

NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
June 19, 2018

CALL TO ORDER

President Fraites called the regular meeting of the Board of Directors of North Marin Water District to order at 6:01 p.m. at the District Headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Michael Joly, James Grossi, and Stephen Petterle. Also present were General Manager Drew McIntyre, District Secretary Terrie Kehoe, Auditor-Controller Julie Blue and Chief Engineer Rocky Vogler.

District employee, Robert Clark (Maintenance/Operations Superintendent) was also in attendance.

MINUTES

On motion of Director Petterle, seconded by Director Baker the Board approved the minutes from the June 5, 2018 meeting as presented by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

GENERAL MANAGER'S REPORT

During the General Manager's report, Mr. McIntyre recapped the June 14th meeting he attended at Supervisor Dennis Rodoni's request to discuss the recently approved Marin Municipal and North Marin Water Surplus Water Agreement that makes water available to Nicasio area residents who occasionally experience water shortages. Mr. McIntyre stated staff from MMWD attended the meeting as well as representatives from the Nicasio community. He commented that the land owners attending the meeting were very supportive of the agreement and expressed their appreciation. Mr. McIntyre also announced that he will be participating in an all-day SCWA interview panel on June 20th to interview consultants for the Agency's Regional Water Supply Resiliency Study. He stated that the selected consultant will work with the Agency and TAC to evaluate short-term emergency supply interruptions as well as long-term shortages such as droughts. Mr. McIntyre also reminded the Board that the District we will be participating in Novato's 4th of July parade in celebration of North Marin Water District's 70th Anniversary. Director Petterle commented that

Novato Sanitary District was at the recent Novato Art and Wine Festival and wondered why the District did not participate. Mr. McIntyre responded that we haven't typically participated in this event in the past; however we have been busy this spring with other outreach events including the Tour of Novato, the Eco-Friendly Garden Tour, a Residential Emergency Preparedness Drill and the upcoming 4th of July parade.

OPEN TIME

President Fraites asked if anyone in the audience wished to bring up an item not on the agenda and there was no response.

STAFF/DIRECTORS REPORTS

President Fraites asked if staff or Directors wished to bring up an item not on the agenda. Ms. Kehoe reminded the Board of the upcoming Primary Election to be held on November 6th, and of the nomination filing period from July 16th through August 10th. She also announced that if anyone would like to carpool to the West Marin Meeting on June 26th, they need to be at the District at 5:10 p.m.

PUBLIC HEARING FY19 EQUIPMENT BUDGET

Ms. Blue provided the Board with the final review of the proposed FY 2018/19 (FY19) Equipment Budget. She noted that there was one addition since the Board's last review of the Equipment Budget on May 15 to reflect the fact that the Metal Analyzer, included in the FY18 budget, would not be purchased until FY19.

President Fraites opened the public hearing at 6:10 p.m.

Hearing no further comment, President Fraites closed the public hearing at 6:10 p.m.

On the motion of Director Petterle, and seconded by Director Baker the Board approved the FY 19 Equipment Budget as presented by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

PUBLIC HEARING FY19 & FY20 NOVATO WATER CAPITAL IMPROVEMENT PROJECT BUDGET

Ms. Blue provided the Board with the final review of the proposed FY 19 and FY 20 Capital Improvement Project (CIP) Budget. She stated that no changes were made since the Board's last review at the May 15, 2018 meeting. Director Joly commented that interest rates are increasing and

asked if the \$12M Office/Yard Renovation bank loan rate shown at 3.5% has been locked in yet. Ms. Blue responded that this is an estimated interest rate and that staff will be working on securing financing soon. Director Joly also asked how the District stands on future debt after FY20 and asked that we provide more information. Ms. Blue responded that there will be more information available at a future meeting.

President Fraites opened the public hearing at 6:13 p.m.

Hearing no further comment, President Fraites closed the public hearing at 6:13 p.m.

On the motion of Director Petterle, and seconded by Director Baker the Board approved the FY19 & FY20 Novato Water Capital Improvement Project Budget by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

PUBLIC HEARING FY19 NOVATO WATER OPERATIONS BUDGET

Ms. Blue provided the Board with the final review for the proposed FY19 Novato Water Operations Budget. Ms. Blue stated that the budget changes since the last review included an \$11,000 increase to insurance premiums and claims based on the proposal received for the FY19 insurance renewal; a \$4,000 increase in operating labor with Water Treatment; and a \$105,000 increase to the Capital Equipment Budget due to the additions of a Metal Analyzer for the lab. Director Joly asked if the \$1.3 million SCWA payout for bond issued debt service was a one-time event. Ms. Blue responded yes.

President Fraites opened the public hearing at 6:17 p.m.

Hearing no further comment, President Fraites closed the public hearing at 6:17 p.m.

On the motion of Director Grossi and seconded by Director Baker the Board approved the FY19 Novato Water Operations Budget as presented and authorized the General Manager to pay demands arising from execution of the budgeted expenditure plan by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

PUBLIC HEARING FY19 NOVATO RECYCLED WATER SYSTEM BUDGET

Ms. Blue provided the Board with the final review of the proposed FY19 Novato Recycled Water System Budget. She stated that there were no changes since the Board's last review on May 15th. Ms. Blue reported that recycled water demand for FY19 is expected to reach 200MG which is a 25% increase over FY18. Director Joly commented that he would like more information about the fiscal stability of the recycle water program at a later date.

President Fraites opened the public hearing at 6:20 p.m.

Hearing no further comment, President Fraites closed the public hearing at 6:20 p.m.

On the motion of Director Petterle, and seconded by Director Joly the Board approved the FY19 Novato Recycled Water System Budget as presented and authorized the General Manager to pay demands arising from execution of the budgeted expenditure plan by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

MONTHLY PROGRESS REPORT

Mr. McIntyre reviewed the Monthly Progress Report for May. He stated that the Russian River water supply reservoirs, Lake Sonoma and Lake Mendocino, have ample water with respective capacities of 92% and 95%. He reported that Novato's water production was up 7% and West Marin was up 25%. Mr. McIntyre commented that there are still discrepancies in West Marin production versus consumption and that staff continues to investigate this issue. He further reported that the production meters were recently calibrated and all meters were found to be accurate. He added that additional investigations will continue with future updates to the Board. Mr. McIntyre also reported potable water is being used to backstop the Recycled Water South Service Area due to a problem with Las Gallinas Valley Sanitary District's recycled water disinfection system. He commented that LGVSD is hoping to have this problem will be fixed by mid-July. Mr. McIntyre also noted that the number of days without a lost time accident is now 216 days. Director Baker asked a question regarding who prepares the Monthly Progress Report and Mr. McIntyre responded that it is a team effort with all departments contributing to the report.

Ms. Blue summarized the Monthly Report of Investments showing that the District's Investment Portfolio had an amortized cash balance of \$17,179,363 and is earning a 1.5% rate of return which is the same as the prior month. Director Baker asked a question about the District's

investment portfolio strategy and when changes are made. Ms. Blue responded that the accountants do a really good job monitoring and revising the portfolio as necessary. Director Grossi commented that he feels that report looks good based on his experience with other public agencies.

CONSENT CALENDAR

On the motion of Director Petterle, and seconded by Director Baker the Board approved the following items on the consent calendar by the following vote:

AYES: Director Baker, Fraitas, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

NOTICE OF COMPLETION FOR SAN MATEO TANK REHABILITATION PROJECT (FARR CONSTRUCTION)

The San Mateo Tank Rehabilitation project fulfilled their obligations under the contract. Per the Contract Documents, Farr Construction has furnished written notice that the work is complete and all subcontractors and suppliers have been paid. The recommendation is to authorize the General Manager to execute and file a Notice of Completion for the San Mateo Tank Rehabilitation project. The Board approved the Notice of Completion for the San Mateo Tank Rehabilitation Project.

ANNUAL WATER QUALITY REPORT – NOVATO

The Safe Drinking Water Act requires water suppliers to publish and distribute a report of water quality information to its customers annually. The Board approved the Annual Water Quality Report for Novato.

ANNUAL WATER QUALITY REPORT – POINT REYES

The Safe Drinking Water Act requires water suppliers to publish and distribute a report of water quality information to its customers annually. The Board approved the Annual Water Quality Report for Point Reyes.

FY19 INSURANCE PURCHASE

The District requested proposals for insurance coverage for the coming fiscal year from two brokers. The recommendation includes Argonaut for property Damage, Argonaut for General and Auto Liability, New York Marine for Excess Worker’s Comp and Great American for Cyber Liability. The Board approved the FY19 Insurance Purchase.

ACTION CALENDAR

AUTHORIZATION TO SOLICIT BID PROPOSALS FOR GRANULAR ACTIVATED CARBON

Mr. Clark reported that it is now time to go out to bid for new granular activated carbon (GAC) which is used to remove periodic taste and odor compounds created by various algae in the lake. He stated that in 2016 staff requested cost proposals from five vendors for the GAC and received only two responses. Mr. Clark noted that staff is requesting Board authorization to advertise for proposals to purchase 4900 cubic feet of granular activated carbon. Director Baker asked if all the bidders are from within California. Mr. Clark responded that suppliers are from all over the United States, and many are from back East. Director Baker also asked if this is something we can group purchase with other agencies to get a better price. Mr. Clark responded that we purchase such a small amount compared to other agencies and that our requirements are tailored specifically for Stafford Lake quality.

On the motion of Director Joly, and seconded by Director Baker, the Board approved the authorization to solicit bid proposals for granular active carbon by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

2018 STRATEGIC PLAN

Mr. McIntyre presented the Final 2018 Strategic Plan. He stated that no additional comments have been received since the draft Plan was presented to the Board at the May 1, 2018 meeting. Mr. McIntyre reported that once approved, the 2018 Strategic Plan will be posted on the website and that staff will actively implement a work plan designed to meet the Plan's goals and objectives.

On the motion of Director Joly, and seconded by Director Grossi, the Board approved the 2018 Strategic Plan by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

OCEANA MARIN SEWER SERVICE CHARGE INCREASE ORDINANCE- FIRST READING

Ms. Blue provided the Board with the first reading of the Ocean Marin Sewer Service Charge Increase Ordinance to increase the Oceana Marin Sewer Service Charge to \$1,080 per year effective July 1st. She advised the Board that the reading of the ordinance must be done at two consecutive Board meetings and the next reading will be on the June 26th, agenda. At that time the Board will be asked to approve changes to Regulation 109, Oceana Marin Sewer Service- Rates and Charges.

On the motion of Director Petterle, and seconded by Director Grossi the Board approved the first reading of the proposed Ordinance No. 36 entitled: Ordinance Of The Board Of Directors North Marin Water District Electing To Have Oceana Marin Sewer Charges Be Collected On The Tax Roll Of the County Of Marin, State Of California Commencing Fiscal Year 2018-19 by the following vote:

AYES: Director, Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

INFORMATION ITEMS

SECOND REVIEW – FY19 WEST MARIN AND OCEANA MARIN SEWER BUDGETS

Ms. Blue provided the Board with its second review of the FY19 West Marin and Oceana Marin Sewer Budgets and stated that there were no changes since the June 5, 2018 meeting. She reminded the Board that a 4.5% rate increase is proposed for West Marin Water System customers and a 5% rate increase is proposed for Oceana Marin Sewer System customers. Director Joly requested to have graphs available at the next meeting to illustrate CIP expenditures over time and how it relates to the rate increase and cash balances.

POTTER VALLEY PROJECT RELICENSING UPDATE- EEL RUSSIAN RIVER COMMISSION MEETING- JUNE 8, 2018

Mr. McIntyre summarized the ERRC meeting he attended which focused on the Potter Valley Project Relicensing project. He stated that a representative from PG&E, Mr. Moller, attended the meeting and provided an overview on why PG&E is interested in starting an auction process this fall. Mr. McIntyre stated that PG&E estimates the auction process will take 1.5 to 2 years and during the interim PG&E will still be in the lead for completing the required relicensing studies and also expects to file the required relicensing application in April 2020. Director Fraites questioned if the WAC/TAC is tracking this. Mr. McIntyre responded that PVP is an ongoing WAC/TAC agenda item and will be discussed again at the next meeting. Director Baker also commented that in addition to agricultural customers, there are several cities along the Upper Russian River; such as Cloverdale and Ukiah

that would be seriously affected by the reduction in flows in the Russian River. Both Director Fraites and Director Baker commented that they would like to be kept informed regarding future ERRC meeting.

NORTH BAY WATERSHED ASSOCIATION MEETING – JUNE 8, 2018

Director Fraites attended the NBWA meeting on June 8, 2018. He stated the meeting highlighted the Regional Water Quality Control Board and their focus on testing for certain pollutants in waterbodies, including Tomales Bay and Lagunitas Creek.

NORTH BAY WATER REUSE AUTHORITY BOARD MEETING – MAY 21, 2018

Mr. McIntyre discussed the North Bay Water Reuse Authority meeting that was held on May 21, 2018. He reminded that Board about ongoing discussions considering combining this entity with the proposed NorthBay Water organization and commented that there will be further discussions on this topic at the next meeting.

NORTH BAY WATER WORKSHOP NO. 5- MAY 21, 2018

Mr. McIntyre recapped the NorthBay Water Workshop No. 5 held on May 21, 2018. He stated that there was a consensus to defer consideration of a North Bay Drought Contingency Plan at the present time and to revisit this issue in a couple of years.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements-Dated June 7, 2018 and June 14, 2018, and Single Audit FY18.

The Board also received the following news articles: Governor sets new standards for water use, California drinking water tax dies in budget compromise, and 27% Increase in Water Main Beaks Over the Last Six Years.

CLOSED SESSION

President Fraites adjourned the Board into closed session at 7:02 p.m. in accordance with Government Code Section 54957 Conference with Labor Negotiators (Joe Wiley, Christopher Boucher, Drew McIntyre and Julie Blue) to Provide Direction.

CLOSED SESSION

In accordance as allowed under with Government Code Section 54956.8 Conference with Real Property Negotiators. Property: Recycled Water Agreement between North Marin Water District and Marin Country club: District Negotiators: General Manager and Counsel; Negotiating Party; Marin Country Club; under negotiation: Price and Terms.

Upon returning to open session, President Fraites reported no action was taken during the closed sessions.

ADJOURNMENT

President Fraites adjourned the meeting at 7:59 p.m.

Submitted by

A handwritten signature in cursive script that reads "Theresa Kehoe".

Theresa Kehoe
District Secretary