

HUMBOLDT BAY MUNICIPAL WATER DISTRICT
828 7th Street, Eureka



Minutes for Meeting of Board of Directors
December 10, 2020

1. ROLL CALL

President Woo called the meeting to order at 9:02 am. Director Rupp conducted the roll call. Directors Fuller, Latt, Lindberg, Rupp and Woo were present. General Manager John Friedenbach, Superintendent Dale Davidsen, Business Manager Chris Harris, Tech Manager Dee Dee Simpson Glenn and Board Secretary Sherrie Sobol were present. Program and Regulatory Analyst Samantha Ryan, Legal Counsel Russ Gans and District Engineer Nathan Stevens were present for a portion of the meeting.

2. FLAG SALUTE

President Woo led the flag salute.

3. OATH OF OFFICE

Director Rupp conducted the Oath of Office for Directors Latt, Lindberg and Woo. Each Director took the Oath of Office and signed the form on camera.

4. ACCEPT AGENDA

Mr. Friedenbach stated Item 11.1a I should state the letter is requesting a 12-month extension, not a 6-month extension. On motion by Director Fuller, seconded by Director Rupp, the Board voted 5-0 by roll call vote to accept the agenda as modified.

5. PUBLIC COMMENT

Dave Saunderson stated the Ruth Lake Leaseholders Association has not met in seven years but is now starting back up again. They will now have a website and conduct meetings via zoom. He also stated he attended the District's November meeting and hiring Adam Jager was an excellent choice.

6. MINUTES

6.1 Minutes of the November 12, 2020 Regular Board meeting

President Woo requested some grammatical corrections to the meetings. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 by roll call vote to approve the minutes as amended.

6.2 Minutes (Revised) of the October 8, 2020 Regular Board Meeting

The Board requested this item be tabled until January 2021 for staff to consult with District Counsel.

7. CONSENT AGENDA

Director Rupp requested Item 7.2 "Water district, tribe discuss service deal for Trinidad hotel project" be pulled. On motion by Director Fuller, seconded by Director Lindberg, the Board voted 5-0 by roll call vote to accept the Consent Agenda less Item 7.2.

7.2 Media articles of local/water interest

Director Rupp stated: I read this article with some sadness and concern. I have always appreciated, and given consideration to communications to this Board. In fact, I suggested we respond to Supervisor Madrone's letter but the Board decided we should not, as I recall.

It is necessary in light of the article to attempt to make my policy position clear. The Humboldt Bay Municipal Water District mission as articulated in a statement on the wall of our Boardroom is, in part, to provide high quality drinking water to our customers at the lowest possible costs and to protect our water source. WE ARE NOT A LAND USE REGULATORY AGENCY. It is not our function, even though some would like to imply it is, to refuse water because people have real concerns about development that has been approved. It is currently unclear whether it is feasible to provide water to Cher-Ae Heights or whether they can afford the cost which they will have to bear. It

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is the feasibility study which will determine that; and they will pay all costs.

Finally, my effort to carry out our mission does not constitute an endorsement of the project already approved over the real opposition of many. It means I feel obligated to do the job I was given by the people.

On motion by Director Lindberg, seconded by Director Latt, the Board voted 5-0 by roll call vote to approve Consent Item 7.2.

8. CORRESPONDENCE

8.1 Notices from PG&E re: Conditional Reservation for SGIP Project

Mr. Friedenbach shared the two notices from PG&E regarding the Self Generation Incentive Program (SGIP). One is for the Turbidity Reduction Facility and the other for Essex. This program will provide Tesla battery banks for back up power at both sites and is one hundred percent grant funded and will save costs over a ten-year period, the expected life of the Tesla batteries.

8.2 Email to General Manager re: assisting with science project

Mr. Friedenbach shared the email requesting his assistance on a science project that twins in Atlanta, Georgia are working on. The science project studies the impacts to water quality and community water supplies following the August Complex Wildfires. He will be assisting in the project. Director Lindberg stated it is good to encourage youth and the sciences.

8.3 District letter to US Dept. of Interior expressing support for designation of Lanphere and Male'l Dunes as National Natural Landmark

Mr. Friedenbach shared the District's letter of support for designation of the dunes as a National Natural Landmark. He noted the District's easements will remain in place and not be affected by the designation. He stated that staff from the National Parks and BLM conferenced with him about the details of the NNL program and he was comfortable with the District supporting the designation.

8.4 District letter to Humboldt County Board of Supervisors re: Maple Creek Investments, LLC

Mr. Friedenbach stated last month, the Board directed staff to send a letter to the Board of Supervisors stating the District had no objection to the water usage at the site. He shared the letter that was sent to the Board of Supervisors.

8.5 District letter to FERC re: Part 12d IC

Mr. Friedenbach shared the District letter sent to FERC requesting approval for Dan Wade as the District's Independent Consultant for the Ninth Independent Safety Consultant's Inspection Report for the R.W. Matthews Dam. Director Rupp inquired about the costs of this report. Mr. Friedenbach replied it is estimated to cost around \$80,000 and is budgeted.

9 CONTINUING BUSINESS

9.1 Water Resource Planning-status report on water use options under consideration*

a) Local Sales

Mr. Friedenbach was scheduled to meet with staff from Nordic Aquafarms but had to reschedule due to a conflict. He will report out after the meeting occurs. The Trinidad Rancheria was in favor of the MOU but would like to include language allowing for grant opportunities. The MOU will be brought back in January for possible approval. He also sent letters to McKinleyville CSD, Westhaven CSD and City of Trinidad to inquire if there was any interest in participating in a feasibility analysis to extend HBMWD service to their service area. Westhaven CSD sent a letter stating they are not interested at this time as it is cost prohibitive.

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They would be interested in fire suppression at no cost to them. Mr. Friedenbach stated this is not an option since the District charges for hook up and support of fire suppression systems.

b) Transport

There was no update.

c) Instream Flow

The committee is moving forward with edits to the Habitat Conservation Plan to facilitate the instream flow dedication. They will meet next week and bring the suggested changes to the Board for review when it is ready.

9.2 Cannabis Impacts on the Mad River Watershed

There was no update.

9.3 Disaster Declaration at Ruth Lake

a) Letter to CDFW

Staff sent a letter to CDFW regarding removal of burned woody debris from the tributaries around Ruth Lake that resulted from the August Complex wildfire. The letter served as official notice of an emergency exception to a formal 1600 LSSA permit. The threat to life and property is that the burned woody debris created by the fire poses a threat to the R.W. Matthews dam. Mr. Friedenbach will meet with Mr. Larson of CDFW tomorrow at Ruth to show the debris and explain the anticipated removal process.

b) NRCS-DSR

Ms. Harris stated staff completed the application process with the Natural Resources Conservation Service (NRCS) to receive funding through the Emergency Watershed Protection program for erosion control measures. The funding is similar to the Federal Hazard Mitigation Grants in that 75% is grant covered and 25% is District match. Staff recommends approval of the \$323,143 District match which is available within General Reserves. Director Rupp inquired if staff had a plan to replenish District Reserves. Ms. Harris discussed Ordinance 16 and the Price Factor 4 limitations on annual Additions to Reserves. After a brief discussion the Board voted 5-0 by roll call vote to approve the District match in the amount of \$323,143.

c) Letter from Board of Supervisors to Congressman Huffman

The Humboldt County Board of Supervisors sent a letter to Congressman Huffman requesting additional support of federal and state resources to address watershed restoration to maintain the high-quality water from Ruth Lake and Mad River following the August Complex fire. Director Rupp stated collaboration may be the answer to restoring the headwaters at Ruth and suggested staff meet with Congressman Huffman, the Board of Supervisors and the US Forest Service to discuss the headwaters. Mr. Friedenbach stated he has been in discussions with the Mad River Ranger and she was agreeable to some erosion control and revegetation efforts. Director Lindberg was in the watershed area last week and shared photos of the devastation.

d) Salvage logging contract with Morris Logging

Mr. Friedenbach shared the Timber Severance and Removal Agreement between the District and Steve Morris Logging. He noted the salvage logging is related only to burned trees on District property. FEMA required language is in the contract and the District is risk neutral. Legal Counsel Russ Gans shared that he just received comments from the attorney for Morris Logging. There is a substantive change being requested in Section 8.1 of the contract (Termination) and he

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has not had time to fully review comments. President Woo stated she would prefer to have a Special Meeting to discuss the contract once Mr. Gans has fully reviewed the contract. The Board concurred and agreed to meet on December 16, 2020 at noon to discuss and possibly approve the contract with Morris Logging.

9.4 Retail Rate Study

Ms. Ryan presented a recap, recommendations and next steps for the District's rate study. She provided details on the four rate groups the District uses: 1) Service Size 2) Service Area 3) Service Type and 4) Usage Volume. Moving forward, staff recommends using the AWWA MI Principles of Water Rates, Fees, and Charges as a guide to establish methods and ratios in rate setting; establishing a separate fee for customers with backflow devices; establishing public fire service charges to be incorporated into the Fairhaven base charge; and using the recommended model -Option B to establish rates. Prior to passing a resolution with new rates, a public hearing needs to occur, likely in April. Director Rupp stated he appreciates how technically and well thought out the report was. He also appreciates that the smaller ratepayers have less of an impact over time. The Board was supportive of staff recommendations.

9.5 Humboldt County General Plan: Critical Watershed

In October of 2019 the District submitted a request to the County of Humboldt for the Mad River Watershed to be designated as a Critical Watershed under the General Plan. A meeting is now scheduled for December 14th with the District and County to discuss our request. The Mad River Policy Committee members, President Woo and Director Fuller, and Mr. Friedenbach are planning to attend and requested Board input prior to the meeting. The Directors wanted to know what does the designation do for us Francis Creek and Luffenholtz Creek have this designation and are there specific standards for this?

10. NEW BUSINESS

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

The Board entered into closed session at 9:15 am. The Board returned to open session at 10:03 am. President Woo stated there was no reportable action.

10.2 Surplus of District assets

Ms. Harris requested the Board consider rescinding the surplus status for Unit 16, the Ford F-250 so it can be used at Ruth. She provided a list of items the District would like to surplus as they are outdated or no longer in use. The Directors reviewed the list in their Board Packet. On motion by Director Latt, seconded by Director Rupp, the Board voted 5-0 by roll call vote to rescind the surplus for the Unit 16 the Ford F-250 and surplus the items listed in the Board Packet.

10.3 AWIA memo

Ms. Ryan provided an update on the America's Water Infrastructure Act. The Act requires community drinking water systems serving more than 3,300 people to develop or update risk and resilience assessments and emergency response plans by a certain deadline, depending on population served. The District's plan is due by June 30, 2021. Staff will submit the risk and resilience assessment certification form to the EPA prior to the end of the year. Staff will be updating the response plan over the next six months and submit the emergency response plan to the EPA prior to June 30, 2021. The details of the documents cannot be shared for critical infrastructure security reasons.

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10.4 Ruth Lake lease lot improvements/set-back policy

The August Complex Fire destroyed structures at many lease lots. DTSC and FEMA are in the process of removing hazardous and non-hazardous waste from the lease lots. Staff believes now is the time to review the Lease Lot Improvement policy and procedures. The policies in place are those of Ruth Lake CSD and any changes must be made with the full cooperation of Ruth Lake CSD. Mr. Friedenbach discussed this topic with the Ruth Lake CSD board at their last meeting and they inquired what the HBMWD Board had discussed. He stated these are policies of Ruth Lake CSD and they need to make the changes if any.

Mr. Friedenbach suggested our Board first consider whether any modifications should be initiated to existing policies and second, to inform Lease Lot holders of the established policies and procedures to facilitate an efficient rebuilding process. Staff would like direction regarding a question that has been raised regarding prior "grandfathered" exceptions to the established policies for Lease Lots whose structures have been destroyed by wildfire.

After Board discussion, they agreed that if property burns down, the rebuild needs to be up to current code. They also concurred that the policy already states requests will be considered on a case-by-case basis. The Board inquired if the one-hundred-dollar deposit for utility easement was enough. Mr. Friedenbach agreed to check back with Ruth Lake CSD. Going forward, discussions about Ruth Lake will be time set to make it easier for the Ruth Lake CSD General Manager and board of directors to attend.

10.5 Appointment of Officers and Committees in January 2021

This was included to remind the Directors to start considering what the committees, positions they would be interested in since this will take place at the January meeting.

10.6 Policy and Procedure re: Participation/Response to Zoning and Other Land issues Affecting the Mad River

The Board had a lengthy discussion on the policy and why it originated. Director Latt had specific changes he would like and stated he will forward them to Director Fuller. Two members of the public provided input and felt it was important the District be notified and have the opportunity to provide input on cannabis grows affecting the Mad River. The Mad River Policy Committee (Board President and Director Fuller) will consider the comments and bring a revised draft policy back to the Board for consideration.

11. REPORTS (from Staff)

11.1 Engineering

a) 12kV Switchgear Replacement (\$755,832 District Match)

Mr. Stevens shared he expects final approval from PG&E for the switchgear by January 2021. Given the delays, staff requested a six-month extension from CalOES. CalOES recommend a twelve-month extension be requested so the request for a twelve-month extension was submitted. No formal extension approval has been received yet but he is confident it will be approved.

b) Collector Mainline Redundancy Hazard Mitigation Grant (\$790,570 District Match)

Funding is expected in the next few months.

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

The project is progressing on schedule. An extension has been requested however since time is needed to identify sensitive plant species which bloom in June. No issues are anticipated.

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- d) TRF Generator Hazard Mitigation Grant (\$460,431 District Match)
The NOI for this project was approved. The next step is submittal of a full grant application. Mr. Friedenbach stated this project was previously submitted and is waitlisted with another grant. Multiple submittals for the same project are not normal however, given the critical need to have full backup power capability at the Turbidity Reduction Facility in the event of power failure, this project was being submitted again for grant funding.
- e) Appeal of FEMA Funding Denial for Collector 4 Emergency Restoration Work
The appeal is slowly moving forward.
- f) R.W. Matthews Dam Spillway Retrofit Scoping Project BRIC Grant
Due to the competitive nature of this grant, staff made the decision to remove some items to make the project more competitive after discussion with CalOES grant staff. The project was submitted at the beginning of December. It could be as late as October 2021 before the District hears back regarding the status.
- g) Status report re: other engineering work in progress
No update was received.

11.2 Financial

- a) Financial Report
Ms. Harris provided the November Financial Report. Overtime is trending higher due to the August Complex fire. The good news is that overtime is refundable under the FEMA disaster recovery. She highlighted some other areas for the Board and received no questions. Director Latt reviewed the bills and was shocked to see how much it costs to maintain the District's water rights. On motion by Director Rupp, seconded by Director Latt, the Board voted 5-0 by roll call vote to accept the November financial statement and approve the vendor statement.
- b) Investment Policy
State law requires the Board consider and confirm the District's Investment Policy each year. The original Investment Policy was adopted in 2004. The Board has re-adopted a version of the original each year thereafter. The Board last approved the Investment Policy in December 2019 with the addition of CalTRUST, a JPA pooled investment program. Staff recommends the Board re-adopt the Investment Policy for 20/21. On motion by Director Rupp, seconded by Director Lindberg, the Board voted 5-0 by roll call vote to re-adopt the Investment Policy for 20/21.

11.3 Operations

Mr. Davidsen provided the November Operational report. His crews spent several days at Ruth conducting varied work projects from placing thousands of feet of wattle to completing minor repairs on the spillway. Crawford Geotechnical was also onsite at the TRF and Peninsula conducting borings for the reservoir seismic upgrade project. Safety meeting topics included general dam safety awareness, fire prevention and SCBA training. Two staff members also attended CPR/First Aid training.

12. MANAGEMENT

12.1 ACWA Energy Committee meeting

Mr. Friedenbach reported out on his attendance at the ACWA Energy Committee meeting. He was surprised the SGIP on the agenda. He noted that the District was in the program early (May 2020) and received grants for both sites requested. ReMAT was also discussed and the fact that it is no

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longer available. He acknowledged the Board's foresight in joining the ReMAT program early on as well prior to the injunction which restricted the program.

12.2 ACWA Headwaters Committee meeting

Mr. Friedenbach reported out on his attendance at the Headwaters Committee meeting. The committee is still trying to get federal funding for Headwaters preservation.

12.3 ACWA Fall Conference

Mr. Friedenbach reported out on his attendance at the ACWA Fall Conference and shared some of the sessions he attended. Since it was virtual this year, he was glad the sessions were recorded since he missed some due to workload. He will review the sessions he missed.

12.4 Ruth Lake CSD Board meeting

As previously noted, Mr. Friedenbach attended the December Ruth Lake CSD Board meeting. He stated they are not interested in having Quagga Dogs assist with the Quagga inspections. They would prefer funds be spend elsewhere such as boulders to prevent unauthorized access to the lake. He informed them the District has been successful in getting four out of five Quagga grants applied for. The most recent grant includes \$20,000 for boulders.

13. DIRECTOR REPORTS & DISCUSSION

13.1 General -comments or reports from Directors

No general comments or reports were received.

13.2 ACWA

a) ACWA Fall Conference

Directors Rupp and Fuller reported out on their attendance at the conference. They discussed the sessions they attended and that it was a good conference overall.

b) Finance Committee

Director reported out on the meeting. ACWA is trying to sell their building via auction. They are in good financial shape. They did some streamlining and had to lay off some staff.

c) Region 1 Board call for nomination

There are two open positions on the Region 1 Board. Director Rupp is currently on the Board. Mr. Friedenbach inquired if any other Directors were interested in being nominated to the Region 1 Board. No other Directors were interested at this time.

d) Coalition letter request to advance wildfire legislation

Mr. Friedenbach stated he included this for informational purposes only.

13.3 ACWA – JPIA

a) Employee Benefits Committee Meeting

Director Rupp reported out on his attendance.

b) Fall Conference

Director Rupp reported out on his attendance. He attended the Board of Directors meeting. The Board welcomed three new members and he attended a session on cyber security.

c) H.R LaBounty Safety Award

Mr. Friedenbach was pleased to announce that the maintenance staff received another safety award. Once again, they submitted the project as a group versus an individual. They have won

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this award numerous times which shows the safety culture instilled here at the District.

13.4 **Organizations on which HBMWD Serves: RCEA, RREDC**

a) **RCEA**

President Woo reported out on the RCEA meeting. They discussed creating an ad-hoc committee for long-duration storage procurement review. They are also trying to budget income and expenses which isn't easy.

b) **RREDC**

Director Latt stated there was no meeting.

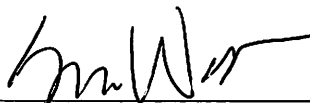
c) **Headwaters Meeting**

Director Rupp reported out on the Humboldt County Headwaters Fund meeting he attended. They have grant funds available and are looking for organizations to receive grant funding.

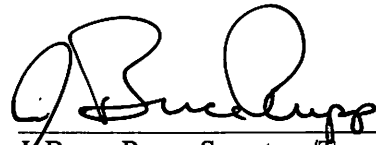
ADJOURNMENT

The meeting adjourned at 4:43 pm.

Attest:



Sheri Woo, President



J. Bruce Rupp, Secretary/Treasurer