



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Agenda for Meeting of Board of Directors

December 8, 2016, 9:00 a.m.

A. ROLL CALL

President Hecathorn called the meeting to order at 9:01 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. Pat Kaspari and John Winzler of GHD were present for a portion of the meeting.

B. FLAG SALUTE

President Hecathorn led the flag salute.

C. ACCEPT AGENDA

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

D. MINUTES

On motion by Director Laird, seconded by Director Latt, the Board voted 5-0 to approve the minutes of the November 16, 2016 regular meeting.

E. PUBLIC COMMENT

No public comment was received.

F. CONSENT AGENDA

President Hecathorn requested Items 2 and 4 be pulled. On motion by Director Rupp, seconded by Director Woo, the Board voted 5-0 to approve the Consent Agenda less items 2 and 4.

2. City of Blue Lake Parks and Recreation- Thank you note

President Hecathorn inquired if the topic was discussed as the last meeting as she did not recall. The Board confirmed the item was discussed.

4. Ruth Lake CSD 2016 Quagga Inspection Report

President Hecathorn noted the number of inspections conducted was unusually high and only one watercraft failed inspection. Our District and Ruth Lake CSD have done a good job getting out the word about the inspection process and its requirements. Director Rupp added that Quagga Mussels were a topic of discussion at the ACWA conference. Director Laird stated he has not heard much news about the other aquatic invasive species, the New Zealand Mud Snail.

On motion by Director Rupp, seconded by Director Laird, the Board voted 5-0 to approve Consent Items 2 and 4.

G. CORRESPONDENCE

Letter from California Energy Commission (CEC) re: Approval for RPS Certification, Matthews Dam
Mr. Helliker stated the District received the approval certification from the CEC and the next step in the process is the meter installation which should be completed by April. Once the new meter is installed, the District will receive almost three times the previous rate under the new agreement. The revenue increase will benefit the ratepayers.

H. CONTINUING BUSINESS

1. Water Conservation Regulations

The draft report on implementation of Executive Order B-37-16 was released on November 30th and comments are due by December 19th. Mr. Helliker is working with ACWA and sixty-three water agencies to prepare comments. He discussed the elements of the draft the water



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agencies are supportive of and those they are opposed to. The agencies are supportive of the new conservation targets for 2025, the five- year drought planning sequence in the Urban Water Management Plan (currently is three years), and language supporting reliable supplies. Water agencies are requesting revisions to include alternative compliance methods, allow and define variances, and clarify that the program must not affect water rights or the ability to use or transfer conserved water. Also, any changes should be implemented through new legislation. Director Rupp thanked Mr. Helliker for his involvement in the process and suggested that staff schedule a meeting with the representatives for our local legislators to discuss concerns with them and garner support. The Board concurred.

2. Water Resource Planning

Local Sales

Mr. Helliker stated the City of Trinidad is interested in being a grant recipient for water supply. They requested their engineer, GHD, determine how the pipeline analysis relates to their previous analysis. Director Laird stated Westhaven CSD should be involved as well. Mr. Helliker responded that he has reached out to Westhaven CSD but has not received any response to his email inquiries.

Transport and Instream Flow

At the ACWA Conference, Director Rupp and Mr. Helliker met with Jim Watson of the Sites Reservoir JPA; Ara Azhderian, Assistant General Manager of the San Luis and Delta Mendota Water Authority; and Curtis Creel, General Manager of the Kern County Water Agency, to discuss the possibility of storing water in the Sites Reservoir and selling water to users in the San Joaquin Valley. The cost of transferring our water to the Sacramento River basin is currently prohibitive, but may become more competitive in price if the State Water Board requires additional outflows from reservoirs in the Sacramento and San Joaquin Valleys.

Director Rupp and Mr. Helliker also spoke with David Aladjem at the ACWA conference regarding instream flow. The District's water rights expire in 2029 and can apply for renewal as late as 2028. The only benefit to acting sooner is to garner any potential revenue available from an instream flow dedication. The Board had an in-depth discussion on what would be considered baseline flows versus beneficial instream flow dedication. There was also much discussion on allocation of the available water for presentation and discussion purposes. The current pie chart used to show potential allocation of HBMWD water rights: diversions at Essex has a green shaded area of 10 MGD that is listed as Transport or Instream. This is water that can be allocated to either or both beneficial uses, depending on the circumstances. Director Laird stated he would like the green slice to disappear. He recommended adding 5 MGD to transport and 5 MGD to instream flow. President Hecathorn inquired what the benefit is to changing the chart. Director Laird stated the current pie chart does not show how much instream flow is valued and he wants it made clear that instream flow is valued. Director Rupp stated the original costs were based on 40 MGD, therefore the cost sheet will need to be modified to more accurately reflect increased costs. Can this be done without incurring high costs? If so, he can agree on the change as a planning document for diversions at Essex. Mr. Helliker stated the current terms for transport are 30-40 MGD. Is the Board saying reduce it to state up to 35 MGD for transport? The Board confirmed this is the recommendation. On motion by Director Laird, seconded by Director Woo, the Board agreed for planning purposes to allocate 20 MGD of diversion rights at Essex to instream flows and 35 MGD to potential transport options.

Last month, the Board received a letter from the Humboldt Community Services District Board



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expressing their questions and concerns regarding the instream flow option. Mr. Helliker provided a draft response letter for review. The Board provided input and the letter will be sent out soon.

3. Cannabis activities

Mr. Helliker stated the State and Regional Water Boards as well as the Department of Fish and Wildlife are in the process of hiring for new positions to implement cannabis regulatory enforcement. The next phase of enforcement activities is expected to start as soon as new staff are hired.

4. Ordinance 16 and Contract Changes

Mr. Helliker met with five of our seven Municipal Customers regarding changes to Ordinance 16. He will meet with Manila CSD on December 15th and Fieldbrook on December 20th. No concerns have been raised at this point. Staff should be prepared to bring the changes to Ordinance 16 to the Board for approval at the January meeting and changes to the water supply contracts in March or April, for implementation in July. Director Rupp confirmed that he and Mr. Helliker and possibly Director Latt will meet with the Eureka City Council for a broad orientation the first part of 2017 as there are several new Council members.

I. NEW BUSINESS

Oath of Office

Vice-President Laird administered the Oath of Office to President Hecathorn, Director Latt and Director Woo. All three Directors ran unopposed.

Employee Safety Incentive

Mr. Friedenbach discussed the current safety program and its components. He noted the District is committed to providing a safe and healthy work environment for all employees. The employees are very safety conscious. This is evidenced by the District's low Worker's Compensation ExMod factor of .67. Any rate less than 1.0 means there are relatively few worker injuries over time. A rate of .67 indicates a very strong culture of safe work practices for which the employees should be commended.

The District's worker's compensation and liability insurance is through the JPIA. A JPIA Risk assessment inspection was recently conducted by Mr. Scott Wood. Mr. Wood believed that the District's Safety Incentive Policy could be misinterpreted and construed as not compliant to OSHA standards. Mr. Friedenbach shared a new, OSHA compliant Safety Incentive Policy with the Board for possible approval. He noted that the District's Safety Committee members reviewed the new incentive plan criteria and were not opposed the revision. If adopted, the new criteria will be implemented on January 1, 2017. On motion by Director Rupp, seconded by Director Laird, the Board voted 5-0 to approve the new and revised Safety Incentive Policy.

J. REPORTS (from Staff)

1. Engineering (11:00 a.m.)

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

Mr. Kaspari stated the Layne crew is getting ready for the holiday break. They will be back on January 9, 2017 and will begin work on the third lateral. The current contract shows a project completion date of December 31, 2016. A change order will be required to revise the date.

The contractor submitted Pay Request 5. Mr. Kaspari recommended approval of payment 5 in the amount of \$74,000 less retainage of \$3,700 for payment of \$70,300. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve Payment 5 to Layne Christensen.



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

Mr. Kaspari shared that FEMA is finishing up their review and will do an informal consultation with the US Fish and Wildlife Department. There are no apparent conflicts. FEMA still needs to send the Cultural Resources Report to the State Historic Preservation Office and hopefully they will respond by January or February. If approval is received by February, the next step is a site survey and then perhaps go out for bid in the summer of 2017.

1MG Reservoir Roof Replacement & Painting

Mr. Kaspari is aware of 3 bids so far. The bid opening is scheduled for December 21 at 3 pm.

12kV and Surge Tower HMG/PDM

The 12kV project is still under review and FEMA staff are requesting more information. The person reviewing the Surge Tower says it looks good and should receive a letter soon regarding approval.

Miscellaneous Property Developments, Arcata

A few months ago, an Axel Properties project was discussed with the Board and a recorded easement was done with the County. They now want to build another building on the West End Road site. The building does not appear to impact our easement, however, Mr. Friedenbach sent them a letter reiterating our easement.

Status report re: other engineering work in progress

Mr. Kaspari discussed the earthquake that occurred earlier in morning. FERC requires a follow up status report for earthquakes over a magnitude of 5.0 and within 50 kilometers of the dam. Although the earthquake was a magnitude 6.5, it was beyond 50-kilometer range. The quake meter at the dam did not register any movement. As a precaution, a dam inspection and report will be completed. Mr. Friedenbach shared that he received a call from FERC asking about any effects on the dam from the earthquake.

2. Financial

Director Rupp provided the November 2016 financial report. He noted that of the \$215,825 in project costs for the month, only \$30,000 was charged out under Price Factor 2. The remainder is funded by grants and other sources. Director Woo reviewed the bills and stated all was good. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve the November financial statement and vendor detail report in the amount of \$359, 249.54.

3. Operations

Monthly Report

Mr. Davidsen provided the December Operational report. He stated Ruth Lake is full and it is the earliest it's filled in the past ten years. He shared that Pump Efficiency Testing Services was on site to conduct efficiency testing of the collector pumps and the pumps at the TRF. Initial testing shows the District should get a good rebate from PG&E. The District conducted the annual EAP Drill for R.W. Matthews Dam. This is a FERC requirement to test the emergency call lists and radios. Training including HazMat Violation Workshop, Fall Protection-Competent Person, Reasonable Suspicion, and First Aid and CPR/AED training. Director Rupp inquired who provides the training. Mr. Davidsen replied there are several different organizations that provide



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the training but much of it is locally through the North Coast Safety Consortium (NCSC). Mr. Friedenbach added the District is a member of the NCSC and one of the benefits is free training. He noted the Board can attend the training as well and will send them a schedule of upcoming trainings. Mr. Davidsen and the Board discussed future security improvements. The Board concurred that security is a priority and recommended staff provide a scope of work and receive bids for updating the system, provided that staff is comfortable with the current system and improvements are not imperative. Staff confirmed the improvements can wait. Mr. Davidsen shared the Notice of Inspection from Mr. Imperiale of CalFire. The notice states that Mr. Imperiale is hopeful the District will begin harvesting the dead and dying trees in next month or two. Mr. Davidsen shared the quotes received to remove the trees. It will cost approximately \$20,000 to remove the hazardous trees around headquarters. He noted this is just for headquarters and does not include the hundreds of other dead, dying and diseased trees on District property at Ruth. Director Laird stated he is not supportive of cutting trees and inquired if the District has a Timber Harvest Plan done by a licensed professional forester. Director Rupp stated if we do nothing, we may lose even more trees. Mr. Helliker responded that the District does not need a Timber Harvest Plan and it would cost over \$100,000 to do one. He also noted that Mr. Imperiale of CalFire is a licensed professional forester. Director Latt stated existing bids were contingent on the perception of timber management staff at that time. Director Woo also suggested staff check with the US Forest Service (USFS) to see what their plans are for dead, dying and diseased trees since most of the property surrounding District's is owned by the USFS. The Board requested staff bring back the issue of tree removal at headquarters next month.

SCADA System Upgrade Project

Mr. Davidsen reviewed the bids received. He recommended awarding the bid to Telestar, the lowest, responsive, responsible bid. He stated he is still awaiting a schedule of values from Telestar and recommended award of the contract be contingent upon receipt of the schedule. On motion by Director Laird, seconded by Director Woo, the Board voted 5-0 to award the contract to Telestar, contingent upon receipt of the schedule of values.

K. DIRECTOR REPORTS & DISCUSSION

1. General

Director Laird attended a Eureka Chamber of Commerce Business Committee meeting. He provided a presentation on Seal Level Rise and discussed water rights, and Water Resource Planning.

Director Hecathorn stated new officer elections will take place at the January meeting. She also stated the General Manager Performance Review will take place during closed session at the January meeting.

The Board discussed holding a Special meeting to interview and possibly appoint a new Director. The Special meeting will be on January 19 at 9 am.

2. ACWA – JPIA

As part of the Fall Conference, Director Rupp attended an Employee Benefits Committee meeting where they are looking at ways to reduce the costs of medical coverage. He also attended a Board of Directors meeting as well as an Executive Committee meeting.

3. ACWA

Director Rupp and Mr. Helliker reported out on their attendance at the ACWA Fall Conference.



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Director Rupp attended a Finance Committee meeting and looks like dues will be increasing by three percent. They attended the Region 1 meeting and Director Rupp stated he would really like to see Mr. Helliker serve on that Board. Presentations attended included weather predictions by NOAA and one on atmospheric rivers. It was a good conference.

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

Director Woo attended the RCEA meeting. Things are moving forward and they are on schedule for the launch of the Community Choice Energy program in April of 2017. They also put together an outline for orientation of new Board members.

President Hecathorn attended the RREDC meeting in lieu of Director Rupp since he was at the ACWA Conference. She reported that Leila Roberts, the new Director of the North Coast Small Business Development Center was the guest speaker. The Board went into closed session to conduct a performance evaluation for the Executive Director.

ADJOURNMENT

The meeting adjourned at 3:08 pm.

Attest:

Sheri Woo, President

J. Bruce Rupp, Secretary/Treasurer