

Humboldt Bay Municipal Water District
828 7th Street, Eureka



Minutes for Regular Meeting of the Board of Directors
June 9, 2022
Meeting Start Time: 9:00 am

DUE TO COVID-19 THE DISTRICT WILL BE HOLDING THE MEETING VIA ZOOM

District Mission

Reliably deliver high quality drinking water to the communities and customers we serve in the greater Humboldt Bay Area at a reasonable cost. Reliably deliver untreated water to our wholesale industrial customer(s) at a reasonable cost. Protect the long-term water supply and water quality interests of the District in the Mad River watershed.

Time Set Items:	8.2	McNamara & Peepe	9:15 am
	9.3	Operations Supervisor Report	9:30 am
	8.1.a.iii	MOU with MCSD	10:00 am
	10.1	Engineering	11:00 am
	10.2.e	PARS Update	11:15 am
	8.5	Closed Session – Anticipated Litigation (DTSC)	1:30 pm

1. ROLL CALL

President Woo called the meeting to order at 9:00 am. Director Rupp conducted the roll call. Directors Fuller, Latt, Lindberg, Rupp and Woo were present. General Manager (GM) Friedenbach, Business Manager Chris Harris, Superintendent Dale Davidsen, and Board Secretary Fiona Wilson were present. District Counsel Ryan Plotz, Nathan Stevens of GHD, Special Counsel Tal Finney, and members of the public Jim Parker, Jay Patton, Bob McPherson, Matt Hagemann, Christinna Bautista of Redwood News, and Jennifer Kalt of Humboldt Baykeeper were present for a portion of the meeting.

2. FLAG SALUTE

President Woo led the flag salute.

3. ACCEPT AGENDA

GM Friedenbach suggested that the Board time set Agenda Item 9.1 for 2:00 pm.

On motion by director Rupp, seconded by Director Lindberg, the Board voted 5-0 to accept the agenda with Agenda Item 9.1 time set for 2:00 pm.

4. PUBLIC COMMENT

No public comment.

5. MINUTES

5.1 Minutes of the May 12, 2022 Regular Meeting

“Draft 1707 permit” will be changed to “draft 1707 petition” for Agenda Item 8.1.c. “Hazardous waste site” will be changed to “contaminated site” for Agenda Item 8.2D. President Woo recused herself and the Board voted 4-0 on Agenda Item 9.2. Staff will make the corrections.

On motion by Director Lindberg, seconded by Director Rupp, the Board voted 5-0 to approve the meeting minutes as amended.

6. CONSENT AGENDA

6.1 Media articles of local/water interest (Articles A – J)

On motion by Director Fuller, seconded by Director Latt, the Board voted 5-0 to approve the consent agenda.

7. CORRESPONDENCE

7.1 Letter from Baker Ranch Mutual Water Company

The District received the letter of interest from the Baker Ranch Mutual Water Company. The company supplies water to twelve households south of the Trinidad Rancheria, and is interested in possibly connecting to the mainline extension. The Board discussed the impact a partnership would have on the Rancheria and future users, and the need for LAFCo's involvement. The Board requested additional information regarding project costs and specifications.

7.2 Letter to Ruth Lake Joint Board Meeting Attendees

The District sent the letter to invitees of the upcoming joint board and EAP meetings. The meetings will be held at Journey's End. Director Rupp will be at a strategic planning session for the JPIA, and will be unable to attend.

7.3 Response to VDI Claim

Director Latt recused himself due to a conflict of interest. The District rejected the VDI claim on advice of counsel. VDI has a limited amount of time to file a response. Staff will follow up regarding the state's timelines for the claim.

7.4 Letter of Interest to Participate on the Samoa EIFD Public Financing Authority (PFA)

The District submitted the letter of interest for participation on the Samoa EIFD PFA.

7.5 Letter to SWRCB Regarding Emergency Drought Regulations

The "Stress Test" Coalition sent the letter to the SWRCB. The emergency drought regulations were adopted by the SWRCB and will be discussed under New Business.

8. CONTINUING BUSINESS

8.1 Water Resource Planning

a. Local Sales

i. Nordic Aquafarms

The current timeline for Phase One completion is 2025. There is a possibility that Nordic could solely use domestic water at their facility, but the water would need to be dechlorinated for the fish. Staff attended a County Planning workshop that was offered to provide public comment on the project. Numerous community members voiced opposition to the project. Some mistakenly believed that there is insufficient water supply. The opponents to the project were primarily community members who aren't involved in fisheries.

ii. Trinidad Rancheria Mainline Extension

Staff met with the Rancheria on May 26 for a status update. The Rancheria continues to move forward with the project. They have received funding and will be working with Caltrans to obtain rights-of-way for the project. The Baker Ranch Mutual Water Company has not been in communication with the Tribe yet. The Baker Ranch property is between Scenic Drive and 101. It is undetermined whether extending the line to Baker Ranch would spur development in the area.

iii. Draft MOU with McKinleyville CSD

District Counsel Ryan Plotz prepared a draft MOU to wheel water through the McKinleyville CSD. McKinleyville CSD will review the draft at their July 6 meeting, before it returns to the Board for approval in July. The MOU is a non-binding agreement to cooperate, not to share expenses or expend funds. Staff will discuss a potential mechanism to address reimbursements with the Rancheria, and send a reminder to the Board about the July 6 McKinleyville CSD meeting.

b. Transport

No update.

c. Instream Flow

The draft 1707 petition application narrative was sent to District Counsel for review, and the updated draft will return to the Board for final review and comment in July. Staff will send the final draft petition to the Board before the Board packet is published.

8.2 McNamara & Peepe

President Woo recused herself due to a conflict of interest. A June 2022 SHN site investigation report of findings was posted to EnviroStor and DTSC accepted the findings in the report. Director Fuller, Special Counsel Tal Finney, Jenn Kalt of Humboldt Baykeeper, and Matt Hagemann of SWAPE met with DTSC on May 31 to discuss ongoing concerns regarding the contamination. DTSC did not indicate a plan for determining the extent of the plume beyond the cap, and has not implemented a systematic testing methodology. The extent of the contamination has yet to be determined, but DTSC is moving forward with a bench scale study of bioremediation nonetheless. Hagemann has extensive environmental consulting experience and has advised that bioremediation is inappropriate for the dioxin contamination at the site. The District's request for state funding to clean up the site is pending.

a. Royal Gold Initial Study and Proposed CEQA Mitigated Negative Declaration (MND)

Staff will submit public comment on the Royal Gold project by June 20. Royal Gold indicated that soil testing will be conducted in areas that will have ground-disturbing activities, but gave no indication of how the project will address positive test results, dispose of contaminated soil, or notify DTSC of contamination.

Public commenter Jenn Kalt shared the Board's concerns regarding the Royal Gold project and DTSC's continued inaction. Kalt thanked the Board for pursuing remediation of the site.

8.3 HBMWD/Ruth Lake Joint Board Meeting Agenda

The Special Joint Meeting is scheduled for 1:00 pm on June 17. Guest agencies will provide updates. Director Rupp will not be at the joint meeting.

8.4 District BBQ (July 22, 2022)

The BBQ is scheduled for 12:00 pm on July 22 at Park 1.

8.5 Samoa EIFD Update

GM Friedenbach attended the June PFA meeting, during which the District's letter of interest was accepted and discussed. The County Board of Supervisors has a majority seat on the PFA, and weighed the benefits of maintaining a majority seat against the benefits of District participation.

GM Friedenbach discussed District participation on the PFA with the municipal customers during the May Municipal Customers meeting. The majority in attendance expressed willingness to consider amending Ordinance 16 for the District to retain the incremental increase of property tax revenue.

8.6 CLOSED SESSION - Conference with Legal Counsel – Anticipated Litigation: Initiation of litigation pursuant to paragraph (4) of subdivision (d) of § 54956.9 (DTSC)

President Woo recused herself due to a conflict of interest. The Board went into closed session at 1:30 pm and came out of closed session at 2:12 pm with no reportable action.

9. NEW BUSINESS

9.1 Request by Friends of the Pleistocene (FOP) to use Park 1

FOP has requested use of Park 1 for a 200-person car camping field trip from August 26-28. Staff reviewed Ordinance 22 and determined that an exception would be necessary to allow camping on District property. The Board discussed concerns regarding trash, parking, security, and traffic with Jay Patton, Engineering Geologist at California Geological Survey and Bob McPherson of Cal Poly Humboldt. A single day insurance policy can be purchased through JPIA. Animals will be leashed and controlled, and campfires will be contained to the fire pit. There will be no in-and-out by the participants and there will be volunteers dedicated to security and parking. The gates will need to be open for emergency services, so folding traffic barricades that can be easily removed will be set up at the parking lot

entrance. Safety will be emphasized and the group will leave the park cleaner than they found it. The District Facilities Use Agreement can be modified to accommodate the event.

On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to allow a one-time exception to Ordinance 22 for FOP, and directed staff to determine appropriate fees and develop a modified Facilities Use Agreement for the event.

9.2 Water Board Emergency Drought Regulations

The Water Board met on May 24 and adopted emergency water conservation regulations. Even though the District has ample water supply in Ruth Reservoir, in order to comply with state mandates, staff recommended implementing Stage 2 of the Water Shortage Contingency Plan as mandated, focusing on education and outreach with no mandatory water reductions. On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to implement Stage 2 of the Water Shortage Contingency Plan. Staff will update the website with the latest public education efforts encouraging water conservation requirements. Staff will also coordinate conservation messaging with municipal customers to ensure consistent messaging.

9.3 Operations Supervisor Report, Water Treatment Certification

Operations Supervisor Mario Palmero presented the report on Water Treatment Certification requirements, as approved by the SWRCB. The District's facility is rated as a T4 water treatment facility. Shift Operators are required to hold T3 and D3 certifications; a Chief Operator is required to hold T4 and D4 certifications. The operator training program ensures that T3 and T4 Operators have the necessary knowledge and experience.

9.4 Request for Letter of Support from U.S. Fish and Wildlife Service (USFWS)

The USFWS requested a support letter for their National Coastal Resilience Fund grant application to the National Fish and Wildlife Foundation. The proposed project will enhance dune stability along 4.5 miles of coastline, a portion of which runs parallel to District pipelines.

On motion by Director Fuller, seconded by Director Lindberg, the Board voted 5-0 to authorize staff to submit a letter of support for the USFWS grant application to the National Fish and Wildlife Foundation.

10. REPORTS (from STAFF)

10.1 Engineering

District Engineer Nate Stevens of GHD provided the Engineering Report.

a. 12 kV Switchgear Relocation (\$858,332 District match)

i. Contractor Pay Request for May

The Sequoia Construction Specialties pay request for May totaled \$243,682.60. It was a busy month demolishing the old equipment, coordinating with PG&E and finalizing the 12 kV cutover. PG&E's requirements have been met, and staff anticipate final notice of approval from PG&E soon.

ii. GHD Contract Amendment #2

GHD proposed a scope and budget amendment for additional construction management services to complete the District's 12kV Switchgear Relocation Project. The amendment is necessary due to the construction schedule's continued extension. 75% of the \$49,000 amendment would be covered by the supplemental budget grant request that was submitted to CALOES; the District would cover the remaining 25%. Upon completion of the project, GHD will write off \$37,807.88 in expenses and credits to the District. Staff acknowledged GHD's efforts and fine work on the project.

On motion by Director Rupp, seconded by Director Lindberg, the Board voted 5-0 to approve the GHD Contract Amendment #2.

b. TRF Generator Project (\$517,819 District match)

The District responded to the Request for Information (RFI) from CalOES and has not heard back.

c. Matthews Dam Advance Assistance Seismic Stability Project

The District responded to the RFI from CalOES and has not heard back.

d. Status report re: other engineering work in progress

Nothing to report.

10.2 Financial

Business Manager Chris Harris provided the Financial Report.

a. May 2022 Financial Statement & Vendor Detail Report

The General Fund is higher than usual, because it contains encumbered funds for projects that have not yet begun. The District has not received property tax revenue from the County. Staff estimate that the District will be over budget this year and are reviewing each line. Salaries & Benefits are anticipated to go over budget by approximately \$100,000 due to overtime, the 12kV project, and leaks. Services & Supplies are anticipated to go over budget by approximately \$200,000 due to Covid-19 and inflation's impact on the cost of materials. The Project Budget has unspent funds that could be used to cover these overages. The Project Budget reallocation will be finalized in July and will identify line by line any necessary reallocations. The Board noted that being over budget by 3% is not that consequential, considering the state of the economy. President Woo reviewed the monthly bills and had no questions.

On motion by Director Rupp, seconded by Director Lindberg, the Board voted 5-0 to accept the report and approve payment of the bills in the amount of \$332,799.91.

b. FY 2022/23 Budget Summary

The Service & Supply Budget, the Salaries & Wages Budget, and the Employee & Benefits Budget were introduced to the Board on May 12. The Project Budget was introduced to the Board on May 31. Staff presented the entire draft budget for the Board's consideration and feedback before the finalized budget is presented for adoption in July.

c. FY 2021/22 Project Budget Reallocation

Staff has analyzed and identified FY 2021/22 Project Budget funds that are available to be reallocated as Advanced Charges to other large capital projects and equipment. Staff recommended that the Board authorize the reallocation of any available and unspent Project Budget funds from FY 2021/22 to authorized but unbudgeted projects, with the net remainder to be allocated to Advance Charges as defined under Ordinance 16.

d. Resolution 2022-08 – Annual Limit for Appropriations

The California Constitution requires the adoption of an annual Resolution, limiting the amount of tax appropriations for the upcoming fiscal year.

On motion by Director Rupp, seconded by Director Lindberg, the Board voted 5-0 to adopt Resolution 2022-08 to establish the required appropriations limit for FY 2022/23.

e. PARS Update

PARS consultants Mitch Barker, Will Rogers, and Andrew Brown provided a review of the PARS Pension Stabilization Account and an option for OPEB funding. As of April 30, 2022 the District's PARS account balance totaled \$953,883, which includes District contributions of \$800,000 and investment earnings of \$170,139. The Board discussed the current economy and noted that it is not a good time to pull money out of PARS.

10.3 Operations

Superintendent Dale Davidsen provided the Operations Report.

a. Monthly report on projects and operations

Ruth Headquarters recorded 2 inches of rainfall for May. Ruth Hydro produced 734,400KWh with two shutdowns. The domestic water turbidity average was 0.12NTU, which meets Public Health Secondary Standards. The TRF is offline for the summer as of May 23 and the Tesla battery bank project is in progress.

The 12kV system was cutover to the new switchgear and should be done soon. Staff attended a crane operator certification class and completed the practical test for certification. Staff had a successful meeting with the Trinity County DTSC inspector at Ruth. The AQMD inspected generators and portable diesel off-road equipment.

11. MANAGEMENT

GM Friedenbach provided the Management Report.

11.1 CSDA GM Leadership Summit

GM Friedenbach will attend the summit from June 19-21. Breakout sessions include Diversity, Equity, and Inclusion; The Power of Understanding People; Digital Emergency Communications; and Preparing the Board for Successful Financing.

12. DIRECTOR REPORTS & DISCUSSION

12.1 General - comments or reports from Directors

President Woo noted the City of Arcata's current situation regarding Councilmember Watson. President Woo asked the GM to consider a District policy that could be used to address similar situations.

12.2 ACWA

a. ACWA

The Board met and discussed projects to be funded by Proposition 1 funds. Three major projects were determined: the Sites Reservoir, the Los Vaqueros Reservoir, and the Kern Fan groundwater storage program. Sonoma Water Agency won the Innovation in Water award for their climate initiative project. Efforts to establish a foundation to promote diversity, equity, and inclusion are moving forward.

b. ACWA/CMUA Comment Letter Regarding Drought Regulations

The comment letter was included in the packet.

12.3 ACWA – JPIA

Nothing to report.

12.4 Organizations on which HBMWD Serves

a. RCEA News and Updates

Revenues and expenses are hard to predict in the energy field. RCEA is still growing a reserve, albeit slowly.

b. RREDC

The meeting was canceled for lack of urgent agenda items.

ADJOURNMENT

President Woo adjourned the meeting at 3:39 pm.

ATTEST:



Sheri Woo, President



Bruce Rupp, Secretary/Treasurer