



HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors

February 12, 2019

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. Director Hecathorn left the meeting at 2:50 pm. General Manager John Friedenbach, Superintendent Dale Davidsen, Business Manager Chris Harris and Board Secretary Sherrie Sobol were present. Nathan Stevens 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

The Board agreed to discuss the Closed Session Item for GM Evaluation as the last item. On motion by Director Latt, seconded by Director Rupp, the Board voted 5-0 to accept the agenda.

D. MINUTES

On motion by Director Rupp, seconded by Director Fuller, the Board voted 5-0 to approve the minutes of the January 7, 2019 Special Board Meeting and January 10, 2019 Regular Board Meeting.

E. PUBLIC COMMENT

No public comment was received.

F. CONSENT AGENDA

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

G. CORRESPONDENCE

District letter re: Proposed Changes in Calculation of Annual Dam Fees

Mr. Friedenbach shared the letter opposing the proposed changes in the metrics to calculate the annual dam fees. The Division of Safety of Dams (DSOD) is proposing to use the height of the dam as the sole common metric. Dam height does not correlate to revenue generation from a dam. Under the proposed fee schedule, the District's dam fee will increase from \$28,500 to \$41,000. This is a 44% increase on top of the earlier 58% increase over the last five years. The District is suggesting the DSOD consider utilizing an additional metric of revenue generation over the past five years in conjunction with the height of the dam metric. This would be a fairer way to allocate fees across all dam owners in proportion to their individual abilities to pay for increased fees resulting in more equitable distribution of fees. Mr. Friedenbach added that he met with the representative for Senator McGuire last week and brought up this issue. The California Special Districts representative who organized the meeting stated this a common sentiment with other small dam owners. Director Rupp requested a copy of the letter be sent to the head of the DWR and Director Latt requested involvement by ACWA on this issue.

DWR Post Performance Monitoring Requirement Change

The District received a letter regarding Post-Performance reports required by recipients of Proposition 84 grant funding. The District is a recipient of Proposition 84 grant funding. One of the requirements of Proposition 84 funding was to conduct post-construction project performance monitoring annually and submit an annual Post-Performance Report (PPR) to DWR for a period of ten years. DWR is



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now proposing to reduce the PPR reporting period from ten years to three years. The County administers the Proposition 84 grant funding and concurred with the change, reducing the reporting period. This is retroactive and will apply to previous projects as well. Mr. Friedenbach stated this is very good news.

RLCSD 2018 Quagga Inspection Report

Mr. Friedenbach shared the Ruth Lake CSD Quagga Inspection Report and compared it to the previous five years reports. The Board expressed concerns regarding the quality of the inspections given staff turnover. Mr. Friedenbach stated Mr. Breck Alexander of DFW agreed to conduct staff training, likely in March. President Woo offered to send a letter to Ruth Lake CSD Board stressing the importance of keeping Ruth Lake quagga free and the Board concurred. The Board also discussed developing a response plan if quagga mussels were to occur in Ruth Lake and inquired if grant funding might be available. Staff will research funding options.

District letter to Dept. of Toxic Substances Control re: McNamara & Peepe

The District received notification from the Department of Toxic Substance Control (DTSC) stating they were rescinding the Remedial Action Certification for the McNamara & Peepe Lumber Mill site in Glendale. The District responded expressing support for an updated Remedial Action Plan and requested notification when the new plan is available for review and comment. The District also requested a minimum of quarterly sampling be implemented and that the DTSC move forward to effectively address eliminating the contamination at the site and its plume of migration off site. Director Latt inquired if the Blue Lake Rancheria was tracking this issue as well. Director Fuller stated they are and a letter was prepared very similar to the District's letter.

H. CONTINUING BUSINESS

Water Resource Planning - re: water-use options under consideration (local sales, transport, and in-stream flow dedication)

Mr. Friedenbach stated last December he was contacted by the Humboldt County Economic Development Department about a potential customer and asked if the District could provide water. He confirmed the District could provide water. There is also another potential customer who is also unknown at this time. The Harbor District announced they are leasing property to a fish farming company called Nordic Aquafarms. It turns out this is the original customer the County of Humboldt was inquiring on behalf of in December when asking if the District could provide water. Mr. Friedenbach stated a meeting is scheduled with Nordic for either late this afternoon or early tomorrow to discuss potential water needs. He inquired if the Local Sales Committee members could attend. Director Rupp stated he would be in attendance.

Mr. Friedenbach stated he and the Instream Flow Committee participated in a conference with David Aladjem, water rights attorney. President Woo stated it was an excellent talk and Mr. Aladjem suggested next steps are to set up a conference call with him, District staff and SWRCB staff who will be handling the water rights requests. The talking points will be what we want-instream flow dedication, and why they want it as well. Mr. Friedenbach added that Mr. Aladjem is very knowledgeable about the process and acquainted with upper level staff at the SWRCB.



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Cannabis Grows affecting Mad River Watershed

Mr. Friedenbach stated the District continues to receive numerous referrals from the County regarding cannabis permit applications. He checked with Mr. Bauer regarding cleanup of the abandoned cannabis sites and there is not much progress yet.

Humboldt County Board of Supervisors re: Zoning Text Amendments and Zone Reclassifications to Implement the General Plan

At their January meeting the Board of Supervisors adopted a strategy to carry out Zoning Text Amendments and Zoning Reclassifications to implement the General Plan. The strategy includes a series of public outreach meetings. Mr. Friedenbach stated the areas of primary concern for our District are the focused community planning in the McKinleyville, Blue Lake and Fieldbrook/Glendale areas as they relate to industrial impacts on the Mad River Watershed and the quality of the District's source water. He shared the GPU Zoning Amendments schedule from the County. In accordance with Board direction, District staff will attend and participate in the meetings as appropriate and will notify Directors.

Ordinance 22 for Public Recreation -Public Hearing

President Woo opened the Public Hearing at 10:05 a.m. and explained the process. Mr. Friedenbach provided the staff report. He shared the two comment letters received and stated the red-lined version of Ordinance 22 incorporates the majority of requests received from the public. District legal counsel has reviewed the red-lined document. He stated it is not the intent for staff to be the ordinance police as it is a burden on their time and personal safety is a priority. The Directors asked several questions and stated they were supportive of the ordinance. Superintendent Davidsen expressed his concerns with regarding the ordinance as did a member of the public. Both felt the ordinance was too restrictive. Another member of the public stated he appreciated the ordinance moving forward and suggested perhaps the ordinance could be reviewed on an annual basis. He also requested that ordinance signage be kept simple as not to clutter the natural environment. Hearing no other public comments, President Woo closed the hearing at 10:50 am and thanked the public for their input. Director Rupp requested staff address the no smoking on District lands portion of the ordinance. Mr. Friedenbach stated the main reason for the rule is concern regarding cigarette butts ending up in the river. He also stated there seems to be some confusion regarding jurisdiction over the river bar. The river is waters of the State of California which is for the beneficial use of the residents of the state. As such, the state has jurisdiction over it. The District does not have jurisdiction over the river bar, only on District property and the river bar is not District property. On motion by Director Fuller, seconded by Director Hecathorn, the Board voted 5-0 by roll call vote to approve Ordinance 22. Director Fuller requested staff provide feedback on the ordinance in six months.

Procedures for Ordinance 22 Enforcement by Employees

Mr. Friedenbach shared the proposed procedure for enforcement of Ordinance 22 by employees. He reiterated that the intent is not for employees to be the ordinance police and understands it is a burden on employee time. The procedure gives latitude to the employee and emphasizes that employee safety is of the utmost importance. Director Latt provided input for an addition to Item 1 Employee Safety. He added that the procedure is well drafted and protective of the employee. After a brief discussion, on motion by Director Fuller, seconded by Director Rupp, the Board voted 4-0 adopt the procedures with the addition of Director Latt's suggestion.



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DWR Sustainable Groundwater Management (SGMA) Final Basin Prioritizations

Last August, Mr. Friedenbach shared the District's letter regarding Mad River SGMA prioritization. DWR used inaccurate data to determine the SGMA prioritization and classified the Mad River Basin as medium priority. Mr. Hank Seemann, Deputy Director of Environmental Services for Humboldt County did the bulk of the work to provide the accurate and correct data showing the Mad River Basin is still low priority and not subject to SGMA along with assistance from Greg Orsini of McKinleyville CSD and Mark Andre of the City of Arcata.

DWR has finalized the Basin Prioritizations under the SGMA and the Mad River groundwater basin is now listed as very low priority. This is excellent news and also means there is no mandatory compliance with SGMA. The Board expressed their appreciation for the efforts by Mr. Seemann, Mr. Orsini and Mr. Andre.

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

The Board entered into Closed Session at 4:35 pm. They returned to Open Session at 4:45 pm. President Woo stated there is no reportable action.

I. NEW BUSINESS

Safety Program

Mr. Friedenbach provided background and highlighted the components of the District's Safety Program. The District pays \$200 incentive to each current full-time employee that has been employed for at least six months and meets criteria to be eligible for the award. The District awards a grand prize of \$500 based on a drawing of all eligible employees. The winner this year was Samantha Ryan. President Woo presented Ms. Ryan with her certificate and grand prize check. Ms. Ryan thanked the Board for their support and commitment to safety.

Legislative Advocacy and Priorities Policy and Procedure

Mr. Friedenbach shared the proposed policy and procedures for Legislative Advocacy and Priorities. Director Rupp stated having an organized approach to issues is good, but feels this does not require policy and procedures. He suggested that if a legislative letter is sent out, the Board should receive a copy as soon as possible. After a brief discussion, no action was taken.

Legislative Advocacy Committee and Charter

Director Latt stated he understands the collaborative spirit of committees but feels there is no need for yet another committee. The Board concurred and no action was taken.

Committee Assignments

No changes to committees were made. All assignments remain the same.

Hydro ReMAT Contract

The District has a Hydro ReMAT contract with PG&E for sale of its electrical power from the Gosselin Hydro Electric Power Plant at Ruth. This is a twenty-year contract that sunsets in May 2037. There is a provision in the contract that if either party is declared bankrupt, the other party may terminate the contract. Mr. Friedenbach recommended that the Board not exercise this clause at this time. Mr. Friedenbach has been in communication with Todd Thorner and Mark Henwood of



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JTN Energy given the announcement of PG&E's bankruptcy filing. The consultants feel it is best to wait and see how the bankruptcy proceedings progress. The Board concurred.

Employee Handbook Update

Mr. Friedenbach stated that Operations staff is requesting that Floating Holiday hours banked for Thanksgiving and the Day after Thanksgiving also be extended to expire on February 28 of the new year. It has become apparent that given the short time frame between Thanksgiving and Christmas, requests for vacations during this time and the coverage needed to staff all shifts, it is difficult to provide the floating holiday time off banked at Thanksgiving. This will not result in any additional costs to the District. Benefits of this change will be less scheduling difficulty and happier employees at the end of the year with overall improved morale. Staff recommends the Board update the Employee Handbook Section 4001.2 Holidays to include Thanksgiving Day and the Day after Thanksgiving listed as exceptions to use/lose by end of the year, expiring instead on February 28th of the following year. On motion by Director Latt, seconded by Director Fuller, the Board voted 4-0 approve staff's recommendation.

J. **REPORTS (from Staff)**

1. **Engineering**

Mad River Cross Sections Annual Survey

Mr. Stevens reported out on the results of the 2018 survey of the Mad River Cross Sections at Essex. The channel against the north bank at Sections 2 and 3 continue to be an area of concern. Dredging is done to keep water flowing into the forebay at pump station 6. Also, erosion along the left bank near pump station 4 is becoming a concern. Director Rupp stated if the District has an industrial customer, it will be important to keep water flowing to pump station 6. Mr. Friedenbach stated NMFS staff provided some suggestions for the next steps in engineering designs. Mr. Stevens also stated that section 7 by pump station 4 is not a major concern for operations, but it could be if access is needed to pump station 4. There is currently construction fencing in place where the river bank is eroding away at Park 4.

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

Mr. Stevens stated bid opening occurred at 3 pm today. Four bids were received with bid amounts ranging from \$225,000 to \$56,000. The apparent low bidder is Figas Construction. Director Latt stated he would need to recuse himself as his firm represents Figas. Mr. Stevens stated staff needs time to properly review the responsiveness and responsibility of the low bidder. President Woo inquired if two days would be enough time and Mr. Stevens replied yes. The Board agreed to continue the meeting to a later date to possibly approve the bid.

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

The project design has started. Staff hopes to be done in the spring, put the project out for bid in June and award in the next fiscal year-July 2019.

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

The grant is on hold pending availability of funds.

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

The Request for Information was submitted and staff has not heard back.



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

Staff responded to two additional requests for information and are awaiting a response.

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

This project is also awaiting a response after submitting additional requested information.

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

CalOES approved the NOI and the full application is due by April 18, 2019.

12-Month inspection of 1 MG Reservoir Roofing and Coating Project

Mr. Stevens stated the warranty inspection showed some rust by the overflow tank that will need to be fixed. This was not a surprise, however, the rust on the stainless-steel ladder was a surprise. Staff is scheduling the contractor, Paso Robles Tank, to come back and fix the issues which are still under warranty.

Lazzar Development 27th - CLOSED SESSION to discuss real property negotiations at 27th and Alliance with concern to price, terms of payment or both with Mr. Lazzar (pursuant to Section 54956.8)

The Board went into closed session at 11:40 am. They returned to open session at 12:10 pm. President Woo stated there was nothing to report out.

Status report re: other engineering work in progress

Mr. Stevens stated that Bennett Trenchless Engineers did the horizontal directional drilling (HDD) for the Blue Lake Fieldbrook Pipeline Crossing project, which was a successful project. Bennett Trenchless will be presenting the HDD project at a conference on February 21 and he was asked to co-present on the presentation.

2. **Financial**

Financial Report

Ms. Harris stated the financial report for January 2019 was not completed as staff is still learning the new accounting software and setting up financial reports. The report will be provided next month. She reviewed the expense by vendor detail with a total of monthly disbursements of \$435,060.38. Director Rupp reviewed bills and did not see any areas of concern. On motion by Director Rupp, seconded by Director Fuller, the Board voted 4-0 to approve the vendor detail report.

Letter from County Treasurer summarizing interest earned report for quarter ending September 2018

The County Treasury earned 1.36% compared to LAIF at 2.16% for the quarter ending in September 2018. The County prefunded the CalPERS annual pension in July rather than making installments throughout the year. This saved the County more than \$680,000 in interest payments. The large payment significantly lowered liquidity and investable funds resulting in the lower apportionment rate.



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GASB 75

Ms. Cathy Macleod of MacLeod Watts participated in the meeting via teleconference and reported out on the Actuarial Valuation and GASB75 Report for the Fiscal Year Ending June 30, 2018. GASB 75 requires a full actuarial report on OPEB be done every two years. Her firm provided the required report for the District. She reviewed terminology changes, discussed the information used in preparing the analysis and assumptions. She provided a comparison of valuation results from 2015 to 2018. The Board asked several questions and thanked Ms. Macleod for the presentation. Director Hecathorn was not feeling well and left immediately after the presentation. On motion by Director Rupp, seconded by Director Latt, the Board voted 4-0 to accept the report.

Xpress Bill Pay Agreement

Ms. Harris stated one of the many benefits of the new utility billing and finance software is the online payment portal that will allow retail customers to make payments at any time by a variety of means including credit cards. Staff recommends using the services of Xpress Bill Pay to handle all the Automated Clearing House (ACH) charges with the .30% Government Utility Rate merchant service fee on all transactions. On motion by Director Latt, seconded by Director Rupp, the Board voted 4-0 to approve entering into an agreement with Xpress Pay at the Government Utility Rate and authorizing the General Manager to execute all necessary contracts.

Proposed Change in Director's Payroll Dates

Ms. Harris stated employees are paid on the 5th and 20th of the month. She proposed changing the Director's pay date to the 20th of each month to coincide with employee payroll dates and reducing the amount of staff time to conduct a third payroll just for the Directors. On motion by Director Rupp, seconded by Director Fuller, the Board voted 4-0 to approve the new pay date for Directors.

3. Operations

Monthly report on projects and operations

Mr. Davidsen provided the January Operational Report. The Ruth Bunkhouse Remodel required a change order #6 for the cabinets. The cabinets will be of better quality and will not impact the budget or completion date. Six staff from Essex attend RCAC training in Fortuna on Operations and Maintenance Practices. Topics for the Safety meeting included: WIIP, EAP, Generator Operations and General Emergency response. All full-time staff at Essex and Ruth are working on their 40-hour Hazwoper training. This is a required training by OSHA. Some employees have completed the training.

Surplus Items

Mr. Davidsen stated staff is recommending the Board approve the following items as surplus as they are outdated or no longer needed: 2013 Ford F750 truck drivers side bucket seat; 2" Demco Hydraulic brake actuator assembly and 2 Hyd brake backing plate assemblies 5 bolt; and a commercial 4500 propane generator. On motion by Director Rupp, seconded by Director Fuller, the Board voted 4-0 to declare the above items surplus.



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K. MANAGEMENT

1. CSDA

Mr. Friedenbach shared the article “Appeals Court Rules Prop 218 Rate Plan Subject to Referendum” provided by CSDA. As noted earlier, the local CSDA representative arranged a meeting with the representative for Senator McGuire. Topics discussed included: Dam fees, T3/D3 water operator certification changes, IRWMP local grant funding and its importance, the proposed water tax and the North Coast Railroad Authority (NCRA) given that our 12kV project is on the NCRA right-of-way.

Mr. Friedenbach stated the local chapter of CSDA would like Director Rupp to be guest speaker on the topic of Rural Development Agencies/Oversight Committees at the June 3rd meeting. Director Rupp stated he would be happy to be the speaker.

2. Meeting dates

Mr. Friedenbach stated he is on the Technical Review Committee for the North Coast Resource Partnership and their meeting is scheduled for April 18th, the day of the currently scheduled Board meeting. The Board agreed to move the meeting date to Tuesday, April 16th at 9 am so Mr. Friedenbach could participate in both meetings.

3. Non-Profit Irrigation Program

Mr. Friedenbach shared a request from Mr. David Hull, general manager of Humboldt Community Services District to provide water for non-profit irrigation at a reduced price. He stated Mr. Hull received a request to provide discounted water to sports fields and parks in their service area. Mr. Hull then requested the District provide the discounted water rate and stated that HCSD legal counsel said it is not an issue for HCSD if the District provided the discount water. The Board discussed the request and expressed concerns regarding Prop 218 and the fact this discounting water to HCSD would not be equitable and all the Ordinance 16 contracts would have to be opened up. The Board unanimously decided against the request.

4. HBMWD as a polling place for Humboldt County Elections

Mr. Friedenbach shared the email from Humboldt County Elections inquiring about using the Board room as a polling place. The District has done this in the past, however, it was not favorably received. It was disruptive to staff and some groups that regularly use and previously reserved the room were cancelled do the elections. After a brief discussion and additional concerns were raised, the Board decided not to offer the Board room as a polling place.

5. Annie and Mary Trail

Mr. Friedenbach reported out on the Annie and Mary Trail Committee meeting. The City of Arcata would like the interim end destination of the trail be Park 1 at Essex.

L. DIRECTOR REPORTS & DISCUSSION

1. General -comments or reports from Directors

No reports.



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2. ACWA – JPIA

President’s Special Recognition Award for liability and property program

The District received awards for low ratio of “Paid Claims and Case Reserves” to “Deposit Premiums” in the Liability Program and the Property Program. Director Rupp and the Board conveyed their thanks to staff for a job well done.

3. ACWA

ACWA Spring Conference May 7-10, 2019 in Monterey

On motion by Director Rupp, seconded by Director Latt, the Board voted 4-0 to approve attendance to ACWA Spring Conference for Board members and appropriate staff.

Outreach Alert re: Water Tax

Mr. Friedenbach shared the ACWA Advisory regarding a Water Tax. Governor Newsom included a statewide water tax in his proposed budget. ACWA and the District believe that making access to safe drinking water for all Californians should be a priority but the statewide tax is not the solution when alternative funding solutions exist. ACWA and the California Municipal Utilities Association will be advancing a proposal for a Safe Drinking Water Trust. The state has a large budget surplus making this a good year to create and fund the trust.

Region 1 Board Members 2018-2019 Term

The Region 1 Board met at the end of January and selected a new member to fill the Region 1 vacancy. Director Rupp received a unanimous vote and is now a member of the Region 1 Board for the remainder of the 2018/19 term. The Board and staff congratulated Director Rupp.

4. Organizations on which HBMWD Serves: RCEA, RREDC

President Woo reported out on the RCEA meeting. She stated they are working hard and keeping a close watch on the PG&E bankruptcy.

Director Latt reported out on the RREDC meeting. The program speaker was Scott Adair the Humboldt County Economic Development Director.

ADJOURN and CONTINUE BOARD MEETING

At 4:46 p.m. President Woo stated staff needs time to properly vet Figas Construction, the apparent low bidder for the Surge Tower Project. Is there a motion to adjourn the meeting to a specific date and time? On motion by Director Rupp, seconded by Director Fuller, the Board voted 3-0 to adjourn to meet again on February 14th at 1 pm to discuss and possibly accept the Figas Construction as the apparent low bidder. Director Hecathorn was absent and Director Latt recused himself.

Attest:

Sheri Woo, President

J. Bruce Rupp, Secretary/Treasurer

