



HUMBOLDT BAY MUNICIPAL WATER DISTRICT

828 7th Street, Eureka



Minutes for Meeting of Board of Directors

January 14, 2010

A. ROLL CALL

Director Sopoci-Belknap called the meeting to order at 9:00 am. Directors Hecathorn, Laird, Prucha, Rupp and Sopoci-Belknap were present. General Manager Carol Rische, Superintendent Barry Van Sickle and Board Secretary Sherrie Sobol were present. David Martinek of Dun and Martinek, Bob Simpson of Freshwater Tissue Company, and Bill Thorington were present for a portion of the meeting. Business Manager John Palmquist of HBMWD was also present for a portion of the meeting.

B. FLAG SALUTE

Director Sopoci-Belknap led the flag salute.

C. MINUTES

Director Laird requested one sentence be stricken under the Directors section. On motion by Director Laird, seconded by Director Hecathorn, the Board voted 5-0 to approve the minutes as amended.

D. PUBLIC COMMENT

No public comment was received.

E. CONSENT AGENDA

Director Hecathorn requested that Item 6: Certificates from ACWA-JPIA re: accomplishments in Workers' Comp, Liability and Property insurance programs be pulled. On motion by Director Hecathorn, seconded by Director Laird, the Board voted 5-0 to approve the Consent Agenda, less Item 6.

Director Hecathorn stated she pulled Item 6, ACWA-JPIA President's Special Recognition Awards, to bring attention to the fact that the District is run very well and to give accolades to the staff for a job well done. The Board echoed the sentiment. On motion by Director Laird, seconded by Director Prucha, the Board voted 5-0 to approve Item 6.

F. CORRESPONDENCE

1. Letters to National Marine Fisheries Service (NMFS) and Army Corps of Engineers (ACoE) re: permit renewal process for routine activities and consultation process

Ms. Rische provided background on the status of the ACoE permit renewal process for routine work at Ruth and Essex. She explained that the process to renew the permits, which expired December 31, 2009 has been ongoing for about eight months, however, an issue surfaced in late December. She explained the relationship between the Habitat Conservation Plan (HCP) and the required consultation process between the ACoE and National Marine Fisheries Service (NMFS) given the HCP and associated Implementation Agreement. When the District's HCP and the resulting Biological Opinion (BO) prepared by NMFS were completed, the Biological Opinion did not address critical habitat for Chinook and Steelhead since the Critical Habitat Designation, a requirement of the ESA, was not done at that time. As a result, the permit renewal process has been held up. NMFS has not been able to complete its "consultation" to the ACoE based on the HCP and associated BO (as is required by the Implementation Agreement). Based on a meeting with ACoE and NMFS personnel, NMFS determined



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the permit for Ruth will proceed, however the Essex permit will now require additional work. NMFS has committed to complete its consultation in a timely manner such that the District has its ACoE permit in place by May or June when work in the river is necessary. Additionally, NMFS committed to update the BO to address the Critical Habitat Designation for Chinook and Steelhead.

2. Notice from ACWA re: Environmental Working Group's tap water data base
Ms. Rische stated she first heard of the Environmental Working Group (EWG) database several months ago. Over the holidays, Director Laird brought it to her attention again. The New York Times ran an article on "toxic waters" and safe drinking water was mentioned. The EWG has an on-line database which was shared with the NY Times. This database is not completely accurate and is structured in a way which can be confusing to the general public. Various water agencies, including many ACWA members, have also raised concerns about the data used in the report which resulted in an ACWA Advisory being issued on the matter. Director Laird received an inquiry regarding whether a certain constituent (radon) was in the water. After reviewing the EWG's report, it is believed that the constituent in question is actually radium, a naturally occurring element, and not radon. The District did have a positive result for radium in 2005 however, it was well below the drinking water regulatory standard (MCL) and was not in the Consumer Confidence report since it was below the Detection Level for Reporting. Ms. Rische stated it is very important for the Directors to understand the difference between regulatory requirements and public health goals (PHG), and she provided background on that. Regulatory standards take into account the PHG, the ability to measure for the constituent, and costs. The District is in full compliance with the regulatory standards (per Title 22 of the California Code of Regulations for drinking water). Ms. Rische stressed the importance of providing high quality drinking water to the public and informing them if there are issues and the Federal and State regulatory process are designed to accomplish just that. Given the importance of the issue, Ms. Rische asked Tony Weidemann, Klamath District Sanitary Engineer, California Department of Public Health, to provide a briefing to the Board later this year on California's safe drinking water regulations and program.

G. CONTINUING BUSINESS

1. Wholesale Water Service (Industrial Customer)
Ms. Rische stated she spoke with Bob Simpson of Freshwater Tissue Company (FTC) on January 4, 2010 and he confirmed the offer FTC had received to purchase their operating assets has been terminated and FTC is concentrating on starting the mill. This was followed up by letter from FTC confirming the information conveyed telephonically. Ms. Rische also stated an email was received from Mr. Simpson on January 6th which served as FTC's response to the District's letter of December 10th. The email stated that FTC accepts the terms outlined in the letter and that Mr. Simpson looked forward to meeting with the negotiating committee. Mr. Simpson was present at the Board meeting and reaffirmed that FTC is focused on re-starting the mill. He stated that since the phone conversation, he has met with the Regional Water Quality Control Board and by the end of the meeting, left on a positive note. Director Rupp said he was glad to hear that and Director Hecathorn stated she is looking forward to negotiating with FTC and the mill start up.



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2. Water Resource Planning

Ms. Rische summarized the agenda for the upcoming Water Workshop and asked the Directors to be table hosts and briefly discussed their roles. Director Prucha requested additional options for the public to provide input. Ms. Rische responded that there are several avenues for public input in addition to the Workshop. On February 1st, there will be two public meetings, and opportunities to provide input are also available on the District website via a dedicated email [wrрпиinput@hbmwd.com](mailto:wрпиinput@hbmwd.com). For Workshop participants, there is a form in the packet as well. Director Prucha expressed concern for Workshop participants who were not able to stay all day and provide input at the end of the day. Ms. Rische responded that input forms would be available at the check in desk the day of the Workshop.

Ms. Rische also noted that donations and grants specifically for the Workshop have been provided by the Headwaters Mini-Grant Fund, Dun & Martinek, Winzler & Kelly and Downey Brand. Director Sopoci-Belknap thanked Director Prucha for submitting a grant request to the Andree Wagner Trust Fund. Although a grant was not received from them, she appreciated the effort put forth by Director Prucha.

Ms. Rische discussed the Joint meeting of the Board and Advisory Committee that is scheduled for January 20th with David Aladjem and Paula Whealen and requested input on the agenda for the meeting. Since Mr. Aladjem and Ms. Whealen were going to be here for the workshop, it made sense to have a joint meeting and utilize the opportunity to ask additional questions of the two of them.

Director Sopoci-Belknap discussed the upcoming February 1st Public Meetings. There are two sessions this day and they are geared toward those who were not able to attend the workshop. She inquired if any of the Directors would like to participate in the presentation of the meeting. Directors Hecathorn and Prucha indicated they would.

Director Prucha stated she read the notes from the last Advisory Committee meeting and saw that the committee decided not to make their meetings public. She stated that this decision may be seen as less than transparent, and is concerned with the potential negative consequences. Director Hecathorn stated that she feels the District has gone above and beyond in providing opportunity for public input. Director Laird agreed and stated that the actual decision making process is done by the Board in a public setting. Mr. Thorington, of the Advisory Committee, stated there are thirteen opportunities for public input via meetings alone. The Advisory Committee needs time to digest the input received from the meetings and develop work products. This is done during their working meetings. Director Rupp added that the Advisory Committee is a diverse group and that all work is done by consensus. The public is not shut out, they provide the input and meeting notes are available.

3. California's Legislative Water Package

Director Laird discussed the 2009 Comprehensive Water Package and specifically the legislative mandated 20% water conservation requirement by 2020. He expressed concern on how the District and its Municipalities could realistically do this.

Director Laird stated that in March, the governor is expecting full support of the water package. As an ACWA Board member, he will have to vote to support this or not. He asked the Board to consider where they stand on the issue as a Board: do they support,



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oppose or remain silent on the issue. He is very aware that he has a role as an ACWA Board member and a role as Board member representing the District. Director Rupp said the Board could make a policy decision to remain neutral and release Director Laird to make his own statement as an ACWA Board Member. Director Laird stated this is why he's bringing the issue up now, to allow the Board to start thinking about their stance on the issue. He requested the item be placed on the agenda for consideration at the March meeting. Director Rupp asked Mr. Rische to check with local ACWA members and get their input as well.

I. REPORTS from Staff and Board

Legal

- a) Industrial System – initial research on potential obligations if industrial service does not commence

Mr. Martinek provided a verbal report regarding the District's obligations if the District abandons the industrial system. He did not find any glaring concerns and stated an EIR would most likely be required per CEQA. Also, the District would need to address any health or safety concerns if the system is abandoned. Ms. Rische said she was not planning on asking Mr. Martinek to do further research at this time unless the Board requests it. No request was made.

- b) Tolling Agreement

Mr. Martinek provided a brief background on the tolling agreement. In December 2004, a tolling agreement was entered into between the District and two neighbors who reside on West End Road near Essex (Marco Katz, Elizabeth Boon, David Navarre and Stacey Navarre). This was done to prevent a private nuisance lawsuit with the neighbors which centered around the District's use of an emergency power generator. Since then, Katz and Boone sold their home. Mr. Martinek stated the agreement does not transfer to new owners. The claim is personable to the four plaintiffs, not the house. This issue was discussed at the July 10, 2008 Board meeting at which time, it was recommended the issue be revisited in 18-24 months now which is why this is back before the Board. In the past, the generator was run as a cost-saving measure during PG&E's peak summer rates. In the time since the suit was filed, new regulations were implemented by the California Air Resource Board, which required installation of a diesel particulate filter to run during the peak summer months and the cost of diesel fuel also increased, affecting the economic value of running the generator. The generator is currently used only during emergencies as a backup. Given that one of the plaintiff parties has moved and the fact that the generator is for emergencies, Mr. Martinek stated that no action is needed.

Financial

Director Hecathorn provided the December 2009 financial report. Director Prucha reviewed the vendor statements and stated there was lots of supporting documentation and she had no questions. On motion by Director Rupp, seconded by Director Prucha, the Board voted 5-0 to approve the December financial report and the vendor statements in the amount of \$249,691.16.



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Operations

Mr. Van Sickle stated that communications with employees after the earthquake was great. The maintenance supervisor came in along with other staff and began checking the system. All the chlorine systems checked out fine and the rest of the system seemed in order, however, it may take a few weeks for issues to manifest (such as leaks). There were lots of staff working on Sunday to check most of the system and he was very pleased with past training-it showed during the event. Staff knew what to do and the situation was well controlled. Mr. Van Sickle then provided the December operational report. He noted that Ruth maintenance projects have been intensive in 2009 and that some staff spent nearly a month away from home due to maintenance, the log boom, Pickets Peak and the hydraulic slide gate at Ruth.

Management

Ms. Rische stated her January meeting with the State Water Board to discuss permitting had to be rescheduled and a new meeting time is to be determined.

ACWA

Director Laird said he will be participating in an ACWA regional conference call on his first day of vacation. Also, the new ACWA President is Paul Kelly from the Sonoma County Water District. This is the first time someone from Region 1 has been President.

RREDC

Director Rupp reported there was no regular meeting, however, he did participate in an executive meeting and discussed loans. The next regular meeting is scheduled for January 25 and he will be talking about the WRP process with them.

RCEA

Director Hecathorn stated there was no meeting in December.

J. Closed Session

On motion by Director Rupp, seconded by Director Laird, the Board voted 5-0 to go into Closed Session to discuss Public employee performance evaluation for the District's General Manager (pursuant to Section 54957 of Brown Act).

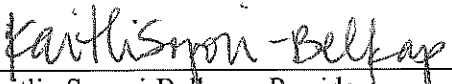
K. Open Session

No reportable action.

ADJOURNMENT

The meeting adjourned at 3:30 pm.

Attest:


Kaitlin Sopoci-Belknap, President


Barbara Hecathorn, Secretary/Treasurer