



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

October 13, 2016

A. **ROLL CALL**

President Hecathorn called the meeting to order at 9:00 a.m. Director Rupp conducted the roll call. Directors Hecathorn, Laird, Latt, Rupp and Woo were present. General Manager Paul Helliker, Superintendent Dale Davidsen, Business Manager John Friedenbach and Board Secretary Sherrie Sobol were present. John Winzler and Pat Kaspari were present for a portion of the meeting.

B. **FLAG SALUTE**

President Hecathorn led the flag salute.

C. **ACCEPT AGENDA**

On motion by Director Latt, seconded by Director Rupp, the Board voted 5-0 to accept the agenda.

D. **MINUTES**

Director Laird requested the Minutes reflect he chaired the meeting since President Hecathorn was not able to attend. On motion by Director Rupp, seconded by Director Laird, the Board voted 5-0 to approve the Minutes of the September 8, 2016 Regular Meeting as amended.

E. **PUBLIC COMMENT**

Mr. Michael O'Connor of R.J. Ricciardi, LLP, (the District's new auditor) introduced himself to the Board. He thanked the Board for the opportunity to serve as auditor and welcomed questions at any time.

F. **CONSENT AGENDA**

Director Laird pulled Item 1, City of Blue Lake, Tap the Mad notice. He stated he would like the District to contribute towards the purchase of supplies for the Tap the Mad effort.

On motion by Director Rupp, seconded by Director Woo, the Board voted 5-0 to accept the Consent Agenda.

G. **CORRESPONDENCE**

Letter to ACWA JPIA re: Dental and vision coverage for Directors

Mr. Helliker shared the District's letter to ACWA/JPIA regarding insurance. Pursuant to the discussion last month, staff notified JPIA of new dental and vision coverage for the Directors effective December 1, 2016.

H. **CONTINUING BUSINESS**

1. **Water Conservation Regulations**

Mr. Helliker provided an update on Water Conservation Regulations. Data released by the State Water Board shows that water agencies reported a savings of 18% in August compared to 2013. News articles were quick to point out the conservation level is lower than that achieved in August 2015. Mr. Helliker noted the decline in conservation is not surprising since over 80% of water agencies have demonstrated they have adequate water supply to meet demand for the next three years. He shared the summary report from the State Water Board and noted the District is one of 12 agencies that did not meet the August conservation target since use was greater than in 2013. The State Water Board staff arbitrarily assigned a zero target to all agencies whose stress test conservation targets were less than 0, and they consider the District to be in violation. He noted that we are not in violation of our conservation standards, which were defined by the stress test regulations to be -139%. Mr. Helliker added the increased usage is due to increased operations by an industrial customer.



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Mr. Helliker stated the Urban Advisory Group (UAG) met September 19 and 20 to discuss implementation options for Executive Order B-37-16. He attended the meeting and the discussion focused on updates to water shortage contingency plans, water use efficiency and water leak programs. He shared the agenda and highlights of the meeting with the Board. DWR and State Water Board staff are proposing that water shortage contingency plans include a five-year drought outlook with future actions specified to address projected conditions. Water agency representatives strongly objected to the proposal as there is a lack of relevance of the hypothetical drought to current year actions to address a water shortage, as well as potential legal complications. Water agency staff recommended the five-year drought analysis be part of the Urban Water Management Plan (UWMP) since the UWMP currently requires a three-year analysis.

In regards to water use efficiency, state staff are insisting that the Executive Order only allows the use of method 2 in SB X7-7 and are proposing new standards. The new standards include indoor water use of 55 gallons per capita per day; outdoor use standard consisting of the irrigable area times the landscape evapotranspiration rate in effect at the time it was installed; and commercial, industrial and institutional use would be the same standards as outdoor use for the landscape component. The majority of water agencies want to continue to use method 1, a percentage reduction from a baseline or method 3, a percentage reduction from hydrologic region target. The proposed method 2 will require significant time and expense to develop data on irrigable area for each parcel in a service territory and to maintain and update the complete database to address specific conditions at any account.

The leak reduction program will establish stringent audit requirements and the State Water Board is scheduled to adopt leak reduction targets in 2019. Mr. Helliker stated Mr. Davidsen and Mr. Syphanthong attended a training on the leak reduction program and it will be very time intensive.

Director Laird discussed the issue of agricultural water use. He noted that agricultural use accounts for the largest percentage of water use and residential use only accounts for ten percent of overall water use. Director Woo agreed and Director Rupp inquired if there is any discussion regarding agriculture and their conservation? Mr. Helliker stated he will look into the conservation efforts required by agriculture. The Board concurred that all the attention on residential use diverts attention away from agriculture, the larger water user. Director Latt reiterated it would be good to ask what agriculture is doing in regards to water conservation.

2. Water Resource Planning

Local Sales

Mr. Helliker stated that Rio Dell and Fortuna are no longer interested in pursuing a grant for a pipeline south towards them. The City of Trinidad and the Trinidad Rancheria are still interested in a pipeline north to them. GHD has revised the grant proposal to focus only on going north. The Trinidad town council will be discussing if they are interested in serving as the grant recipient since the Rancheria is not eligible to receive funding as they are not a water supply provider.

Transport

Mr. Helliker requested, but has not yet received updates from Santa Clara Valley Water District regarding their discussions with Mr. Terry Spragg.

Instream Flow Dedication

The Advisory Committee met on September 20 and requested a graphic that displays the water



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flowrates that would be available for dedication at Essex to various uses. Mr. Helliker shared the graphic with the Board.

Advisory Committee Meeting

Mr. Helliker, Directors Rupp and Woo reported out on the Advisory Committee meeting. Director Rupp stated all the members were there and it was a good meeting. The three top-tier options were discussed, local sales, transport and instream flow. Mr. Helliker noted one of members inquired what the District was doing to increase local sales. Mr. Helliker stated the District is working with the Harbor District to bring in new tenants and there are some possible options with instream flow to provide revenue. There was some concern regarding drawing down the lake for instream flow or transport purposes. It was pointed out that when the two pulp mills were active, the lake was not drawn too low. The maximum amount for transport or instream flow would not be more than the mills were using therefore, there should be no difference. The AC was satisfied with the answer. Director Woo stated that in regards to instream flow, consensus was that with, the Mad River is supporting more species than previously thought and resource agencies are ok with the status quo in the lower reach of the Mad River. The committee agreed the District should move forward with an application for instream flow.

Director Rupp stated the group discussed expanding the transport area since it was clear there were no potential buyers in the north coast region. The committee was open to this provided that the District would only transport to public agencies, and not private. Director Laird inquired if the committee was made aware that the expanded area included State connections, Sites Reservoir etc. Mr. Helliker, Director Rupp and Director Woo stated yes, it was very clear.

Director Woo stated the Advisory Committee is a fairly large group of professionals and everyone's time is valuable. She suggested a more structured meeting next time to better utilize the time available. Director Laird stated he would like a Board discussion with Mr. David Aladjem regarding the implications and challenges of Mad River water rights.

3. Cannabis activities

Mr. Helliker provided an update on actions from regulatory agencies. The Regional Water Quality Control Board staff developed a scope for an aerial survey of the Mad River watershed that will provide them with specific parcels on which cannabis activity is happening. They plan to use new aerial photography as evidence for enforcement actions. Once they determine when they will do the survey and what financial assistance they need, the District will contribute towards the project. The survey will likely occur in the spring.

Mr. Helliker provided an update on an illegal grow operation above a Ruth Lake Lease Lot. As previously noted, the District's legal counsel sent the property owner a notice to stop the illegal water withdrawals from Ruth Lake. The growers appear to have harvested their crop, removed the water line and abandoned the pump in the lake. Staff will remove the pump from the lake. Mr. Helliker also shared photos of the property owner's site taken by a California Department of Fish and Wildlife officer responding to complaint about the site. The Trinity County Environmental Health Department will likely issue a cleanup order to the property owner. Director Latt stated action needs to occur prior to harvest, not after. Mr. Helliker stated the District has a strategy involving the Trinity County Sheriff for next season.

4. Ordinance 16 and Contract Changes

As previously discussed, Ordinance 16 and the Contract for Supply of Water with the Municipal Customers requires some updates. Staff prepared draft language for four areas: 1) Renewal/revision of the contract term; 2) updated calculation of the peak rate allocation (to



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address Manila's situation); 3) Revision of the limitation on capital expenditures- to reference a five-year cycle for update and Discussion of the District's Capital Improvement Plan and 4) Direction of the incremental revenue from the ReMAT contract into a pay for capital expenses. The first three items have been discussed with the Municipal Customers at the September Muni Meeting. The fourth item is an addition being proposed and the Municipal Customers have conceptually agreed on. Mr. Helliker will be attending Board/Council meetings to brief them directly on the proposed changes.

5. Certificate of Acceptance for Easement Deed-Notice of Location to be recorded by Axel Properties, LLC

At the August Board meeting Mr. Kaspari reported that Axel Properties is proposing a new development along West End Road, at the former Wayne Bare Trucking site and the owner would like to record a "Notice of Location" for the existing right-of-way versus having a floating easement. The Board authorized the Notice of Survey and the Notice of Location at the property owner's expense. Mr. Friedenbach stated that legal counsel suggested the Board approve a resolution for this as well. Director Rupp read Resolution 2016-12 Authorizing the General Manager to Issue a Certificate of Acceptance for Easement Deed-Notice of Location to be Recorded by Axel Properties LLC. The Board voted 5-0 by roll call vote to approve Resolution 2016-12.

I. NEW BUSINESS

1. Chromium 6

Last month, the Environmental Working Group released the results of their nationwide study of water systems. Their report states that water tested in Humboldt County for Chromium 6 (also known as hexavalent chromium) is far above the .02 parts per billion recommended in a public health goal for California. Mr. Helliker received a call from reporter Kym Kemp regarding the topic. He explained that the public should not be alarmed. The State of California established a maximum contaminant level (MCL) for hexavalent chromium of 10 parts per billion. Pursuant to the Unregulated Contaminant Monitoring Rule, the District has monitored for the presence of hexavalent chromium in its water supplies. The results ranged from 0.18 to 0.23 parts per billion which is significantly below the regulatory requirement. He also pointed out that chromium is a naturally occurring element in soil in California's coastal range and is present in low concentrations in rivers, lakes and groundwater. He shared the article posted by Ms. Kemp along with the fact sheet from the State Water Resources Control Board and Director Woo's letter to the Editor which was published in the Times Standard and the Mad River Union.

Director Woo points out that the public health goal for hexavalent chromium is indeed 0.02 and that it is much lower than the California regulatory requirement. She also noted that the laboratory reporting limit in a study specifically investigating hexavalent chromium water contamination is 0.1 parts per billion. The goal of 0.02 is less than the laboratory reporting limit of 0.1, indicating it is a goal that cannot be feasibly attained presently. Even if a treatment plant could be built to filter out hexavalent chromium, it could not be reliably measured. She also calls out the fact that the public health goal is "exactly that: a goal, which at this time cannot be feasibly attained."

2. Recent water legislation

Mr. Helliker provided a brief overview of several new bills recently signed into law by Governor Brown that impact California Water.

3. **CLOSED SESSION- this will be the last item on the agenda**

The Board went into closed session at 2:08 pm to discuss a Public Employee Performance Action Plan for the General Manager (pursuant to Section 54957(b)(1)).



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OPEN SESSION

The Board returned to open session at 2:37 pm. There was no reportable action.

J. REPORTS (from Staff)

1. Engineering

- a) Ranney Collector 1 Lateral Replacement Project (partially funded by Prop 84 NCIRWMP grant)

Mr. Kaspari provided an update on the project. The first and second laterals are in and they were hoping to get 150 feet on each of them but were only able to get about 100 feet on the first lateral and 90 feet on the second lateral until each hit a barrier. This is not an issue however since the flows are really good. Mr. Davidsen stated due to the impending storm, his crew is working 12 hour shifts and doing all they can to get the pumps back in before the wind and water levels preclude it. The wind is a big concern in regards to equipment and personnel safety. The Board thanked Mr. Davidsen and his crew for the efforts and requested Mr. Davidsen share this with his staff.

The contractor submitted Progress Payment Request #3 in the amount of \$256,500 less retainage of \$12,825 for \$243,675. Mr. Kaspari reviewed the request and recommended payment. On motion by Director Rupp, seconded by Director Laird, the Board voted 5-0 to approve Progress Payment #3.

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

Mr. Kaspari reported the amendment to the Biological Evaluation was submitted to NEPA. The amendment was required since the new design involves directional drilling under the Mad River. The results show no rare or sensitive plant species were found in the Project Study Boundary and no wetlands were present. Mr. Kaspari will strongly suggest there is no need for a consultation with resources agencies given the results of the study, if FEMA considers such a consultation.

- c) Eighth Five-Year Part 12D Safety Inspection Report, R.W. Matthews Dam

Mr. Kaspari stated the Independent Consultant completed the Eighth Five-Year Part 12D and provided a summary of the report. The inspection shows the dam is well maintained and safe for operation. The independent consultant recommended the District conduct a seismic analysis based on a Cascadia event, and also obtain the as-built drawings of the dam. Mr. Kaspari stated the report will be submitted to FERC for their review and recommendations.

- d) 12kV and Surge Tower HMG/PDM

Mr. Kaspari stated the 12kV switchgear project was rejected by the PDM grant program. They decided that the fact that the industrial system pumps would still be located in the inundation zone (even though those pumps are not critical to system operations), it was not eligible. They did not ask for clarification and simply rejected the project. The project is still being considered for the HMG grant however. FEMA is requesting information on the property site as it is owned by the NCRA, including easement information. Mr. Helliker stated he contacted the NCRA regarding an easement. They responded quickly and offered a license agreement with an initial term of thirty-years, automatically renewing after the initial term for successive five-year term intervals with an annual fee of \$1,200. Mr. Helliker noted the agreement will not be signed until it is confirmed that the District received the grant.

Mr. Kaspari stated the District has responded to a request for additional information on the



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Surge Tower as well. He is hopeful that one or both projects will receive funding.

e) Main Collector Pipeline Single Point Failure Focused Engineering Study

Mr. Kaspari stated the District currently has a single pipeline that conveys water from all of its potable water pump stations up to the Turbidity Reduction Facility (TRF) for final treatment and storage. If the pipeline fails at a single point between the Essex and TRF site, the District would have no way to provide water to its customers. The study focused on how to get a redundant pipeline and assessed four alternatives for resolving a single point failure. He stated that the single point failure issue is a problem that needs to be addressed, however it is not necessarily urgent to address it in the next few years. The District has a good maintenance program that keeps the main water line and associated valves in good working order and there are no imminent signs of failure. He discussed the four alternatives and recommended the District move forward with planning and pursuing funding for alternatives one and three. Alternative one is a connection to the City of Blue Lake/Fieldbrook Glendale waterline at an estimated cost of \$337,000. Alternative three is redundant waterline within the 1-MG Reservoir Drain Line Right-of-Way at an estimated cost of \$2,415,000. He noted that while Alternative three would be the ideal alternative to construct, it makes sense to pursue Alternative 1 as well, due to the cost effectiveness of the project. He noted both alternatives would likely be eligible for grant funding under the Hazard Mitigation Grant or the Pre-Disaster Mitigation Grant program.

2. Financial

Director Rupp provided the September Financial Report. Director Laird reviewed the bills and stated all good. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve the September 2016 financial statement & vendor detail report in the amount of \$568,449.85.

3. Operations

Mr. Davidsen provided the October Operational Report. As reported last month, a new maintenance worker Bruce Brashear started on September 1. He is doing well and is an asset to the maintenance department. Mr. Davidsen met with Mr. Helliker, Mr. Kaspari, Jessica Hall and Dr. Kate Panayotou (visiting from Australia) to discuss methods to stabilize the dunes over the District's pipeline. Director Laird inquired about the concern over the exposed pipeline given that the pipeline over the slough is completely exposed. Mr. Davidsen explained the pipelines are made of different materials. The pipeline at the dunes is more susceptible to damage from exposure because its walls are thinner than those of the pipe segment that spans the slough. Mr. Davidsen also reported that Hamanaka Painting started painting the outside of Collector 3 and the inside will be painted later either in winter or early spring. Projects underway with District staff include the TRF maintenance as they prepare to start up the TRF, replacement of the Essex septic system and the Samoa Peninsula telemetry upgrade. Training at two safety meetings included Trenching and Excavation Safety as well as Scaffolding and forklift man basket use training.

K. DIRECTOR REPORTS & DISCUSSION

1. General

Director Latt stated he would not be able to attend the November Board as scheduled. Director Laird stated he too had a conflict. The Directors agreed to move the meeting to Wednesday, November 16 with Board packets going out on November 10th.

2. ACWA – JPIA

Nothing to report.



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3. **ACWA**

ACWA Fall Conference and training

Mr. Helliker stated the ACWA Fall Conference is scheduled for November 29-December 2 in Anaheim. He inquired who would like to attend. He and Director Rupp would like to attend. On motion by Director Rupp, seconded by Director Woo, the Board voted 5-0 for appropriate staff and Directors to attend.

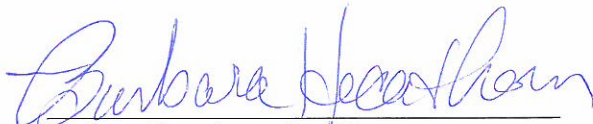
4. **Organizations on which HBMWD Serves: RCEA, RREDC, NCRP**

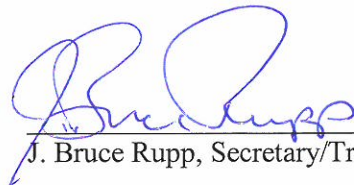
Director Rupp stated the RREDC meeting was cancelled. Director Woo stated RCEA has been very time consuming with the Community Choice Energy Program and an HR audit going on. She is anticipating several recommendations from the HR audit.

ADJOURNMENT

The meeting adjourned at 2:38 pm.

Attest:


Barbara Hecathorn, President


J. Bruce Rupp, Secretary/Treasurer