

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
August 21, 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 employees, Robert Clark (Maintenance/Operations Superintendent), and Tony Arendell (Construction/Maintenance Superintendent) were also in attendance.

Novato resident Tina McMillan and labor negotiators, Joe Wiley and Christopher Boucher were in the audience.

MINUTES

On motion of Director Baker, seconded by Director Joly the Board approved the minutes from the August 7, 2018 meeting as presented by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

GENERAL MANAGER'S REPORT

During the General Manager's report, Mr. McIntyre reported that on August 9th we had our annual employee patio BBQ along with service awards for five employees with a combined 70 years of experience. Mr. McIntyre also announced he attend the TAC Ad Hoc meeting on August 14th with Mr. Vogler and will further discuss this as part of Agenda Item #11. Additionally, Mr. McIntyre brought to the Board's attention a miscellaneous item that refers to the upcoming election on November 6, 2018. He commented that Director Joly is unopposed for the 2-year term, however, there are three candidates running for the two 4-year terms; incumbents, Director Fraites and Director Grossi, and Novato resident Tina McMillan.

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 and the following items were discussed:

Mr. Clark reported that we had a major leak resulting in a loss of a million and a half gallons of water in the Bel Marin Keys area near Highway 101. In addition, another leak was reported near Scottsdale Marsh between Ford Way and Yukon Way. Director Baker asked if the Bel Marin Keys leak was located near the SMART crossing. Mr. Clark stated that the break was near the tracks on a pipeline perpendicular to the freeway. Director Joly asked if a million and a half gallons was considered very large. Mr. Clark replied that it is extremely large when you consider in Novato we use five million gallons for our annual flushing program. Mr. Clark also stated the Scottsdale Marsh leak was under the 330,000 gallon threshold which means we do not need to file any paperwork with the state. In addition, Mr. Clark announced that we started dredging the ponds in Oceana Marin last week. He stated that we now anticipate less sludge than what was originally estimated; therefore the duration and cost should be less. Director Baker wanted to know where the sludge was going and if it was the least expensive location. Mr. Vogler replied that we are taking the sludge to Solano County because it was the most affordable option.

MONTHLY PROGRESS REPORT

Mr. McIntyre reviewed the Monthly Progress Report for July. He reported that water supply in the Agency's two Russian River reservoirs, Lake Sonoma and Lake Mendocino is good at 84% and 91% capacity. He added that Novato's water production was up 11% and West Marin was up 10%. He stated that there are still some discrepancies in the production versus consumption numbers for West Marin and it is still believed there may be one or more leaks as the cause as all West Marin production meters were calibrated and found to be accurate. Mr. McIntyre advised that Stafford Treatment Plant production is trailing 30% below last year and Stafford Lake is at 48% capacity and three feet below the average lake elevation at this time of year. He also stated that recycled water production is up 8% over last year and would have been higher except for the fact that no recycled water has been produced at Las Gallinas Valley Sanitary District since April 20th due to mechanical problems requiring a major rehabilitation in process piping. He commented that Las Gallinas expects to have the problem fixed by the end of August. Director Baker inquired if Las Gallinas is confident this issue will be fixed after the piping modifications are made. Mr. McIntyre replied that he assumes that to be the case and their General Manager understands the importance of getting recycled water production up and running again.

Mr. McIntyre also advised that everything looks good in Oceana Marin and, under Safety and Liability; we are up to 277 days without a lost time injury. He added that that number of service orders for this month are up 78% due to the AMI project resulting in the generation of more work order tags. Ms. Blue summarized the Monthly Report of Investments. At month end the District's Investment Portfolio had an amortized cash balance of \$17,264,717 and a market value of \$17,229,763.

PRELIMINARY FY 2017/2018 FINANCIAL STATEMENT

Ms. Blue presented the preliminary financial statement and stated that since the audit is currently underway, final numbers will be presented at an upcoming board meeting. She reported that at the end of FY 18, consolidated actual revenues exceeded budget by \$2.4M. This was primarily due to a 9% increase in water sales in the Novato Water system. Ms. Blue added that Novato water generated \$1.4M in connection fees which was an increase of 42% from the prior year and that Stafford Treatment Plant produced 646 MG. She advised that recycled water operating revenue is up 30% from the prior year and that West Marin had an increase in operating revenue of 14% and a net income of \$243K. Ms. Blue stated that Oceana Marin had an increase in net operating revenue of 11% and a net income of \$87K primarily due to increases in rates and consumption. Director Joly asked a question about Stafford production costs being above the budgeted amount. Mr. Clark responded that there are significant fixed charges related to Stafford Treatment Plant operation and operation efficiency is tied to the total volume of water produced. If production falls below 750 MG per year, the unit cost for operation increases.

CONSENT CALENDAR

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

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

NOES: None

ABSTAIN: None

ABSENT: None

ATHERTON AVENUE LAND DIVISION RENEWAL OF LETTER AGREEMENT WITH THE NOVATO FIRE PROTECTION DISTRICT – APN 143-350-44, 45 AND 46

Mr. Vogler requested that the Board authorize renewal of the Novato Fire Protection District (NFPD) letter agreement to serve as financial guarantee by the Fire District for all costs associated with construction of water distribution facilities to serve this project. He stated that NFPD intends to revert the parcel to acreage for construction of a training facility, but has not yet initiated the land use

approval process and is therefore requesting another four (4) year renewal. He added that the water agreement including financial guarantee for this project must remain in effect as long as the three marketable lots exist and, should the Fire District secure approval from the County of Marin for a reversion to acreage, the agreement can be cancelled.

ACTION CALENDAR

DUMP TRUCK REPLACEMENT AUTHORIZATION

Mr. Clark stated that our current dump truck #52 (1999 Ford F450 3 cubic yard) has a failing transmission in addition to other needed repairs and is in need of major maintenance. He reported that staff has determined that is not cost effective to make the necessary repairs, estimated at \$12,000, especially since the market value for this vehicle is in the \$15,000 range. Mr. Clark recommended purchase of a new dump truck. Director Joly asked if we had an in-house mechanic. Mr. Clark confirmed that we do, however that the larger equipment is repaired by Peterson Truck.

On the motion of Director Petterle, and seconded by Director Joly, the Board approved authorization for staff to solicit bids for the purchase of a new 2018 model year dump truck by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

REVISED CHIEF ENGINEER JOB DESCRIPTION

Mr. McIntyre proposed a revision to the current Chief Engineer job description to replace the mandatory local residency requirement to a local residency "preference" which is similar to the recent Auditor-Controller job description changes.

On the motion of Director Baker, and seconded by Director Joly, the Board approved the revised Chief Engineer job description by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

INFORMATION ITEMS

PG&E WILDLIFE SAFETY PROGRAM

Mr. Clark informed the Board of a new PG&E public safety power shutoff program to better address how high voltage power lines may affect the potential for wildfires in our area. He stated that upon review of the information it became apparent that PG&E's plan could result in power curtailments to various water system facilities during high wildfire threat weather events for up to four days. He stated that we will be reviewing our distribution system generator connection plan based on this new information. Director Baker acknowledged that the tanks are typically filled overnight when power rates are less, but asked if staff deviates from the pumping schedule during high fire danger. Mr. Clark responded that we try to maintain 75% storage levels during high fire threat periods even if pumping occurs during more expensive power periods of the day. Director Fraites inquired if the plan will be in full cooperation with both Novato Fire and Marin County Fire. Mr. Clark stated he has already made outreach to both fire agencies. Director Petterle stated that PG&E is not the only factor in causing wildfires; there are other considerations such as lightning and people using gasoline engine mowers, etc. Director Grossi stated he was concerned with the south side of Novato, where there has not been a fire in over a century and there is a lot of dead brush. Director Joly wanted to know if we could categorize the facilities that are in the high fire areas, and Director Baker inquired about the use of generators. Mr. Clark responded that they will be looking at both of these issues and he will have more information to report at a future meeting.

WAC/TAC MEETING UPDATE- AUGUST 6, 2018

Mr. McIntyre summarized the August 6th WAC/TAC meeting and reported that the main topics of discussion were the Agency's Regional Water Supply Resiliency Study and PG&E's Potter Valley Project relicensing efforts. He also noted that the TAC approved a succession planning process that mirrors the WAC but also allows up to two, 2-year extensions. Mr. McIntyre stated that the Water Supply Strategies Action Plan update will review the current nine water supply strategies developed to increase water system reliability and revise as appropriate based on input from water contractors. On a related note, he advised that Sonoma County Water Agency will be installing eight fire cameras with a goal to help protect Lake Sonoma Watershed from future fire threats. Director Grossi questioned if the \$422,000 cost for the cameras included the whole system. Mr. McIntyre stated that the costs include total first year program costs including installation, implementation and program operation. Director Baker stated that he was impressed by the knowledge that Agency staff had about the fires in Santa Rosa and wondered why we don't see fire agencies at the WAC meetings. Mr. McIntyre responded that the WAC is focused on water supply issues and he believes that other WAC members do, in fact, have separate meetings with their local fire officials, as does North Marin Water District.

Director Fraites asked a question about Congressman Huffman's Two-Basin solution in reference to PG&E's Potter Valley Project. Mr. McIntyre replied that the Two Basin Solution acknowledges that there are co-equal concerns within both the Eel River and Russian River watershed basins regarding water supply and environmental issues associated with continued Eel River water diversion to the Russian River. Director Baker commented that are agricultural stakeholder concerns as well.

Director Fraites commented on the fact that Sonoma County Water Agency (SCWA) is changing their name to Sonoma Water.

NBWRA MEETING UPDATE – JULY 23, 2018

Mr. McIntyre recapped the July 23rd NBWRA meeting and provided an update on Phase 1 participation and additional "true-up" costs paid by the District to reflect a greater grant funding allocation to North Marin. He also reported on the future of the proposed North Bay Water organization. He advised that there still many unanswered questions and more discussions will be held in the upcoming months to see if it makes sense to move forward with this new organization. Director Baker commented that he felt the efforts to date were consultant driven and many agency members seemed cautious about the need to form this new organization at this time.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements-Dated August 9, 2018 and August 16, 2018, NMWD Candidates who have Filed Paper for Office – November 11, 2018 Election, 2018 Stafford Dam Inundation Map and Scrap Metal Receipts.

The Board also received the following news articles: Water efficiency is...sheet mulching together, Salinity Intrusion Notice (Pt. Reyes Light) – August 9, 2018, Key races shaping up in Marin, and Tax on California water revived to clean up drinking water – but it's voluntary.

Mr. McIntyre stated that at the March 6, 2018 meeting the Board approved an Oppose Unless Amended letter for SB 623 (Monning) regarding a proposed water tax to address a lack of access to safe drinking water for some disadvantaged communities. He advised that this bill has been amended (now SB845) to allow an "Opt Out 'option, however it would still require North Marin Water District to solicit water tax payments and administer the program. Mr. McIntyre requested the Board's support to send another letter of opposition, stating that revenue to support the program should come from the state's general fund or some other state wide funding source rather than require community water systems to become tax collectors for the state. The Board consented to sending an opposition letter similar to the March 2018 letter.

CLOSED SESSION

President Fraites adjourned the meeting at 7:07 p.m. and the Board began the closed session at 7:15 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.

OPEN SESSION

Upon returning to regular session at 7:57 p.m., President Fraites stated that during the closed session the Board had discussed the issue and no reportable action had been taken.

ADJOURNMENT

President Fraites adjourned the meeting at 7:58 p.m.

Submitted by

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

Theresa Kehoe
District Secretary