



# HUMBOLDT BAY MUNICIPAL WATER DISTRICT

828 7<sup>th</sup> Street, Eureka



## Minutes for Meeting of Board of Directors

November 09, 2017

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### A. ROLL CALL

President Woo called the meeting to order at 9:00 am. Director Rupp conducted the roll call. Directors Fuller, Hecathorn, Latt, Rupp and Woo were present. General Manager John Friedenbach, Superintendent Dale Davidsen, Business Manager Chris Harris, and Board Secretary Sherrie Sobol were present. Recently retired Dave Deskins and Lee Dedini were present for a portion of the meeting. Pat Kaspari and John Winzler of GHD were present for a portion of the meeting.

### B. FLAG SALUTE

President Woo led the flag salute.

### C. ACCEPT AGENDA

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

### D. MINUTES

Director Hecathorn stated she attended the meeting with ACWA President Kathleen Tiegs and was not listed. On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to approve the minutes as amended.

### E. PUBLIC COMMENT

No public comment was received.

### F. CONSENT AGENDA

Director Hecathorn pulled items 2 and 6. On motion by Director Fuller, seconded by Director Latt, the Board voted to approve the Consent Agenda, less Items 2 and 6.

#### 2. CSDA e-News: Your District Could Get Saddled with JPA Pension Liability

Director Hecathorn stated she would like to know more about this and the proposed legislation. The article stated that CalPERS staff will recommend their Board of Directors approve sponsoring legislation that would, among other things, attach joint and several liability to new and current Joint Powers Authorities for all unfunded pension liabilities for any public retirement system, not just CalPERS. The CSDA is opposed to this for multiple reasons. Director Rupp noted that we are members of ACWA JPIA and they have paid their pension liability. That money is in a trust account earning a higher interest rate. The JPIA is well managed.

#### 6. North Coast Journal article: Stop Passing Notes!

Director Hecathorn noted the Board discussed this years ago and inquired if the District has a policy regarding this. Mr. Friedenbach stated the District does have a policy. He suggested minimizing phone use and if a personal call needs to be taken, announce it as a personal call and leave the room. Director Rupp noted this is not an issue with our Board and Director Latt stated use of private communication devices are discoverable if there is business related information on them.

On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve Consent Items 2 and 6.



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**G. CORRESPONDENCE**

District Letter to Hog Island Oyster re: Stand-by Fire Protection Rates

Mr. Friedenbach shared the letter sent to Hog Island Oyster Company in October regarding their bill for Stand-by Fire Service. He stated he has not heard back from them and the bill remains unpaid. Director Latt inquired what the next step is if the bill remains unpaid. Mr. Friedenbach stated we can't turn off water to be used for fire suppression; however we can put a lien on the property if the bill remains unpaid.

California Department of Transportation (DOT) letter re: Bridge Inspection Report

Mr. Friedenbach shared the cover letter from California DOT regarding the inspection of the R.W. Matthews Dam bridge. The District owns the bridge and is responsible for maintenance and repairs on the bridge. The latest inspection did not require any additional work or repairs. Mr. Davidsen noted that he and his crew continue to monitor the bridge welds and see no issues. Director Fuller inquired if there are any bridge costs in the Capital Improvement Plan (CIP). Mr. Friedenbach replied yes, and the CIP will be discussed next month. He added that the bridge was painted just last year.

**H. CONTINUING BUSINESS**

Water Resource Planning

There were no updates on the Water Resource Planning process.

Cannabis Grows

Mr. Friedenbach shared the media release and fact sheet from the State Water Resources Control Board (SWRCB) announcing that they adopted environmental standards for Cannabis cultivation. Mr. Friedenbach stated they now have the tools in place to pursue enforcement, however staffing for enforcement is still an issue. Director Rupp requested staff contact SWRCB staff to discuss enforcement in our area.

District Medical Plans/Open Enrollment

Mr. Friedenbach stated during the open enrollment for District medical plans, staff went to Essex to discuss the Consumer Driven Health Plan and associated Health Savings Account as well as other options. Employees had several questions which Ms. Harris was able to address. Ms. Harris stated last year, three employees were enrolled in the CDHP and this year there are nine. Director Rupp thanked staff for investing time and educating employees about the CDHP. Director Hecathorn added the CDHP is good for many employees (but not all) and the District too.

Reservoir Conditions

Mr. Friedenbach shared the California Department of Water Resources reservoir conditions. He also shared the Ruth Lake conditions and noted that it is at 92% of the ten-year average. Director Rupp noted the Oroville Reservoir level is being kept down at 35% of capacity.



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**I. NEW BUSINESS**

Resolution 2017-13 Dave Deskins Retirement and Resolution 2017-14 Lee Dedini Retirement  
Director Rupp read Resolution 2017-13 Recognizing and Honoring the Outstanding Service and Achievements of Dave Deskins. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve Resolution 2017-13.

Director Rupp read Resolution 2017-14 Recognizing and Honoring the Outstanding Service and Achievements of Lee Dedini. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 to approve Resolution 2017-14.

President Woo presented both retirees with a framed Resolution. Each Board member expressed appreciation for Mr. Deskins' and Mr. Dedini's dedication and work with the District and shared well wishes for their retirement years. Mr. Davidsen echoed these sentiments and also acknowledged the wives and family members as well.

Ruth Lake Water at work

Ms. Harris stated staff received notice from the US Forest Service (USFS) that planes would be departing from Chico headed for Ruth Lake to assist with the Buck Fire during October. The USFS stated their staff would be contacting the Trinity County Sheriff and the Ruth Lake Marina staff to notify them that planes would be scooping water from Ruth Lake. Ms. Harris provided details on the type of aircraft used and the process to avoid the spread of aquatic invasive species when dipping into the lake. She shared photos of the fire and some video of the planes at work in Ruth Lake. She also stated District staff is working with legal counsel Paul Brisso to draft a Memorandum of Understanding between the District and the USFS for accessing Ruth Lake Water.

Per Diem/Travel Advance Policy

Ms. Harris described the current process to reimburse an employee who incurs work related travel expenses. The process is burdensome for both the traveling employee and the office staff. In an effort to remedy this, staff reviewed the current travel policy and practices and contacted other local agencies regarding their policies. These were shared with the Board. Ms. Harris then outlined three options: 1) Maintain current practice; 2) Issue a travel advance check of a flat amount to be reconciled upon return from the business trip; or 3) Issue a per diem/travel advance check, based on destination zip code and meal requirements. The zip code based per diem amount is calculated and provided by the Government Services Administration and is available online. This option would eliminate potentially all out of pocket costs for the traveling employee and the check could be issued to the employee up to two weeks prior to travel. Staff recommends the Board adopt Option 3 and after discussion with Eureka office staff, developed a preliminary procedure for Option 3. Director Rupp inquired if the motivation for this change is consistency and a simpler process, do the employees see this as a simpler process. Ms. Harris stated, yes, she discussed this with the supervisors in advance and received feedback from the employees. Director Fuller stated she has used both systems and the Option 3 is more fair and equitable. Mr. Friedenbach clarified this is for employees only, the Directors are governed by the Board Governance Manual. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to adopt Option 3 Per Diem & Travel Advance Policy.



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Draft Employee Handbook

Mr. Friedenbach stated the Employee Handbook was last updated in 2012. Since that time, there have been Board policy changes adopted and employment law changes that need to be incorporated into the handbook. Staff has met with the Board Policy and Evaluations Committee (Directors Woo and Rupp) and discussed the draft update. He highlighted the sections being updated and requested feedback on those as well as any other section. Staff will include changes discussed and bring the Employee Handbook back in December for final adoption. He noted that the ACWA/JPIA handbook served as a model for several sections of the District Employee Handbook. Also, legal counsel will be reviewing the Employee Handbook as well. Director Rupp requested the Retirement and Sick Leave portion of the handbook be reconsidered at the next budget cycle. He understands this is a common policy with other agencies as well, however he feels this is a poor policy in that it adds to the District's retirement liability. Director Latt stated he is supportive of staff looking at alternative options.

Statewide Mercury Control Program for Reservoirs

Ms. Harris stated she, Mr. Friedenbach and Ms. Ryan participated in a webinar on the Statewide Mercury Control Program for Reservoirs. The State Water Resources Control Board is working to find a solution to address the issue of mercury levels in reservoirs. There will likely be future regulations for reservoir owners.

**J. REPORTS (from Staff)**

**1. Engineering**

Sheriff's Cove Dredging

Mr. Kaspari stated the project is complete and went very well. There was one change order to allow the use of the GRS Cat 330 DL Excavator instead of the District's long-reach excavator. Although the change order increased the contract by \$9,779.03 it saved the District approximately \$20,000 since there was much more material to excavate than originally anticipated. Mr. Kaspari pointed out that even with the change order increase; the total cost was still lower than the second lowest bidder. Mr. Friedenbach added that the District received FEMA Disaster grant funding so the District covers twenty-five percent of the costs and grant funding covers the remaining seventy-five percent.

Spillway Assessment

Mr. Davidsen reported out on the spillway assessment. He explained the steps taken to strengthen and reinforce the spillway. He noted there were some challenges along the way but he is very pleased with the outcome. Director Rupp stated someone with less quality concerns would have left the spillway as is and commended Mr. Davidsen and his staff for their quality assurance and persistence in doing the job right. Mr. Davidsen thanked him and stated it is very important that the job is done right and looks good.

Collector Mainline Hazard Mitigation Grant Application

Mr. Kaspari stated the grant for the collector mainline project was submitted. The project has a high benefit to cost ratio which is good. A project must have a minimum ration of 1 and this project is at a BCA of 11.14.



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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 stated he is still waiting on the Geotech report and hopes to have it next week. Staff is scheduled to meet with Randy Sundberg to work out details for a construction easement. He also stated he will request an extension from FEMA given the delays in the project and doesn't anticipate any problems.

### 1 MG Reservoir Roof Replacement/Painting

Mr. Kaspari stated the project is almost done and the tank should be back in service soon. The project is overdue and has cost him extra time on the job. He believes liquidated damages should be charged and discussion with staff needs to occur.

### Surge Tower Replacement/12kV Replacement

Mr. Kaspari stated FEMA is almost done the NEPA process for both grant projects. The former CalOES representative who was assigned to our projects has retired and now there are three CalOES representatives, one for each of our projects. They will be in town November 30 to conduct site visits at the Surge Tower, 12kV and Blue Lake Fieldbrook Water Line Replacement projects.

## 2. Financial

### Analysis of Overtime Expenses

Overtime expenses for the prior month are included in the Board packet each month. Ms. Harris provided an analysis of overtime trends for the past ten years and shared the results in graph form. She was able to identify specific events or projects that contributed to the spikes in overtime.

### CalPERS Unfunded Pension Liability

Ms. Harris provided information on the CalPERS unfunded liability. She defined "unfunded liabilities" and provided background on how the CalPERS unfunded liability occurred. The most recent GASB 68 report from July 2016, calculates the HBMWD CalPERS unfunded liability at \$2,002,310.00. She noted that all government agencies that are members of CalPERS are faced with a similar dilemma as to how best to manage their growing CalPERS unfunded liability.

In 2015, Humboldt County had \$220 million in CalPERS unfunded pension liability and began reviewing options to decrease their liability. Options included creating a pension obligation bond or creating a trust fund. After analysis, the Humboldt County Treasurer suggested the trust fund option based on the "inflexible financial commitment" required by the bond obligation. This allows the County to shift funds into a trust account, earning interest at a higher rate. This trust fund is dedicated to reducing the CalPERS unfunded liability.

Public Agency Retirement Services (PARS) is the company Humboldt County selected to manager their trust fund. Staff suggests the Board consider reallocating a portion of general fund reserves currently held in low return investment accounts into a dedicated, higher return pension trust account. To help better understand this, staff also proposes to contact PARS and request a presentation to the Board. Staff requests direction from the Board to begin creating a CalPERS Unfunded Liability Policy, potentially allocating budgetary funds on an ongoing basis. Ms.



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Harris added that both ACWA and CSDA use PARS as well. The Board concurred with staff's suggestions and requested a presentation from PARS.

Financial Report

Ms. Harris provided the October 2017 financial statement and vendor detail report. Director Rupp reviewed the bills and stated there were no issues. He did note that the GHD check was quite large but covered a myriad of projects. He added it is money well spent. Ms. Harris added that approximately sixty-percent of the GHD bill was grant related and will be reimbursed at seventy-five percent. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve the October 2017 financial statement and vendor detail report in the amount of \$363,798.99.

3. Operations

Monthly report on projects and operations

Mr. Davidsen provided the October Operational Report. The Turbidity Reduction Facility is now online. Load testing of all District cranes and the man lift have been completed. The testing is required every four years. The ninety-day inspections of larger fleet vehicles were also completed. As noted earlier, spillway work took up a great deal of time but during all this, Mr. Davidsen found time to provide a presentation on the R. W. Matthews Dam for the Blue Lake Disaster Preparedness Meeting. Mr. Davidsen spoke about the District's safety program, maintenance program, regulatory reporting and requirements and answered numerous questions from the public in the audience. He noted that the event was very well attended.

Mr. Friedenbach stated the District has a metal lathe at Essex that is about 40 years old and was not functioning properly. Mr. Davidsen took the fitting home to work with it on his personal lathe. His purpose in sharing this was two-fold: 1) the District will need to purchase a new metal lathe machine; and 2) this is another example of Mr. Davidsen's dedication to the District.

PG&E Statement of Electric Energy Purchased and hydro related summaries

There were no questions.

Surplus PLC/SCADA system components

Mr. Davidsen shared the list of PLC/SCADA system components to be declared surplus. He stated some of the components have value and will likely be sold on eBay. On motion by Director Hecathorn, seconded by Director Rupp, the Board voted 5-0 to declare the list of PLC/SCADA items surplus.

**K. DIRECTOR REPORTS & DISCUSSION**

1. General

Director Rupp went to the 2017 Flood Coordination Meeting. He stated he learned a lot of interesting information which he shared. He also learned that Humboldt County has a new alert system and encouraged everyone to sign up for it.

2. ACWA – JPIA

Director Rupp participated in an Employee Benefits Committee meeting via phone. The JPIA noticed that doctors were regularly referring patients to out of network facilities. This was mainly a



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problem in southern California and was costing about one million dollars. The Executive Committee decided to cap out of network costs to help reduce their loss.

3. **ACWA**

2018 Membership Dues

Mr. Friedenbach stated the ACWA dues for 2018 is \$14,030. We are a water district and ACWA does a lot of great work in many ways. It is important that remain a member of ACWA. Director Rupp concurred, as did the Board.

Letter from Vice-President candidate for 2018-19

Mr. Friedenbach shared the letter from Steven Lamar who is a candidate for ACWA Vice President. Director Rupp stated Mr. Lamar is running unopposed.

News articles

ACWA provided a 2017 Legislative Wrap-Up: An Update on Key Water Related Bills that Mr. Friedenbach shared with the Board.

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

Director Woo stated RCEA continues to be very busy. They are in the process of conducting a review of the Executive Director. The DG Fairhaven biomass portfolio will be discussed at an upcoming meeting.


Director Latt reported out on RREDC. He stated RREDC is not just a loan organization. Many agencies, small and large, participate. The program topic at the October meeting was Economic Development Implications of Sea Level Rise around Humboldt Bay. He also learned that a couple of airlines wanted to provide direct flights to Los Angeles, however there is a pilot shortage which prevented this.


Mr. Friedenbach stated that local ballot Measure Z passed to allow formation of the Peninsula CSD. This will have an effect on the Humboldt Bay retail customer base and the retail staff in the Eureka office.

**ADJOURNMENT**

The meeting adjourned at 2:50 pm.

Attest:

  
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Sheri Woo, President

  
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J. Bruce Rupp, Secretary/Treasurer

