



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

July 12, 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 and Woo were present. Director Hecathorn was absent. Director Fuller left the meeting at 2:10 pm. General Manager John Friedenbach, Superintendent Dale Davidsen, Business Manager Chris Harris and Board Secretary Sherrie Sobol were present. Pat Kaspari, John Winzler and Nathan Stevens 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**

Under the Ralph M. Brown Act, a legitimate immediate need can be acted upon even though it is not on the posted agenda. The Board must determine that there is an immediate need to take action and the need arose after the agenda was posted. Under the Ralph M. Brown Act, in order to add a qualified item to the agenda, it must be publicly identified so that interested members of the public can monitor or participate in the consideration of the item in question. Also, the Board must agree by consensus to discuss the item.

Based on the above-mentioned criteria, Mr. Friedenbach stated he would like the Board to consider an addition to the agenda under Operations. Yesterday, Mr. Davidsen received a bid for the Ruth Cabin Remodel that requires Board approval and cannot wait until the August meeting. The Board agreed by consensus to add the item to the agenda. On motion by Director Rupp, seconded by Director Latt, the Board voted 4-0 to accept the agenda as modified.

D. **MINUTES**

Minutes of June 8, 2018 Special Board Meeting and June 14, 2018 Regular Board Meeting

On motion by Rupp, seconded by Director Fuller, the Board voted 4-0 to accept the minutes of the June 8, 2018 and June 14, 2018 Board meetings.

E. **PUBLIC COMMENT**

There was no public comment.

F. **CONSENT AGENDA**

President Woo requested Item 1 be pulled. On motion by Director Rupp, seconded by Director Fuller, the Board voted 4-0 to accept the Consent Agenda less Item 1.

Item 1 Letter from District to Ruth Lake CSD re: quagga article

President Woo stated she sent the letter to Ruth Lake CSD based on previous discussion to keep communication lines open and keep them informed on topics of mutual interest. After brief discussion, the Board requested staff look into costs of mussel dog services to assist with the quagga inspections at Ruth Lake.

G. **CORRESPONDENCE**

Letter from Humboldt LAFCo re: Election Results-Special District Appointment to Humboldt County Consolidated Redevelopment Agency (RDA) Oversight Board

Mr. Friedenbach shared the letter from LAFCo announcing the election results with Director Rupp winning the election. Board and staff congratulated Director Rupp.



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Letter from District to LAFCo re: Proposed Langlois Lane Annexation

Last month, the Board discussed the response to LAFCo regarding the Langlois Lane Annexation. Mr. Friedenbach shared the resulting letter sent to LAFCo.

Letter from District to OAL Reference Attorney re: proposed Dam Inundation Map regulations

DWR requested comments prior to their adoption of the proposed Dam Inundation Map regulation. Mr. Friedenbach shared the District's comment letter noting that we are regulated by FERC and already have approved inundation maps in place with our Emergency Action Plan to FERC. The letters note that regulations on inundation maps for FERC and DWR are similar but not identical, however none of the differences materially affect the implementation of the Emergency Action Plan or the response of emergency personnel. The proposed requirement by DWR to revise existing inundation maps is overly burdensome, unnecessarily redundant and costly for dam owners with existing FERC compliant inundation maps.

2017 Quagga Inspection Report from Ruth Lake CSD

Mr. Friedenbach stated the report is for the 2017 calendar year. We normally receive the report in January and discuss it at our Joint Board Meeting with Ruth Lake CSD. Given the management changes, we did not receive it until after the joint meeting. Director Fuller inquired how this report compared to previous ones and Ms. Harris provided a graph noting the differences. The Board expressed concerns regarding the thoroughness of inspections based on feedback from recent boaters at the lake. They suggested sending a letter to Ruth Lake CSD expressing concerns and offering a refresher course on the Quagga Inspection process.

H. CONTINUING BUSINESS

Water Resource Planning

Mr. Friedenbach stated there is not much to report. He signed the grant agreement for the instream flow project and is waiting for the executed agreement and notice to proceed. Once the notice to proceed is received, a meeting will be scheduled with the grant partners to discuss next steps. Later in the afternoon, he received the finalized agreement and notice to proceed.

Cannabis Grows affecting Mad River Watershed

The County is now allowing hoop houses in the flood plain. They are supposed to be temporary from April to October. The Board and staff expressed concern regarding follow up and enforcement of regulations.

RCEA Public Agency Solar Program

As previously noted, the District is participating in the program. Data is still being gathered to complete a feasibility study. Mr. Friedenbach stated he will bring the study to the Board once he receives it. He also shared the names of several other public agencies participating in the program.

I. NEW BUSINESS

NCRP Prop 1

Mr. Friedenbach stated the next round of solicitations will be out in early 2019 and due to the DWR in April 2019. He suggested the District request a grant for Collector 2 rehabilitation, however package it differently from previous grants. The Board liked the idea of the project and new approach.

Agreement with City of Arcata re: meters on District lines

Ms. Harris stated that a new project on Alder Grove Road in Arcata is requiring the installation of



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a fire water service line. The City of Arcata has asked to connect the new fire water service line directly to the District’s transmission line. She provided background on three other meters that were installed on West End Road in the 1970’s that connected directly to District lines. In the past, it was clearly documented that the City of Arcata is the entity selling water to the facilities and providing the billing. The District only reads the meters. Staff has discussed the new request and is supportive. The District would include any water consumption on the monthly wholesale invoice, and the City of Arcata would again be responsible for billing the customer for the additional fire line service. Management staff is also supportive of the City of Arcata completing the required work with District staff onsite to observe. Staff requests permission to draft an agreement to be reviewed by the District’s legal counsel outlining the District’s position for the meters on the HBMWD lines. The agreement will note any water usage through the meters with the monthly wholesale invoice for the City of Arcata, as well as give the responsibility of billing the retail customers to the City of Arcata. Once drafted and reviewed, staff requests approval to enter into an agreement with the City of Arcata. The Board concurred and directed staff to enter an agreement with the City of Arcata for the new fire service water line.

Conflict of Interest “no amendment required” filing

Ms. Harris stated the Conflict of Interest Code is reviewed biennially to determine if the code is accurate and meets all current requirements. Staff reviewed the Fair Political Practices Commission website for new releases or changes to our code as amended on August 2014. At this time, there are no recommendations for amendments. Staff recommends the Board approve the District’s 2018 Local Agency Biennial Notice with a response of no amendment is required. On motion by Director Fuller, seconded by Director Latt, the Board voted 4-0 file a notice of no amendment required.

J. REPORTS (from Staff)

1. Engineering

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

Staff received an updated construction schedule. The drilling contractor will be starting a few weeks late due to problems on other job. This means the valve replacement and shut down will now occur in early September. Customers will receive written communication as well a phone call prior to the shutdown. Mr. Kaspari stated the letter to County certifying the CEQA document was sent out for the Prop 84 grant.

Surge Tower Replacement

Mr. Kaspari stated there’s not much to discuss. Staff submitted the latest quarterly report and the project must be completed by the end of 2019.

12kV Replacement

Mr. Kaspari stated that CEQA on this project will likely be a Negative Declaration. Mr. Friedenbach provided background on the negotiations with North Coast Rail Authority for the lease of their property for the 12kV Switch Gear sight which is out of the flood plain. A new license agreement was drafted for a term of 50 years. This is much better than the previous version with 30 years. Also, the previous termination time frame was a notice of 6 months. The new notification period is 60 months. Legal Counsel Paul Brisso was present for the discussion given the legal agreement and the recent proposed legislation SB 1029 Sponsored by Senator Mike McGuire. SB 1029 proposes to abolish the NCRA and replace it with the Sonoma-Marine Area Rail Transit District (SMART) and the Great Redwood Trail Agency (GRTA). GRTA would receive the “rights, privileges, and responsibilities, excluding any



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preexisting liability related to debt, litigation, or contractual obligations, related to its [NCRA] right-of-way north of mile post 142.5". President Woo inquired what becomes of our agreement with NCRA if the legislation goes through. Mr. Brisso stated the agreement would be binding on the successor agency so it would still be valid. Staff recommended approving the revised agreement with NCRA. The Board expressed concern regarding the "landlord" agency not extending the license agreement after 50 years. Mr. Brisso stated the District could potentially exercise eminent domain. It is a different legal test versus a private individual. When one public entity is trying to get property from another public entity, we would need to prove that our need, the ability to provided clean, reliable water, is greater than the other public purpose. Director Latt concurred. On motion by Director Rupp, seconded by Director Fuller, the Board voted 4-0 to approve the revised NCRA agreement.

Collector Mainline Redundancy Hazard Mitigation Grants

Mr. Kaspari stated the grant application was submitted and we are awaiting a response.

Reservoir Structural Retrofit Hazard Mitigation Grant Application

Mr. Kaspari stated this grant application was submitted by the July 1 deadline. There was a change in the Local Match Fund Commitment Letter. The original grant was in the amount of \$2,686,500. The correction version that was sent in with the application is for \$2,742,750. The match amount increased by \$18,750 from \$895,500 to \$914,250. He apologized for not getting an accurate letter to the Board the first time.

Single Line Industrial Slough Crossing Hazard Mitigation Grant Application

The grant application for this project is due September 1st and staff is working on it.

Matthews Dam Spillway Analysis NOI

There is nothing to report as CalOES has not yet responded.

Axel Property Development

Mr. Friedenbach shared the letter to the City of Arcata Community Development Department continuing to oppose the Axel development as proposed. The District continues to oppose the project because the buildings are up against our easement. The easements are in place to allow the District access to the water line in case of emergency or repairs. As designed, if the District needs to access the water line, their buildings could be potentially taken down to allow the necessary access. John Winzler concurred and added that he has concerns regarding construction of the buildings on the property. Given the close proximity to the District's water line, if heavy equipment is on our easement, it could cause the line to collapse. Based on the design drawings, they will have to be on the District's easement to construct. Mr. Friedenbach stated he suggested all parties meet to discuss the concerns and the meeting is scheduled for the 27th of this month. Legal Counsel Paul Brisso and District Engineer Pat Kaspari will be attending as well.

2. **Financial**

Financial Report

Ms. Harris provided the June 2018 financial report. She provided a revised Statement of Fund Balances which reflects the current balance at the end of the fiscal year since all the numbers are in. Director Latt reviewed the bills and stated all looked good. He did request additional documentation on one of the bills which was provided to him. On motion by Director Rupp, seconded by Director Latt, the Board voted 4-0 to approve the June financial report and vendor statement in the amount of \$319,349.83.



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FY 2018/19 Budget – presentation of proposed total budget and revenue estimates

Ms. Harris provided a quick recap of the proposed budget. There are no changes except for the Employee Benefits portion of the budget. Staff recently learned from JPIA that there will be no increases to health insurance rates. As a result, the employee benefits budget was reduced by approximately \$17,000. This results in a corresponding reduction in charges to wholesale customers. Staff is also recommending a 3% COLA. On motion by Director Rupp, seconded by Director Fuller, the Board voted 4-0 to approve the 2018/19 budget as proposed with a 3% COLA.

Letter from County Treasurer summarizing interest earned report for quarter ending March 2018

Ms. Harris reviewed the Interest Apportionment Rate letter from the County. During the quarter ending March 2018, District funds in the County Treasury earning an annualized interest rate of 1.5% compared to LAIF which earned 1.51%.

Water Loss Audit Reports and Validation

Ms. Harris stated that since Governor Brown declared a “State of Emergency-Drought” on January 17, 2014, there has been an increase in legislative and regulatory items that have impacted water use and reporting in California. One area, water conservation by means of identification and reduction of both real and apparent water losses through urban water distribution systems has become a major focus to improve the efficiency of the state’s water systems. Beginning with this year’s Water Loss Audit Report due on October 1, 2018, all agencies that are required to complete this report have the additional requirement of having it reviewed and validated by a third-party Water Loss Audit Validator. This new third-party validation directly impacts the District and four of the seven Municipalities the District provides water service to. The American Water Works Association (AWWA) is tasked with certifying Water Loss Audit Validators on behalf of the SWRCB. Certification requires familiarity with the Water Loss Audit Reporting software, the components required to complete the audit, as well as completion of required validation training and certification exam. Ms. Harris attended the two-day training and stated it was one of the more difficult exams she has taken, but she is now an official certified Water Loss Audit Validator. She is currently one of only 66 certified Water Loss Audit Validators in California. The Board and staff congratulated Ms. Harris on her accomplishment.

Ms. Harris thanked the Board and stated that with this certification, there is also the potential to validate other municipalities. Revenue (if any) generated from this service would be refunded to the District’s Municipal Customers via Price Factor 2 reconciliation at the end of the year. Staff shared with the Board four options for providing validator services. After discussion, staff and Board concurred that Ms. Harris would only validate other agencies currently being serviced by the District, time allowing, at no charge, based on the PF2 reconciliation. Director Latt suggested an MOU and one year trial on the process.

3. Operations

June Operational Report

Mr. Davidsen provided the June Operational Report. Mr. Dean Adams of the Humboldt County Hazardous Materials Unit conducted an inspection of the Essex facility. He found everything in good order and there were no violations. The rebuilt transformer was installed in Collector 2, the log boom and spillway at Ruth were inspected and there were no issues. Staff attended a variety of trainings including: Water Systems Security, Forklift Safety and practical test were conducted



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at the Safety Meeting, and First Aid/CPR/AED training also took place. Mr. Davidsen reported out on his attendance at the AWWA annual conference where he was a co-presenter along with Henry Hunt. They discussed the Ranney well lateral replacement. Mr. Hunt used the District's Collector 1-1A rehabilitation project as his presentation project. Mr. Davidsen also attended training sessions on topics such as decontamination of pipelines, cyanotoxin risk communication, solving problems with Sodium Hypochlorite Systems. Director Rupp thanked Mr. Davidsen for representing the District and co-presenting our Collector 1-1A project. Mr. Davidsen thanked the Board and Mr. Friedenbach for supporting his attendance at educational forums such as the AWWA.

Surplus Equipment

Mr. Davidsen provided a list of pump motors no longer needed that he'd like the Board to declare as surplus. On motion by Director Rupp, seconded by Director Latt, the Board voted 3-0 to declare the items surplus. Director Fuller left the meeting prior to the discussion.

Ruth Lake Cabin Remodel

Mr. Davidsen shared that he just received the Ruth Cabin remodel bid from True North Constructors yesterday evening. The bid came in higher than anticipated at \$500,842. Staff and the Board discussed several options, including consideration of a manufactured home. On motion by Director Latt, seconded by Director Rupp, the Board voted 3-0 to counteroffer with \$475,000 and if not accepted, go back out to bid. Director Fuller was not present for the discussion.

K. MANAGEMENT

CSDA

Mr. Friedenbach shared the Humboldt Area Chapter minutes from the June meeting. He also stated the local chapter is hosting a Sexual Harassment Prevention Training on August 6th.

Ruth Lake CSD (RLCSD) Minutes

As part of the effort to improve and keep the lines of communication open, Mr. Friedenbach included the March and April Board minutes for RLCSD.

Generator claim to JPIA

Mr. Friedenbach stated he made an erroneous assumption that the District's deductible for the generator was \$25,000. The deductible is actually \$50,000. As a result, the District will not be receiving any reimbursement from JPIA for the generator.

L. DIRECTOR REPORTS & DISCUSSION

1. General -comments or reports from Directors

Director Rupp stated he will not be able to attend the September 13 Board meeting.

2. ACWA – JPIA

Director Rupp stated he attended the Employee Benefits Committee meeting. There will be no increase in the cost of health insurance. They will instead absorb the costs with their reserves. They also selected a new pharmaceutical manager and expect to see some substantial savings over the next three years.

3. ACWA

Director Rupp stated he attended the ACWA Finance Committee. They discussed the fact that OPEB will be required to be shown on the Balance Sheet. ACWA's is around \$500,000. Ms. Harris noted that the District currently shows OPEB on our balance sheet.



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Mr. Friedenbach stated he received an email from Tim Quinn of ACWA regarding participation in a Greenhouse gas reduction working group. The ACWA Board of Directors has identified the area of greenhouse gas (GHG) emissions reductions and renewable energy policy as a priority policy for 2018-19. To help facilitate this a Working Group is being established to help develop policy principles in this area. Mr. Friedenbach inquired if the Board felt the need for a staff member to participate on this committee. They did not.

4. Organizations on which HBMWD Serves: RCEA, RREDC

President Woo reported out on RCEA. She has been working with their legal counsel on their Conflict of Interest Code, there is a new budget committee, and a wind energy contract is being worked out. She also noted their minutes are improving.

Director Latt reported out on the RREDC meeting. He stated Michael Kraft, senior project manager and consultant with Sequoia Personnel Services was the guest speaker. He shared that unemployment rates in Humboldt County are at an all-time low. The new direct flights from Arcata to Los Angeles seem to be going well.

ADJOURNMENT

The meeting adjourned at 3:49 pm.

Attest:

 Sheri Woo, President

 J. Bruce Rupp, Secretary/Treasurer

