



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

May 16, 2019

A. ROLL CALL

President Woo called the meeting to order at 9:00 am. Directors Fuller, Latt, Rupp and Woo were present. Director Hecathorn was absent. General Manager John Friedenbach, Business Manager Chris Harris and Board Secretary Sherrie Sobol were present. Superintendent Dale Davidsen was absent. Supervisor Mario Palmero was present for a portion of the meeting as was Pat Kaspari of GHD. Director Fuller left at 3:15 pm.

B. FLAG SALUTE

President Woo led the flag salute.

C. ACCEPT AGENDA

On motion by Director Fuller, seconded by Director Rupp, the Board voted 4-0 to accept the agenda.

D. MINUTES

President Woo requested correction to a typo on page four. Director Latt requested clarification of a statement regarding Mitchell Law Firm on page two and Director Fuller requested a wording change on page six so that it was not a double negative. On motion by Director Latt, seconded by Director Fuller, the Board voted 4-0 to approve the Minutes of the April 16, 2019 Regular Meeting as amended.

E. PUBLIC COMMENT

No public comment was received.

F. CONSENT AGENDA

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

G. CORRESPONDENCE

District letter to County Planning re: Zoning Implementation Coastal Dependent Land Changes

Mr. Friedenbach discussed the letter sent to the County regarding the zoning implementation, coastal dependent land use changes on the Samoa Peninsula. He attended the public forum meeting and raised concerns when he realized the County thought the District had an unlimited supply of domestic water available for the Samoa Peninsula. The letter is a follow up to clarify the District has two autonomous water delivery system and when contemplating zoning and future development, potential limitations on water supply should be factored into discussion for potential projects.

Humboldt Coastal Resilience Project (formerly Dunes Climate Ready Project) Quarterly Update

Mr. Friedenbach stated this report is mostly informational. The District committed to \$2,000 a year for five years. This is the fifth and final year of the grant for the District's contribution. The District is hoping to get some scientific data on how different activities are affecting our pipeline at the dunes.

NCRP 2019 Proposition 1 IRWM Round 1 Priority Projects

Mr. Friedenbach shared that the District was successful in getting a \$600,000 grant for the Collector 2 Lateral Rehabilitation Project. He noted that Humboldt County projects received thirty percent of the available funding from the North Coast Resource Partnership (NCRP). Mr. Friedenbach noted that



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since he is on the NCRP Technical Peer Review Committee, he recused himself and left the room when the District’s project was discussed. President Woo thanked Mr. Friedenbach and acknowledged the hard work and many hours invested working on both the grant and the committee.

Letters from District and Humboldt Baykeeper re: Glendale Cannabis Facility

Mr. Friedenbach stated he saw this issue as very similar to that of Mercer Fraser and submitted a comment letter. Independently, Humboldt Baykeeper submitted a more detailed letter. The public hearing was scheduled for tonight but was rescheduled to June. He suggested the District use Ms. Walker to draft a detailed letter on behalf of the District for the June meeting. He added that he has concerns regarding groundwater contamination. If they can mitigate the potential groundwater contamination and monitor it, he’d be ok with it. Director Latt added he is also concerned with the transportation of chemicals to and from the site and handling while on site. He does not understand how this was in the que for a mitigated negative declaration. Director Fuller suggested making Ms. Walker’s letter “re-useable” for future similar situations.

H. CONTINUING BUSINESS

Water Resource Planning

Local Sales

Mr. Friedenbach stated that Nordic Aquafarms is hosting a town hall meeting on May 21st. If any Directors would like to attend this would be a pre-approved stipend event since they will be promoting WRP local sales.

Mr. Friedenbach and Mr. Davidsen met with Enviva regarding water for their proposed business on the Samoa Peninsula. They would like industrial water for fire suppression and domestic water for operations. The District can meet their water needs.

Director Rupp shared that he received an email from Nordic Aquaculture. Director Latt stated all Directors or at least the Committee should receive the email, not just an individual director. The Board concurred and Mr. Friedenbach stated he will let Nordic Aquafarms know. Director Rupp stated he believed that both he and Director Latt would have received the email if Director Latt had been able to attend the previous meeting with Nordic Aquafarms.

Transport

Mr. Friedenbach shared that Mr. Davidsen suggested that since one of the District’s goals is transport, perhaps the District should consider building a clarifier to process the industrial surface water, then transport that clean water through the industrial line as well as a future transport pipeline. He shared the proposal, \$25,000 to conduct a Focused Engineering Study for a Mad River Water Clarifier Facility. After much discussion, the Board directed staff to move forward with the Focused Engineering Study. This project will be funded through the ReMAT reserve fund.

The Transport Committee met with Mr. TK Williams, the General Manager of Redway CSD. Mr. Williams was interested in exploring transport options. The meeting went well and Mr. Williams will conduct more research.

Instream Flow

The Instream Flow Committee met with the partner consultants on May 2nd and produced an agenda for the meeting with the State Water Resources Control Board (SWRCB). That meeting is in the process



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of being scheduled. President Woo, Mr. Friedenbach, and David Aladjem will attend in person at the SWRCB and the rest will attend via video conference to save money. Mr. Friedenbach stated he met Mr. Esquivel, the Chair of the SWRCB at the ACWA conference and Mr. Esquivel stated he was aware of the District's instream flow dedication project.

Cannabis Grows affecting Mad River Watershed

Mr. Friedenbach stated the article from the Times-Standard "Cannabis code enforcement up 700% in 2018, brought in \$2 million for Humboldt County" was presented as informational only.

Prevention Plan for Quagga and Zebra Mussels at Ruth Lake

Mr. Friedenbach announced the District now has a California Fish and Wildlife approved Quagga and Zebra Mussel Prevention Plan. Staff collaborated with CDFW staff to update our current plan to meet current plan standards. This was a new requirement in order to apply for a Department of Boating and Waterways Quagga Prevention Grant this year.

I. NEW BUSINESS

Supervisor Presentation - Industrial System Overview of Pump Station 6

Operations Supervisor Mario Palmero provided a presentation on the District's Industrial System. He discussed surface water diversion versus ground water diversion, the fish return facility, the work required to keep the facility functioning such as keeping the forebay clear and re-establishing the river channel as needed. River management is critical for Pump Station 6 to function properly. The Directors asked several questions about the pumps and Habitat Conservation Plan which Mr. Palmero responded too. The Board thanked him for presentation well done.

Peninsula Community Collaborative presentation re: appurtenance beautification

Ms. Emily Sinkhorn of RCAA presented the Peninsula Community Collaborative's idea to improve the District's six vaults in the Peninsula area by covering the graffiti on them with art murals. Originally, they planned on three vaults but after meeting with Dale Davidsen, agreed on six vaults. This would be similar to other art projects on local public infrastructure such as the public art on utility boxes in Eureka. The artists will provide the paint, UV-resistant varnish and painting supplies. The artists will receive a \$500 stipend per mural, paid by RCAA. RCAA will also provide liability insurance to cover the artist while they are painting on site. The PCC would maintain the murals from the fall of 2019 to the fall of 2020. After the fall of 2020, it's proposed that HBMWD would maintain them, however, the PCC could help out with minor defacing with the Tagster graffiti removal product or provide the product to HBMWD. Director Fuller noted the vaults to be painted increased from three to six. She inquired about the budget for the project given the increase. Ms. Sinkhorn stated RCAA is the fiscally reasonable party and they do have the budget for the six vaults to be painted. Directors asked other questions including what are themes for the artwork, and are there any ethical or artistic license issues with maintaining the artwork. The Board was supportive of the project overall. Mr. Friedenbach stated staff and operations is supportive as well. He recommended moving forward. On motion by Director Rupp, seconded by Director Fuller, the Board voted 4-0 to move forward with RCAA and the PCC to craft an agreement for legal counsel's review regarding the vault beautification artwork and Board approval.



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J. REPORTS (from Staff)

1. Engineering

Collector 2 Cable Car Landslide

Mr. Kaspari shared project photos. He stated the hillside has been reinforced, the shed is nearly complete and the cable car has been re-hung. The project should be completed by next week.

Surge Tower Replacement (\$239,900 District Match)

Mr. Kaspari shared the project schedule. Letters will be sent to those affected prior to the demo of the surge tower. Work should be completed by the next regular Board meeting.

12kV Switchgear Replacement (\$441,750 District Match)

CalOES granted an extension until March 22, 2021. Work should be done by December 2020.

Collector Mainline Redundancy Hazard Mitigation Grants (\$763,000 District Match)

There is no update at this time.

Reservoir Structural Retrofit Hazard Mitigation Grant Application (\$914,250 District Match)

CalOES has forwarded the project to FEMA for funding. This is a great first step. The project should be able to clear NEPA fairly easily.

Single Line Industrial Slough Crossing Hazard Mitigation Grant Application (\$679,750 District Match)

There is no update at this time.

Matthews Dam Spillway Analysis Hazard Mitigation Grant Application (\$1,666,667 District Match)

There is no update at this time.

Essex Emergency Chlorine Scrubber Hazard Mitigation Grant NOI (\$335,000)

Mr. Kaspari stated the project has been submitted.

Mad River Crossing – American Society of Civil Engineers’ (ASCE) Project of the Year Submittal

The Mad River Crossing Pipeline Replacement Project won Project of the Year for the North Coast Branch of ASCE. President Woo and Mr. Nathan Stevens of GHD accepted the award on May 1 at the ASCE Awards Banquet.

Lazzar Development 27th Street

Mr. Friedenbach stated that Mr. Lazzar is now thinking about just doing a single residence with a mother-in-law unit on the site. No plans have been shared with the District at this point.

ASCE Report Card for California’s Infrastructure

The California ASCE 2019 Report Card provided an average grade of C- for infrastructure in general in California. Dams received a C- and drinking water received a solid C. Mr. Kaspari stated it was good to see it noted that regulatory fees are a burden on small dam owners. He also noted that the local ASCE branch did a local water infrastructure study in the last year or so and gave a grade of B+ locally. He added the District does a good job maintaining their infrastructure.



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2. Financial

Financial Report

Ms. Harris provided the April 2019 Financial Report. She stated general fund reserves are just over two million dollars. She also noted an error on page five. She stated this was a formula error, the accounting system is solid and this is a formatting report issue. Director Latt reviewed the bills and stated all was good. On motion by Director Rupp, seconded by Director Latt, the Board voted 4-0 to approve the April 2019 financial report and vendor statement in the amount of \$602,673.61.

FY 2019/20 Budget Presentation -Service & Supply and Salary and Employee Benefits budget

Ms. Harris provided an overview of the scheduled budget meetings through July 11th when the FY 2019-20 Budget will be considered and approved by the Board. The discussion for today's meeting includes the Service & Supply (S&S) budget and the Salary and Employee Benefits budget (SEB).

The Service and Supply Budget includes: operations expenses, maintenance expenses, administration expenses, and general expenses. The total proposed change to the S&S budget is an increase of \$43,400 or 2.9%. The largest factor in this is regulatory fees, an increase of \$25,000 or 21.9%. Other areas of increase include USGS station fees \$400, Travel and Conference \$3,000, Dues and Subscriptions \$7,000 and telephone expenses \$8,000.

The SEB Budget includes: all salary and wage expenses, longevity, step and COLA increases. The total proposed changes result in increase of \$146,700 or 4.2%. The proposed changes of \$112,500 in the salary and wage expense includes a new request for additional part-time help and a request for COLA.

In FY18 the Board approved a 35-Year longevity step. There are two employees that will be receiving this step increase totaling \$8,800. Three additional part-time positions are being requested; two for right-of-way clearing and one for grant organization and compliance totaling \$21,600. Miscellaneous step increases and other longevity increases total \$24,500. A proposed COLA of 2.7% total is \$57,300. The COLA request is based on CPI Index and what other local agencies/municipalities are doing. The West Region CPI is 2.7%. McKinleyville CSD is proposing a 3.45% COLA, HCSD a 3.3% COLA, City of Eureka a 1% COLA and Arcata is in contract negotiations.

The required changes in the Employee Benefit Expenses is \$34,200 and includes rate increases in CalPERS and Health Insurance. Increases in medical insurance premiums are the biggest contributor to the increased Employee Benefit budget this year.

Investment Policy

Ms. Harris stated state law requires the Board consider and confirm the District's Investment Policy each year. The Board approved and originally adopted the Investment Policy in 2004 and has re-adopted the policy each year thereafter. The District has three investment objectives for the funds the District does not need for immediate use. These objectives are: 1) Preserve the Safety of Principal; 2) Maintain Liquidity, and 3) Achieve a reasonable Rate of Return consistent with current economic cycles and risk limitations. The policy also specifies the three investment options the District will utilize are the County Treasury and the State Local Investment Fund (LAIF) and an irrevocable, tax-exempt IRC Section 115 Trust designated for CalPERS Pension



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Stabilization. Staff recommends the Board re-adopt the policy. On motion by Director Rupp, seconded by Director Fuller, the Board voted 4-0 to re-adopt the Investment Policy.

Audit proposal from R.J. Ricciardi, Inc

At the April 2019 Board meeting, the Board directed staff to request a fee proposal from R.J. Ricciardi, Inc. for an additional three years of audit services. Ms. Harris shared the new proposal. On motion by Director Rupp, seconded by Director Fuller, the Board voted 4-0 to approve R. J. Ricciardi, Inc. for another three years of audit services.

3. **Operations**

Mr. Friedenbach provided the April Operational Report. The Air Quality Management District inspected the TRF standby generator to verify the generator installed matched the Authority to Construct permit and was installed per regulation. There were no issues. The 90-day crane inspections also took place. This is a regulatory requirement that all District cranes be inspected. There were no issues or concerns. The SB198 Safety meeting took place on April 9th, and April 17th safety meeting focused on confined space, gas detector use and heat illness prevention. The six-month chlorine system maintenance also took place.

K. MANAGEMENT

1. **ACWA Conference**

Mr. Friedenbach reported out on his attendance at the ACWA Conference. He shared several of the meetings he attended and stated he brought back lots of useful information. He thanked the Board for his attendance.

2. **CSDA Legislative Update**

Mr. Friedenbach stated he would like to follow CSDA in regards to opposing AB1184, SB518 and SB749. The Board concurred.

L. DIRECTOR REPORTS & DISCUSSION

1. **General -comments or reports from Directors**

Director Rupp stated at a future meeting he would like to discuss getting tablets for the Directors.

2. **ACWA – JPIA**

JPIA Forty Years Ago

The JPIA opened its doors forty years ago. They produced a fun flyer that listed trivia from 1979 and 2019.

H.R. LaBounty Award

The Maintenance Department won another award! The announcement was made at the ACWA Spring conference. It will be presented to staff at the May 30th Special Board meeting.

Contribution to Region 1 events

Mr. Friedenbach inquired if the District should financially support an AWCA event just because it is in our region. If we host, we should definitely help underwrite it. Director Rupp stated that ACWA provides a budget for the events. The Board agreed not to contribute just because an event is in our region.



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ACWA Conference

Director Rupp reported out on his attendance at the ACWA Conference. He noted that there will be no increase in the workers compensation insurance this year. The JPIA has expanded their membership and the voting took place for the ACWA JPIA Executive Committee. He was pleased to report that he was re-elected to the committee as was Jerry Gladbach. The District was asked to support Brent Haste and Fred Bockmiller and both of them were also elected to the Committee. Director Rupp shared the other meetings he attended and also stated he completed his ethics training at the ACWA Conference. He appreciates the opportunity to attend the conferences.

Director Latt reported out on his attendance at the ACWA Conference. He appreciated the opportunity to attend his first ACWA Conference. He also attended the CLE portion. He found some of the CLE sessions to be highly beneficial. He attended sessions on climate change, running a dam and cannabis water law workshop to name a few. He also completed his ethics training as well.

Safe Drinking Water Trust

Mr. Friedenbach discussed the ACWA sponsored Safe Drinking Water Trust. This is the counter to the proposed water tax. He inquired if the Board is still opposed to the drinking water tax. The Board confirmed they are opposed to the drinking water tax.

Region 1 Board call for candidates

Director Rupp stated he would like to be considered for the Region 1 Board. On motion by Director Latt, seconded by Director Rupp, the Board voted 3-0 to place in nomination Director Rupp as a Board Member of the ACWA Region 1 Board. (Director Fuller left prior to the vote)

4. Organizations on which HBMWD Serves: RCEA, RREDC

This item was not discussed due to lack of time.

ADJOURNMENT

The meeting adjourned at 3:45 pm.

Attest:

Sheri Woo, President

Neal Latt, Vice-President

