



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

March 14, 2019

A. ROLL CALL

President Woo called the meeting to order at 9:01 am. Director Rupp conducted the roll call. Directors Fuller, Hecathorn, Latt, Rupp and Woo were present. President Woo stated she need to leave by 2:15 due to work commitments. She left the meeting at 2:06 pm. General Manager John Friedenbach, Superintendent Dale Davidsen, Business Manager Chris Harris 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 Woo led the flag salute.

C. ACCEPT AGENDA

President Woo suggested the Closed Session Item be discussed after lunch since she needs to leave at 2 pm and cannot be present for the full meeting. The Board concurred. On motion by Director Fuller, seconded by Director Rupp, the Board voted 5-0 to accept the agenda as amended.

D. MINUTES

On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to approve the minutes of February 12, 2019 Regular Board Meeting and February 15, 2019 Adjourned and Continued meeting.

E. PUBLIC COMMENT

Mr. Adam Jager, the new manager of Ruth Lake CSD introduced himself to the Board. He shared some background information, stated he had a productive meeting with HBMWD staff and is looking forward to his new job and working with the District in that capacity.

F. CONSENT AGENDA

President Woo requested Item 2 page 9 be pulled. On motion by Director Hecathorn, seconded by Director Fuller, the Board voted 5-0 to approve the Consent Agenda, less Item 2. President Woo inquired if any staff were planning on attending the Sea Level Rise and Tsunami Safety workshop. Staff indicated they had not planned on attending but would if the Board felt it necessary. President Woo stated it was not necessary to attend. On motion by Director Fuller, seconded by Director Hecathorn the Board voted 5-0 to approve Item 2 of the Consent Agenda.

G. CORRESPONDENCE

1. Letter from Mitchell, Brisso, Delaney & Vrieze, LLP announcing Ryan Plotz as new partner to the firm

Mr. Friedenbach shared the letter from legal counsel announcing Ryan Plotz as a partner in the firm. Director Latt inquired if the firm is proposing that Mr. Plotz be our new legal counsel as Mr. Brisso is retiring. Mr. Friedenbach stated Mr. Plotz has been acting as District council when Mr. Brisso is not available. It is up the Board to decide if the District should keep Mr. Plotz or the firm as legal counsel. After discussion, staff was requested to bring the item back the Board for further discussion and possible action.

2. Notice re: PG&E Chapter 11 Bankruptcy Case

Mr. Friedenbach shared the PG&E Notice of Chapter 11 Bankruptcy and the article noting that the federal court denied FERC jurisdiction in PG&E Bankruptcy case. FERC asserted that it had



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“concurrent jurisdiction” over the power purchase agreements held by PG&E and could prevent them from being altered in the bankruptcy proceeding. The federal court ruling was a victory for PG&E which could seek to exit some of its higher priced renewable energy PPA’s. The District has a PPA and we’ll have to wait and see what happens with our ReMAT agreement. If PG&E does decide to pull our contract, there is a clause that states they have to pay for loss of future economic benefit. Currently, PG&E owes the District nearly \$90,000. Mr. Friedenbach stated it his understanding that the District will be paid post-bankruptcy. Director Latt stated he wants to ensure we have the best plan to receive the money due.

3. District Letter to Municipal Customers re: information about domestic water use per Ordinance 16 requirements

Mr. Friedenbach shared the annual letter to the Municipal Customers transmitting information on their domestic water use per Ordinance 16 contracts. The information helps the Municipalities see prior year demands versus their peak rate allocation and helps with their budget process.

4. District Letter supporting SB 669 Safe Drinking Water Trust

Mr. Friedenbach discussed the letter sent to Senator McGuire and seven other senators and ACWA supporting SB 669: Safe Drinking Water Trust. Director Latt suggested that if another letter is sent, it should emphasize that the proposed water tax is regressive and water costs have steadily increased over the past two decades. Director Rupp stated that ACWA does emphasize the regressive approach of the proposed water tax and the supporters of a water tax are aware of this but keep trying to pass it anyway. The alternative, SB669 is a reasonable alternative and is gaining traction.

H. CONTINUING BUSINESS

1. Water Resource Planning

Mr. Friedenbach stated there is nothing to report in regards to the transport option. The Instream Flow Committee is in the process of scheduling a meeting with legal counsel David Aladjem and the State Water Resources Control Board. In regards to local sales, he provided an update on status of Nordic Aquafarms. He and Director Rupp met with Nordic Aquafarms, the Harbor District, and the County Economic Development. They presented the challenges with providing pre-treated water compared to industrial water for future water users. Director Rupp stated the District cannot subsidize costs. Mr. Friedenbach stated another potential customer is Enviva. They are a producer of wood pellets and are interested in the former Simpson Mill site. Enviva representatives will be visiting in April and staff requested a meeting with them to discuss water needs. The Harbor District and the County now realize that the District will not finance the infrastructure for the industrial use and District ratepayers will not pay for it. Staff will provide a focused study on costs to upgrade the Industrial System.

2. Cannabis Grows affecting Mad River Watershed

Mr. Friedenbach stated he included the article from the Lost Coast Outpost titled Weed and Water Diversion: State Fish and Wildlife Studying Environmental Effects of Cultivation in the Upper Mattole This Year for informational purposes only. Director Rupp sated he hopes they will take a look at the effects on the Mad River soon.

3. CLOSED SESSION-Public Employee Performance Evaluation for General Manager (pursuant to Section 54957(b)(1))

The Board entered into closed session at 1:30 pm.



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The Board returned to Open Session at 2:01 pm. President Woo stated that based on the General Manager's evaluation, the Board would like to provide a merit increase of \$3,000 for a yearly total compensation of \$141,358. No public comment was received. The Board voted 5-0 by roll call vote to approve the increase of \$3,000 effective July 1, 2019.

4. Request to modify Ordinance 22

Mr. Friedenbach stated he has received requests to modify Ordinance 22. Mr. Uri Driscoll addressed the Board on behalf of the Northern California Horseman's Association. He stated that Ordinance 22 which was recently passed, prohibits horses on District property. The Annie & Mary Trail is a multi-modal trail and if Ordinance 22 remains unchanged, it will eliminate the horse group users from using the trail and going to Park 1 as a destination. It is his understanding that Ordinance 22 will be reviewed in six months and he requested the Board consider allowing horses on District property. The Board thanked Mr. Driscoll for his comments and a brief discussion followed.

I. **NEW BUSINESS**

1. Unum Employee Life & LTD renewal

The District switched to Unum in 2015 and received better coverage at a lower rate. The District saved \$54,000 in cumulative savings over the past four years since the switch. Staff has been notified that there will be a 5% increase in the rates this year. This increase equates to an increase of \$85.83 per month or \$1029.96 annually. Staff recommends continuing with Unum and accepting the rate increase. On motion by Director Latt, seconded by Director Hecathorn, the Board voted 5-0 to accept staff recommendation and remain with Unum.

2. DFW Quagga Inspection Training at Ruth Lake

Mr. Friedenbach stated DFW is conducting a two-day Quagga inspection training in Sonoma. Mr. Jager will be attending the training. Also, staff requested an abbreviated four-hour inspection training at Ruth Lake CSD that does not include the life-cycle of the invasive mussels. Mr. McAlexander will conduct the training this spring. A few HBMWD staff will be attending this abbreviated training at Ruth.

3. HR LaBounty Safety Awards Program Nomination

ACWA offers two opportunities to apply for/receive the H.R. LaBounty award which is presented at the Spring and Fall ACWA Conference. Mr. Friedenbach shared the Spring application submitted by the Maintenance Department for a portable gantry hoist. Director Rupp thanked Mr. Friedenbach for his encouragement and support of staff to submit nominations. This not only shows the state what our staff is doing but can also help other Districts by sharing knowledge.

4. District fees related to Ruth Lake

Mr. Friedenbach discussed the items at Ruth Lake for which the District receives fees. These include the cabin/bunkhouse, Sheriff's Cove gravel, permit to withdraw water from Ruth Lake, water sales outside the buffer strip, PG&E application for utility easement, the Don Bridge lease and merchantable timber. All of the fees have been in place for a number of years and are not adjusted to current market conditions. Staff requested direction from the Board as to whether the fees should be left as is or if staff should analyze their current market condition value and bring a proposal to the Board for new fees for consideration. Director Latt stated he would like staff to review each item and ensure that we are covering costs. The Board concurred.



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J. **REPORTS (from Staff)**

1. **Engineering**

Collector 2 Cable Car Landslide

Mr. Kaspari shared photos of the storm damaged Collector 2 Cable Car Shed due to a landslide. GRS has begun work to repair the landslide and GHD will work on a design for the shed replacement. The project should be completed in a few weeks.

Collector 4 bank erosion

Mr. Kaspari shared the photos of the bank erosion he sent to the Army Corps of Engineers (ACOE) to request emergency work to replace the previous bank stabilization with rock. He will meet with the and Dept of Fish and Wildlife tomorrow and has already met with NMFS.

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

Mr. Friedenbach stated the bid packet for the Surge Tower job stated \$5 million insurance requirement. The contractor requested a decrease in the insurance requirement from \$5 million to \$3 million. The demo of the tower must be accurate or the effects can be damaging. He is not in favor of reducing the insurance for these reasons. Mr. Kaspari concurred. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to deny to the request for a reduction in insurance coverage.

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

Mr. Kaspari stated the design is started and once it is thirty percent complete, they will meet with PG&E. An extension request for the grant was submitted and he doesn't anticipate any issues.

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

No update.

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

No update.

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

No update.

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

No update.

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

Mr. Kaspari stated the grant application is due April 18. A Local Project Fund Match Commitment Letter and Project Maintenance Letter must also be submitted. He requested the Board approve both letters. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 5-0 to approve the Match Fund and Maintenance Letters.



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Lazzar Development 27th

Mr. Friedenbach stated that Mr. Lazzar plans for the back parcel have changed and he now has one house and one mother-in-law unit planned and will allow the District a 55- foot easement. District legal counsel is drafting easement language with dedicated access to the back parcel. Mr. Lazzar will be providing the District a revised plot plan.

Status report re: other engineering work in progress

Mr. Kaspari stated the new round of NOI for grants is due March 15, 2019. The NOI being Submitted is for a 750kW emergency generator and larger fuel tank for the TRF. The current generator cannot power the backwash system.

2. Financial

a) Financial Report

Ms. Harris provided the February financial report. She noted that General Reserves is just over two million dollars. She also stated that overtime increased due to storm damage issues at Essex and learning new software at Eureka office. Director Hecathorn reviewed the bills and noted a check to Paul Helliker, former GM. Ms. Harris stated that during an audit review, it was discovered that during his last month of employment, a payment did not go to CalPers and as a result he was reimbursed directly. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 4-0 to approve the February 2019 financial statement & vendor detail report in the amount of \$327,301.21.

b) Project Budget 2019/20

Ms. Harris inquired if there were any projects the Board would like the District to work on. If so, to please let her know soon so that it can be incorporated into the budget. She also shared the proposed budget schedule with a project budget meeting taking place on May 30, 2019 at 9 am at Essex. The Board concurred with the schedule.

c) Project Budget 2018/19 modification

Ms. Harris stated that the current fiscal year 2018/19 Project Budget approved by the Board has several industrial water system projects including: 1) I/W Pipeline Evaluation Project (\$26,000) and 2) Industrial and Domestic System Intertie Project (\$11,000). Base on recent discussion regarding potential future industrial customers on the Samoa Peninsula, staff is proposing a slight modification of the two already approved projects. The proposed new verbiage for the I/W Pipeline Evaluation Project will be “an overview of the industrial system, including: assessment of the assets; anticipated cost to refurbish the assets; and prioritized suggestions for the most cost-effective manner in which to accomplish this.” The Industrial and Domestic Intertie project proposed change is “to begin the planning for repairing the Industrial System, since the Harbor District has a client that needs enough water to warrant refurbishing Pump Station 6.” On motion by Director Fuller, seconded by Director Hecathorn, the Board voted 4-0 to change the verbiage as proposed by staff.

3. Operations

Mr. Davidsen provided the February Operational Report. It rained a lot in February! Rainfall recorded at Ruth Headquarters was 25.32 inches.

Interviews were conducted for the O&M Tech position and he made an offer. The applicant declined citing the cost of housing and the availability of housing did not make it feasible for him to relocate from Crescent City. Mr. Davidsen stated he has one more interview scheduled at this



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time. Filling this position has been very challenging and the position has been open for about nine months.

Mr. Davidsen shared that work on the cabin recently has been challenging due to the fact that there was eighteen inches of snow in front of the cabin. The bunkhouse remodel is going well overall and he shared pictures with the Board. He is pleased with the craftsmanship, diligence and communication of the contractor.

Mr. Davidsen shared operational challenges and damage resulting from winter storms on February 9-11 and 25-28. This included downed trees, power outages, TRF generator failure, severe erosion at Park 4 and the Collector 2 cable car shed that slid down the hill.

Hearing and respiratory exams for Essex and Ruth staff occurred on February 11 and 25. This is a regulatory requirement for all personnel that use respirators. Safety training for February was chlorine leak response and leak repair training.

K. MANAGEMENT

1. Annie & Mary Trail destination Park 1

President Woo stated she needed to recuse herself as she has a remote conflict of interest. She works for SHN who is working on the project. Although she does not supervise any staff that is working on the project, she did not want any perceived conflict, so she recused herself and left the room. Mr. Friedenbach stated the City of Arcata received a planning grant for a portion of the Annie & Mary Trail. The trail currently ends in Arcata near Wes Green Landscaping. The City of Arcata would like to make the District's Park 1 the end destination of the trail and need funding for the additional mile. Mr. Friedenbach stated he shared this with the Muni group. Arcata was in favor of the District assisting with funding but McKinleyville and Eureka expressed concerns.

Ms. Julie Neander from the City of Arcata provided a brief presentation on the trail, the grant received and what is needed to complete the trail destination to Park 1. Mr. Hank Seemann of the County provided additional information as well as they are partnering with the City of Arcata to complete the trail. He noted that the District previously approved Resolution 2008-07, Supporting the Development of the Proposed Annie & Mary Trail. He stated they are now requesting a financial contribution of \$5,000 from the District to fund the trail to Park 1. The Board discussed the request. Support for the trail was unanimous amongst the Board, however, they agreed that supporting the current funding request was not compatible with the District's mission. Mr. Seemann stated perhaps they could come back to the Board with more findings after initial studies are completed. Mr. Davidsen stated concerns about increased use of Park 1, in particular the restrooms and trash by anticipated trail users. Mr. Seeman acknowledged these concerns and promised the County would work closely with the District to ensure any such increased use was not equitably borne. He stated he understands the District's fiduciary commitment.

The Board expressed their appreciation to the County and Trail folks and reiterated their support for extending the Annie & Mary trail to Park 1 however, stated they would have to deny the funding request. On motion by Director Rupp, seconded by Director Hecathorn, the Board voted 4-0 to deny the request for financial support for the planning phase to extend the Annie & Mary Trail to Park 1. Director Woo returned after the discussion ended.



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2. CSDA-

a. Call for nominations for Board of Directors

Mr. Friedenbach inquired if any Directors were interested in the call for nominations for the CSDA Board of Directors. No Directors expressed interest.

b. Take Action Brief

Mr. Friedenbach shared the Take Action brief and called out AB510 Video Monitoring records Retention Modernization and AB 1486 requiring special districts to offer a right of first refusal to affordable housing developers, school agencies and park agencies before putting their land out to lease. He shared why he would like to send a support letter for AB510 and an oppose unless amended letter for AB1486. The Board concurred to send the letters supporting AB 510 and opposing AB 1486 unless amended.

3. New Municipal Customer Director orientation for Desiree Davenport of HCSD

Ms. Desiree Davenport of HCSD was the only new director who accepted the offer for a District orientation. Mr. Friedenbach stated the meeting went well and he shared the orientation agenda. Director Rupp stated it is a very comprehensive agenda.

4. New General Manager at Ruth Lake CSD

Mr. Friedenbach reiterated that the meeting with Mr. Jager went very well and he is looking forward to productive working relationship with Mr. Jager and Ruth Lake CSD. The Board concurred and were appreciative of Mr. Jager's pro-active approach.

5. Other

Mr. Friedenbach shared that the League of Women Voters asked him to be a guest speaker at their meeting on March 17th. The meeting will be in the District board room.

L. DIRECTOR REPORTS & DISCUSSION

1. General -comments or reports from Directors

No comments or reports were received.

2. ACWA – JPIA

a) Refund check for low ratio of "Paid Claims and Case Reserves"

Director Rupp stated ACWA/JPIA provides workers compensation, liability and property insurance as well as employee benefits. He was proud to report that there is no increase in worker's compensation, liability insurance rates decreased by nine percent, and there is no increase in property insurance. Employee benefits offered are the highest quality program options, provide the best coverage and has saved six million is costs over the past few years without compromising value. He was pleased to present the District with a refund check in the amount of \$36,113.

b) Resolution 2019-01 Nominating J. Bruce Rupp to the Executive Committee of ACWA/JPIA

Director Rupp read Resolution 2019-01. The Board voted 4-0 by roll call vote to approve Resolution 2019-01 Nominating J. Bruce Rupp to the Executive Committee of ACWA/JPIA.

c) Resolution 2019-02 Concurring in Nomination of E.G. "Jerry" Gladbach to the Executive Committee of ACWA/JPIA

Director Rupp read Resolution 2019-02. He stated he is not running against Mr. Gladbach and knows him very well. He is outstanding, effective and highly regarded. The Board



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voted 4-0 by roll call vote to approve Resolution 2019-02 Concurring in Nomination of E.G. “Jerry” Gladbach to the Executive Committee of ACWA/JPIA.

d) Resolution 201-03 Concurring in Nomination of Brent Hastey to the Executive Committee of ACWA/JPIA

Director Rupp read Resolution 2019-03. He stated he is not running against Mr. Hastey. Mr. Hastey is the current President of ACWA and is doing very good job. The Board voted 4-0 by roll call vote to approve Resolution 2019-03 Concurring in Nomination of Brent Hastey to the Executive Committee of ACWA/JPIA.

3. ACWA

a) Federal Regulatory Issues January 2019 Update

Mr. Friedenbach stated the update was included for informational purposes only. No action is needed.

b) Little Hoover Commission Releases 2017-18 Report

Mr. Friedenbach shared the summary of the Little Hoover Commission 2017-2018 Report. The Commission called for improved transparency and noted the recent enactment of SB 929 (McGuire) which requires all special districts to maintain a website to help the public understand the services available to them.

4. Organizations on which HBMWD Serves: RCEA, RREDC

Director Latt reported out on his attendance at the RREDC meeting. The program was about the legalization of cannabis. The guest speakers were Terra Carver, Executive Director and Natalynne DeLapp, Operations Director of Humboldt County Growers Alliance. Of the statewide cannabis licenses granted, 23% are in Humboldt County. This is second to Santa Cruz. The City of Eureka has over 55 applications for processing facilities.

ADJOURNMENT

The meeting adjourned at 3:30 pm.

Attest:

Sheri Woo, President

Barbara Hecathorn, Assistant Secretary/Treasurer