



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

February 08, 2018

A. ROLL CALL

President Woo called the meeting to order at 9:01 am. Director Rupp conducted the roll call. Directors Fuller, Latt, Rupp and Woo were present. Director Hecathorn arrived at 9:40 a.m. General Manager John Friedenbach, Superintendent Dale Davidsen, Business Manager Chris Harris and Board Secretary Sherrie Sobol were also present. John Winzler and Pat Kaspari 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 Fuller, the Board voted 4-0 to accept the agenda.

D. MINUTES

On motion by Director Rupp, seconded by Director Fuller, the Board voted 4-0 to approve the Minutes of the January 11, 2018 Regular Board Meeting and the January 17, 2018 Special Board Meeting.

E. PUBLIC COMMENT

Two members of the public provided comment. Sean McLaughlin stated he is with Access Humboldt and they provide audio and video access to public meetings as well as production needs. He noted the District's Board room is set up well for audio visual communication. He realizes the cost to set up a room for audio visual streaming can be expensive, however he noted that costs have come down in the past few years. He suggested that if other boards or committees use our facilities, perhaps the entities could cost share the expense to have the room set up. Director Rupp stated the Board previously looked at this but the District bears all costs to get the room set up with the technical equipment. The Board could not justify the added ratepayer expense at that time. Mr. McLaughlin reiterated that costs have decreased and will send an estimate for the Board's consideration at a later date.

Elaine Weinreb stated she often uses the archives at Humboldt Access to get information and watch meetings she was not able to attend. She would love to be able to see the Humboldt Bay Municipal Water District meetings as well. She stated she appreciates the District's agenda and board packet being available online.

F. CONSENT AGENDA

Mr. Friedenbach stated Item 1 is listed as discuss. This is an oversight and will not be discussed unless the item is pulled. President Woo requested Item 3 Humboldt Steelhead Expo be pulled.

On motion by Director Rupp, seconded by Director Fuller, the Board voted 4-0 to approve the Consent Agenda, less Item 3.

3. Humboldt Steelhead Expo

President Woo stated she pulled the item to thank Mr. Friedenbach and Ms. Sobol for representing the District at the event. She also acknowledged Director Fuller was there and conducted a tour as a representative of the Blue Lake Rancheria. Director Rupp stated he was there as a visitor and it was a



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wonderful event. President Woo agreed and she also visited the event. Mr. Friedenbach suggested the Board might want to consider helping support the event in the future. This can be discussed during the budget process if there is interest. On motion by Director Fuller, seconded by Director Rupp, the Board voted 4-0 to accept Item F3.

G. CORRESPONDENCE

Humboldt LAFCo request for nominations

Mr. Friedenbach stated LAFCo is requesting nominations for District members to serve on LAFCo. He shared the request for nomination and the forms. Director Rupp stated he served on LAFCo for two years and enjoyed it. He provided some additional background information. He also noted that Troy Nicolini is doing a good job and it would be difficult to run against him. No action was taken.

Lifting emergency request re: Montecito

Mr. Friedenbach shared the notice from ACWA that the emergency request from Montecito Water District for materials needed to repair damaged infrastructure has been fulfilled. He noted that Mr. Davidsen offered some piping, however they declined the offer.

Sonar Estimation of Chinook Salmon

A few years ago, the District entered into a Memorandum of Understanding with the California Department of Fish and Wildlife to allow access to District property and installation of a Didson unit to help estimate the returns of wild adult California Coastal Chinook Salmon to the Mad River during the 2013/14 (pilot year) and 2014/15 seasons. The report on the study is now available and Mr. Friedenbach shared the report with the Board.

H. CONTINUING BUSINESS

Water Resource Planning

Staff is still waiting to hear from the Wildlife Conservation Board regarding the application for instream flow grant funding.

Cannabis Grows

Mr. Friedenbach shared a couple of articles on the environmental impacts from illegal cannabis grows. One article stated a UC Davis study shows that rat poison from illegal cannabis grows is harming the federally endangered northern spotted owl. Seven of the ten northern spotted owls that were found dead in the Emerald Triangle were found to have high levels of rat poison. Rat poison is also linked to the deaths of Pacific fishers in Humboldt County. The Hoopa Valley Tribe and Humboldt State University coauthored the study. The second article noted that pot growers have turned public lands into industrial agricultural sites and the ecosystem effects are alarming. Animals at risk include coho salmon, pacific fishers and spotted owls.

The Board inquired about the status of illegal cannabis grow enforcement on the Mad River. Mr. Friedenbach stated he now has a framework of questions to ask the Department of Fish and Wildlife enforcement unit based on the muni group discussions and he will find out what kind of financial support is needed for additional enforcement. Director Latt stated a proposal needs to be made soon given that the season will soon begin and inquired if Mr. Friedenbach could report back at the March meeting regarding enforcement on the Mad River for water theft and water quality. Mr. Friedenbach stated yes. Director Rupp noted this is a complicated issue and he appreciates the efforts being made.



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Planning Commission Appeal

Director Latt stated he would recuse himself from the discussion, however he had a question regarding the article written by Larry Glass. The third paragraph stated that Jeff Smith, a representative for Mercer Fraser, asserted that heptane and acetone would be stricken from their proposal. Director Latt inquired if the statement was correct. Director Rupp replied that no formal action was taken noting it as a condition of approval. Mr. Friedenbach added the District received the revised permit conditions and that heptane and acetone were not listed as prohibited.

Director Latt recused himself from the Board discussion. He did make a comment as a member of the public. He questioned the premises on which the Planning Commission determined that the cannabis concentration manufacturing project would have no impact to water quality. No EIR was conducted and the impacts of a flood event or delivery accident were not addressed. Director Latt then left the premises.

Director Rupp confirmed that even though the District has property adjacent to the Mercer Fraser property, the District received no written communication regarding the proposed project. Mr. Friedenbach stated this is correct. Director Fuller added the Planning Department also confirmed they have no record of contacting the District. Mr. Friedenbach provided background on a call he received on January 2nd from Supervisor Rex Bohn stating that Mercer Fraser had a development they working on and would be using their own well and using about 240 gallons per day. He asked Mr. Friedenbach how this would impact the District's operations. After consulting with operations staff, Mr. Friedenbach replied this would not impact operations. Mr. Friedenbach stated when the Public notice came out it listed Heavy Industrial activities, use of solvents, etc that were not discussed in the phone call. Additionally, at the Planning Commission meeting on January 11th, Mark Benzinger of Mercer Fraser stated they would be using about 15,000 gallons per day from their well. Mr. Friedenbach noted this is very different from the 240 gallons per day discussed in the phone call from Supervisor Bohn.

Mr. Friedenbach stated the City of Arcata and Eureka and the McKinleyville CSD are supportive of the District's appeal to the Board of Supervisors. He noted that the three municipalities are equivalent to 78% of our ratepayers by water volume. Staff is requesting direction from the Board on how to proceed. President Woo inquired if any members of the public would like to provide comment. Mr. McLaughlin thanked the Board for their focus on water quality. He appreciates the Board staying focused on their mission and feels good knowing they are looking out for us. Ms. Weinreb also thanked the Board for staying on top of the issue. Director Rupp stated he feels strongly the District should stay the course and continue with the appeal. He recently met with Supervisor Bohn and shared the Board's concerns. Directors Fuller, Hecathorn and President Woo also agreed to continue the appeal. President Woo inquired if supporting HBMWD's appeal was on the agenda with the District's other four municipal customers. Mr. Friedenbach stated we are on the agenda with Manila CSD and City of Blue Lake. He will know later today regarding Humboldt CSD and will follow up with Fieldbrook Glendale CSD. The Board directed staff to move ahead with the appeal.

CLOSED SESSION- to discuss potential litigation-pursuant to Section 54956.9 (c) of the Brown Act



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The Board went into Closed Session at 1:45 pm. Director Latt recused himself just prior to the Closed Session and left the premises. The Board returned to open session at 2:30 pm. There was no reportable action. Director Latt returned at 2:37 pm.

CLOSED SESSION- Public Employee Performance Evaluation for General Manager (pursuant to Section 54957(b)(1))

The Board went into Closed Session at 4:05 pm and returned to Open Session at 5:20 pm. President Woo stated that based on the General Manager’s evaluation, the Board would like to provide a merit increase of \$3,000 for a yearly total compensation of \$134,328 effective July 1, 2018. No public comment was received. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve the merit increase.

I. NEW BUSINESS

District Safety Program

Mr. Friedenbach provided background and highlighted the components of the District’s Safety Program. The District pays \$200 incentive to each current full-time employee that has been employed for at least six months and meets criteria to be eligible for the award. The District awards a grand prize of \$500 based on a drawing of all eligible employees. The winner this year was Brian Newell. President Woo presented Mr. Newell with his certificate and grand prize check. Mr. Newell thanked the Board for their support and commitment to safety.

H.R. LaBounty Safety Awards Program

Mr. Friedenbach stated the Maintenance Department submitted a nomination for the H.R. LaBounty Safety Award. The project submitted was Fabrication and Design of a New Pressure Washer Trailer. Mr. Friedenbach noted they submitted the project as team, not as individuals. This emphasizes the team’s commitment to safety. Mr. Davidsen explained the Pressure Washer Trailer conception and design. Director Rupp stated he appreciates staff at the management level being supportive of applying for the award and the maintenance department getting well deserved recognition for their creative, productive efforts.

J. REPORTS (from Staff)

1. Engineering

Collector 1 & 1A Project Completion Report

Mr. Friedenbach shared the Project Completion Report for the Ranney Collectors 1 & 1A Rehabilitation Project. He stated the report was completed by Samantha Ryan, the District’s newest employee. He added that he is very impressed by the quality of her work and she is doing an excellent job.

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

1. Letter from CalOES granting time extension

The District received a letter from CalOES granting an extension of six months. The previous completion date was May 7, 2018. The new completion date is November 7, 2018.

2. Release Project for Bid

* Supporting material included in Director books



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Mr. Kaspari shared the plans and specifications for the project and requested approval of the plans and specs and authorization to go out to bid. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve the plans and specification and go out for bid.

3. Draft Construction Easement

Mr. Friedenbach shared the Agreement and Temporary Construction Easement drafted by legal counsel. He stated he feels the cost of the easement is fair at \$20,000. The breakdown per month is about \$2,500. He also noted the Sundbergs (owners) are in the process of a lot split. On motion by Director Fuller, seconded by Director Hecathorn, the Board voted 5-0 to approve the easement.

4. Annexation by FGCS D of Sundberg property

Mr. Friedenbach stated that the Fieldbrook Glendale CSD and the Sundbergs are going through the LAFCo process to get the Sundberg property annexed to the Fieldbrook Glendale CSD boundary and the District is supportive of this. The Fieldbrook Glendale CSD is conducting a special meeting and Mr. Friedenbach planned on attending to show support if the Board concurred. Director Hecathorn inquired about the size of the parcel possibly being annexed. Mr. Friedenbach stated the parcel is 58 acres. The Board had no concerns with Mr. Friedenbach attending and providing District support.

Surge Tower Replacement/12kV Replacement/Collector Mainline Redundancy Hazard Mitigation Grants

Mr. Kaspari stated FEMA approved Phase II of the Surge Tower. The project is getting closer to being able to go out for bid. The District has until September 2019 to finish the project.

There are no updates on either the 12kV Replacement or the Collector Mainline Redundancy project.

Reservoir Structural Retrofit Hazard Mitigation Grant Notice of Intent (NOI)

Mr. Kaspari stated the NOI was submitted and he received notification that it is a valid project. This means the District has until July to submit a grant application. Director Rupp asked if the odds of the getting the grant are good. Mr. Kaspari stated he couldn't say for sure but the odds have been good lately.

GEI-consider and possibly authorize expenditure for Dam Spillway Analysis

Mr. Friedenbach stated that as previously reported, in response to the spillway failure at Oroville last year, FERC and DSOD are requiring increased scrutiny by dam owners throughout California. The District still needs to complete two additional requirements by FERC: 1) Engineering Geology Review and 2) Focused Spillway Potential Failure Mode Analysis (PFMA). Staff proposes the Geology review be conducted by an experienced geologist engineer from GEI with experience performing these analyses this past year for multiple dams and reporting to FERC. GHD staff will provide technical support and review services. Staff is proposing the focused spillway PFMA be coordinated by our Chief Dam Safety Consultant, Bill Rettberg of GEI. This will include participation by GHD, HBMWD staff, DSOD and FERC.



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Staff requested the Board authorize additions to the current year's project budget for the spillway geologic assessment and spillway probable failure mode analysis in the amount of \$7,000 and \$22,000 respectively which includes fees for both GEI and GHD. Staff also proposed to fund the projects either through the budget re-allocation process at the end of the fiscal year or if needed, by using the Board Designated reserves of the MSRA. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 proceed with and fund the projects per staff recommendations.

Next FEMA HMG NOI possible projects

Mr. Kaspari stated the next round of NOI's is due March 15, 2018 and inquired what project(s) the Board would like to submit. Mr. Friedenbach added it is not a large cost to submit an NOI and we can always decide later if we choose not to apply for the grant. The Board discussed several options and decided to submit the Single Pipeline Slough Crossing project.

2. **Financial**

Financial Report

Ms. Harris presented the financial report. She highlighted the income from ReMAT shows \$88,000 so far, however it does not include January and February which brings the total to \$135,000. The office building maintenance costs have increased. This is due to additional security measures, replacement of a vandalized window and repair of the corner bench. The vendor expense report shows a fifty percent payment to Casselle, the new accounting and utility software. The target date for switching to the new software is July 1, 2018. Director Latt reviewed bills and was surprised by a \$60,000 engineering bill. He stated that lawyers bill in tenths of an hour and inquired if the engineers could do the same. Ms. Harris said she thought she saw billings on the quarter and half hour. President Woo stated we are paying a premium but the trade-off is consistency. Director Latt agreed that continuity and historical knowledge is important and they are very good engineers, but it is okay to ask about billing. Ms. Harris noted that the \$60,000 bill is grant related and \$53,000 will be grant reimbursable. Mr. Friedenbach added that sometimes, work is done on a "promo" basis and the District is not charged. After additional discussion, staff was directed to inquire about a negotiated rate with GHD. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 approve the January financial statement and vendor detail report in the amount of \$272,887.29.

Investment Policy, Resolution 2018-02 and PARS Agreement

Last month the Board approved establishing an irrevocable trust fund to be administered by Public Agency Retirement Services (PARS). This trust is for the purpose of restricting and dedicating District funds to pre-fund the CalPERS Unfunded Pension Liability. In order to establish and implement this trust fund, additional steps are required.

Investment Policy

Ms. Harris stated the current Investment Policy does not allow the District to utilize investment accounts other than the County Investment Fund or Local Agency Investment Funds (LAIF). To resolve this, the Investment Policy must be revised to add the option to invest in an irrevocable, tax exempt IRC Section 115 Trust Account for the purpose of pre-funding the CalPERS Unfunded Pension Liability. She shared the revised Investment Policy. On motion by Director Latt, seconded by Director Rupp, the Board voted 5-0 to approve the revised Statement of Investment Policy.



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Resolution 2018-02 Approving the Adoption of the Public Agencies Post-Employment Benefits Trust Administered by Public Agency Retirement Services (PARS)

Ms. Harris stated PARS requires a Board Resolution naming a Plan Administrator who will be authorized to execute the PARS legal and administrative documents on behalf of the District. She shared Resolution 2018-02. The Board discussed the resolution and suggested some changes. Item 2 under Now Therefore, Be It Resolved was changed to replace “his/her successor or his/her designee” with Business Manager. Director Rupp read the resolution and the Board voted 5-0 by roll call vote to approve Resolution 2018-02 Approving the Adoption of the Public Agencies Post-Employment Benefits Trust Administered by Public Agency Retirement Services (PARS).

PARS Agreement

Once the Plan Administrator is selected, the Agreement for Administrative Services between the District and PARS must be completed and signed. Ms. Harris shared a draft agreement for the Board’s review. After discussion, the Board requested the agreement come back next month when they have an opportunity to discuss options with an investment advisor.

3. Operations

Mr. Davidsen provided the January Operational Report. Staff conducted the DOT required 90 Day truck inspections. Several staff attended a presentation on drone use sponsored by the ASCE and SHN. Training webinars attended included an educational webinar on the Oroville Dam failure findings and lead testing at schools. The Oroville Dam webinar stressed the importance of proper inspections and dam maintenance. In regards to the lead testing in schools, the District does not have lead service lines but staff is coordinating with two schools to perform the required testing. Mr. Davidsen took algae samples from Ruth Lake and sent them to a state certified lab for analysis. Tests showed no toxin genes, but will require monitoring in the future. The January safety meeting covered topics on the WIIPP, EAP flow charts, general emergency response expectations and also included a review of the new employee handbooks. Mr. Davidsen also reviewed the status of current projects including the Collector 2 transformer. The current plan is to rebuild the transformer. This would come with a three year warranty and it would be copper wound.

Surplus Items

Mr. Davidsen stated staff would like to have the following items declared surplus: 1994 Ford F350; 6’ Barnes Pump; and Shop Parts washer. The Ford F350 will be sold as is for parts only due to the cost of repairs needed. On motion by Director Hecathorn, seconded by Directors Rupp, the Board voted 5-0 to approve the items as surplus.

K. MANAGEMENT

CSDA – December 4, 2017 Minutes

Mr. Friedenbach shared the minutes of the December meeting. He stated the Bylaws were approved and officers nominated/selected. He noted that Greg Orsini of McKinleyville CSD is the president of the local chapter and the State. The local chapter will meet in even-numbered months.

NCRP

Mr. Friedenbach reported out on the January 19 meeting. He stated there was an interesting presentation on fire resiliency. Sonoma County Water Agency staff couldn’t get through during the fires as their vehicles were not marked as emergency vehicles. Mr. Friedenbach shared the magnetic



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vehicle signs with District Logo and name, clearly stating “Emergency Vehicle”. These will only be used in the event of an emergency.

Mission Statement format

Mr. Friedenbach shared 5 formats for the District Mission Statement. After much discussion, the Board concurred on format #1 as the preferred format.

L. DIRECTOR REPORTS & DISCUSSION

1. General

Director Hecathorn stated she attended a Eureka City Council meeting and much of the discussion was regarding discarded needles. This is becoming a larger problem. Director Rupp added that Humboldt County has the highest addition rate and overdose rate per capita in California, yet there is no treatment facility in Eureka.

2. ACWA – JPIA

Director Rupp reported out on his attendance at a Property Committee meeting and Executive Committee meeting on January 30th. JPIA has a new excess insurance provider and flood, dam and earthquake insurance are now included. He will be attending another meeting at the end of the month and noted that expenses for attending the meetings is covered by the JPIA not the District.

3. ACWA

ACWA/JPIA Spring Conference

On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve attendance at the ACWA/JPIA Spring Conference by the Board and appropriate staff (as designated by the General Manager).

Resolution 2018-01 Approving the Nomination of J. Bruce Rupp for ACWA Region 1 Board
 Director Rupp read Resolution 2018-01. The Board voted 5-0 by roll call vote to approve Resolution 2018-01 Approving the Nomination of J. Bruce Rupp for ACWA Region 1 Board.

Budget Trailer Bill related to SB623

Director Rupp commented on the ACWA news article, Drinking Water Tax Proposal: Gov. Brown’s Budget Signals Budget Trailer Bill to Advance SB 623-Like Framework. He stated the District should do all we can to oppose it. We should also communicate our concerns to our customers as well as this is a regressive tax and affects the poorest. Not only will ratepayers have to pay more, but agencies will be responsible for collecting the tax. He is pleased that ACWA opposes this and is providing an alternative source. Mr. Friedenbach stated the purpose of the bill is to help disadvantaged communities which most will agree is good. Funds for this should come from the State General Fund and not a water tax. Director Latt inquired where Senator Mike McGuire and Assemblymember Jim Wood stood on the issue.

4. Organizations on which HBMWD Serves: RCEA, RREDC

President Woo reported out on the RCEA meeting. Offshore wind energy is the big topic now.

Director Latt reported out on the RREDC meeting. There was no presentation, however they did elect officers. He provided a member report stating that the HBMWD Board voted to appeal the Planning Commission recommendation on the zoning change and conditional use permit for the Mercer Fraser property. Director Rupp added that through Gregg Foster’s efforts, Humboldt



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County is getting a direct flight to Los Angeles beginning in June. Director Hecathorn added she is glad Director Latt is on the RREDC Board. She feels the District is well represented.

ADJOURNMENT

The meeting adjourned at 5:24 pm.

Attest:

Handwritten signature of Sheri Woo in black ink.

Sheri Woo, President

Handwritten signature of J. Bruce Rupp in black ink.

J. Bruce Rupp, Secretary/Treasurer

