$260,056.33.
- c) Surge Tower Replacement (\$239,900 District Match)
Mr. Kaspari stated he anticipates bringing the Categorical Exemption to the Board in November, will request approval to go out for bid in December with actual bid requests occurring in January 2019.
- d) Collector Mainline Redundancy Hazard Mitigation Grants (\$763,000 District Match)
Mr. Kaspari stated there is no news regarding the grant. The District is still on the wait list.
- e) Reservoir Structural Retrofit Hazard Mitigation Grant Application (\$914,250 District Match)
Mr. Kaspari stated there is no news regarding the grant.
- f) Single Line Industrial Slough Crossing Hazard Mitigation Grant Application (\$679,750 District Match)
Cal OES staff indicated they will make grant decisions by end of the week.
- g) Matthews Dam Spillway Analysis Hazard Mitigation Grant Application (\$1,666,667 District Match)



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Cal OES staff indicated they will make grant decisions by end of the week.

h) Essex Emergency Chlorine Scrubber Hazard Mitigation Grant NOI (\$402,000 District Match)

Mr. Kaspari shared information on the RJ-2000 Emergency Chlorine Scrubber. The District submitted on NOI for the project October 5, 2018. This project would provide a redundant level of protection in the event of chlorine leak. The grant request is for \$1.3 million with a District match of \$335, 000. The original match was estimated at \$402,000 but they re-worked the numbers and were able to reduce costs.

i) Lazzar Properties on 27th Street in Arcata

Mr. Friedenbach stated he met with the property owner and discussed the District's easement concerns. The property owner understands the need for an agreement with the District before moving forward with the Arcata Planning department and is honoring the previous agreement with the prior property owners. Mr. Friedenbach will provide a staff report next month.

j) Status report re: other engineering work in progress

Nothing to report.

2. Financial

a) Financial Report

Ms. Harris provided the September financial report. She noted the General Reserves look thin because \$679,000 was paid for the Blue Lake Fieldbrook Water Line Replacement Project. That money will be reimbursed from grant funds once received. Director Rupp reviewed the bills and stated there were no problems. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve the September financial report and vendor statement in the amount of \$638,955.58.

b) PARS Account Report

Ms. Harris shared the PARS report. Returns are around 3% with a balance of \$672,510.47 at the end of August.

c) Staff Demographics

Ms. Harris discussed the demographics report. She noted that she put the report together based on a request by Director Rupp. Using the CalPers retirement eligibility standards, there are currently eight people that are eligible to retire. Director Rupp stated that is 25% of our workforce and points out the urgency for succession planning. Mr. Davidsen noted that three of the positions are operators. An advertisement for a T-3 operator has been in place for three months and no T-3 operators have applied. This is going to be an issue in the not to distant future.

d) SB 998: Discontinuation of Residential Water Service

Ms. Harris discussed SB998 the Discontinuation of Residential Water Service. When originally introduced, the bill included electrical, gas, heat and water. After the first amendment to the bill, only water was left. This will most significantly impact the District with paperwork. There will be new requirements for specific written shut-off policies, procedures and payment alternatives. There will also be modification to the timing of customer notifications. She reviewed the various changes. Although compliance is not



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mandated until February 2020, staff is beginning to incorporate these changes into Ordinance 13, which is currently being revised.

e) RFP re: OPEB-GASB75

Ms. Harris stated the District sent a Request for Proposal (RFP) for a standard OPEB valuation to four agencies. Two agencies, GovInvest Inc, and MacLeod Watts submitted proposals. Staff reviewed the proposals and recommended the Board authorize staff to enter into an engagement agreement with MacLeod Watts for the required computations and disclosures for GASB 75. The Board asked several questions. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve staff recommendation to engage the services of MacLeod Watts.

3. Operations

Mr. Davidsen provided the September Operational Report. Maintenance work was conducted at Ruth and two operators went to Ruth for hydro plant operations training. A leak on a source water line was found on West End Road and staff was able to repair it the following day. A power outage occurred at the Hydro Plant and the TRF. Both outages were caused by a brush fires but generators were used and there were no issues. Training included CPR/AED, Rockwell Training in Sacramento, and Confined Space and Trenching and Shoring training conducted by United Rentals.

Supervisor Presentation on Chlorine System

Maintenance Supervisor Ryan Chairez provided a presentation on the District's Chlorine System. He provided an overview of the chlorination process and equipment, safety equipment used, system maintenance and leak response, including training. The Board asked several questions which Mr. Chairez responded to. Mr. Chairez thanked the Board for supporting the safety culture by budgeting for safety equipment and training. The Board thanked him for the presentation. Mr. Friedenbach stated he scheduled the quarterly supervisor presentations to provide the Board with a level of awareness of what happens during operational and maintenance activities. It also provides the supervisors an opportunity to gain public speaking skills and a platform to share their knowledge. Director Latt stated he appreciates the presentations and it gives the Board an opportunity to get to know the Supervisors better as well.

K. MANAGEMENT

CSDA

Mr. Friedenbach shared the 2018 CSDA Board election results. Ralph Emerson, the general manager of the Garberville Sanitary District is representing the Northern Network.

12kV Project- Engineering Statement of Qualifications (SOQ's)

President Woo recused herself and left the room. Mr. Friedenbach explained that one the SOQ's listed SHN as a subcontractor and President Woo did not want any perceived conflict of interest. He stated the District received two SOQ's, one from Whitchurch Engineering and one from GHD. Whitchurch Engineering listed SHN as a subcontractor. He stated the review panel consisted of himself, Superintendent Davidsen, Ms. Harris, Troy Nicolini of NOAA, and Brian Gerving of the City of Eureka. He discussed the rating process and criteria used to rank the SOQ's. The group unanimously selected GHD as the quality of their responses to the criteria used to rank the responses was much higher than Whitchurch's responses. GHD has been notified and a proposal requested. He stated that GHD does such an excellent job with their SOQ's that he is concerned that other firms may stop submitting SOQ's. He proposes to meet with Whitchurch and review their SOQ and share



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GHD's to help them provide a better SOQ in the future. The Board liked the idea and thanked him for being proactive in helping qualified agencies. Director Woo returned to the boardroom when the discussion was over.

2nd Annual California Water Professionals Appreciation Week, October 6-14, 2018

Mr. Friedenbach stated this is the second annual California Water Professional Appreciation Week. Each employee received a copy of Resolution 2018-06 acknowledging this week along with a cover letter thanking them for their service and dedication to our District.

CLOSED SESSION

The Board entered into closed session at 2:10 pm to discuss the claim against the District by Keith Castonguay. The Board returned to open session at 2:25 pm. The Board voted 5-0 to reject the claim presented by Mr. Castonguay on September 21, 2018.

L. DIRECTOR REPORTS & DISCUSSION

1. General -comments or reports from Directors

Director Rupp attended a Headwaters Fund board meeting and reported out. They will soon be dispersing grant funds.

2. ACWA – JPIA

Mr. Friedenbach stated the District applied for and received a Wellness Grant from JPIA. Employees provided input and agreed gym membership would be great, but grant funds would not cover the cost of one-month membership for each employee. Grant funds were used to purchase a healthy lifestyle cookbook for each employee and Board member. He provided the directors with their cookbook. Director Rupp stated he was pleased to see the District listed on the Wellness Grant list of recipients and acknowledged that it has a lot to do with the General Manager and thanked Mr. Friedenbach.

Director Rupp reported out on three JPIA meetings: Liability, Finance and Employee Benefits. He also attended a CAJPA Conference which was about insurance pools and how they work. He noted that JPIA, not the District, paid for his conference attendance.

3. ACWA

Mr. Friedenbach stated he included the ACWA Advisory for informational purposes only.

4. Organizations on which HBMWD Serves: RCEA, RREDC

Director Woo reported out on her attendance at a Bureau of Ocean Energy Management (BOEM) meeting in Sacramento. She attended the meeting on behalf of RCEA. She and other RCEA members were there to present their offshore wind energy project and why BOEM should select the RCEA project application. BOEM did not make any selection. The RCEA project still has a chance for funding as BOEM is continuing to review applications.

Director Hecathorn reported out on her attendance at the RCEA meeting. She attended as the alternate since President Woo was in Sacramento at the BOEM meeting. It was a short meeting and there was a presentation by Terra-Gen on the Humboldt Wind Project on Monument Ridge. President Woo thanked Director Hecathorn.



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ADJOURNMENT

The meeting adjourned at 4:05 pm.

Attest:

Handwritten signature of Sheri Woo in blue ink.

Sheri Woo, President

Handwritten signature of Bruce Rupp in blue ink.

Bruce Rupp, Secretary/Treasurer