

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
March 5, 2019**

CALL TO ORDER

President Baker 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, and Auditor-Controller Julie Blue. Chief Engineer Rocky Vogler was absent.

District employees, Tony Arendell (Construction/Maintenance Superintendent), Robert Clark (Operations/Maintenance Superintendent) and Pablo Ramudo (Water Quality Supervisor), were also in attendance.

MINUTES

On motion of Director Petterle, seconded by Director Grossi the Board approved the minutes from the February 19th 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

Board Requested Updates

Mr. McIntyre stated that the update on the polybutylene service lateral population has been provided as requested by the Board under miscellaneous in this agenda. Mr. McIntyre also added that the cost comparison update between SCWA water and Stafford Treatment Plant water will be provided on the next agenda.

WAC Meeting

Mr. McIntyre announced that the next WAC meeting will be held on April 8th and will focus on approval of SCWA's FY20 budget. Immediately following the WAC meeting, SCWA is offering a tour of Agency facilities and Mr. McIntyre encouraged participation by interested Board members. Mr. McIntyre also advised the Board that on April 22nd, there will be an official ribbon cutting to

celebrate completion of the Dry Creek Habitat Enhancement Project Reach 4 segment and encouraged participation by interested Board members. Director Baker asked if the April 8th tour will include Collector Six, the biggest and most successful of the water supply collectors. Mr. McIntyre replied yes and that Board members will also be able to tour the recently completed Fish Ladder/Viewing facilities

Leadership Novato

Mr. McIntyre stated he, Ryan Grisso and Robert Clark will be participating in Leadership Novato's Special District Day on March 13th. Ms. Blue is in the 2019 class, and their March meeting is structured to learn about local special districts.

OPEN TIME

President Baker 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 Baker asked if staff or Directors wished to bring up an item not on the agenda and the following items were discussed:

Ms. Kehoe reminded the Board that their Form 700 is due April 2nd.

Mr. Clark announced that staff is working on getting the Stafford Treatment Plant (STP) up and running on or before March 18th. Additionally, as mentioned by Director Grossi during a previous Board meeting, Mr. Clark explained the reason for the water vapor cloud Director Grossi observed early one morning a couple of weeks ago near the STP. Mr. Clark stated that when a large volume of water is discharged through the spillway, under certain conditions, such as cold winter mornings, a mist plume can be created right where the water transitions from the spillway to the creek bed channel.

ACTION CALENDAR

AMEND CONSULTING SERVICES AGREEMENT – WEST YOST ASSOICATES

Mr. Clark advised the Board that the amendment will allow West Yost to assist District Staff in developing a plan to reduce disinfection byproduct concentrations in the Point Reyes water system. He added that the focus is to evaluate and size a granular active carbon filter system, water booster pump and disinfection booster system, as well as identify the proper location of this system to best address increased disinfection byproduct concentrations.

On the motion of Director Joly, and seconded by Director Fraites the Board moved to approve the Amended Consulting Services Agreement with West Yost Associates as presented by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

APPROVAL OF SALARY AND TERMS AND CONDITIONS OF EMPLOYEMENT FOR UNREPRESENTED EMPLOYEES

Mr. McIntyre stated that this is the second time the Board has seen this agreement which is consistent with the terms of the recently approved Employee Association agreement.

President Baker provided an oral report of the Salary and Terms and Conditions of Employment for the Unrepresented Employees by reading the following:

In accordance with Government Code section 54953(c) (3), I am providing an oral summary of the recommended action. The item before the Board tonight is to set the salary and terms and conditions of employment for the District's three Unrepresented Employees (Auditor-Controller, Chief Engineer, and District/Administrative Secretary), retroactive to October 1, 2018 through September 30, 2023.

The recommended action is to grant 3.8% increase retroactive to October 1, 2018 to the Auditor-Controller, Chief Engineer, and District/Administrative Secretary positions, with an additional 0.5% equity adjustment effective July 1, 2019; subsequent annual increases will be based upon the CPI-U (September-August changes), with floor of 2.0% and cap of 4.0%; a half-day off to be observed on the proceeding business day if Christmas or New Year's Eve falls on a weekend; and add the tier of 22.5 days per year vacation accrual for Unrepresented Employees with 15 to 20 years of service.

Over the five-year term, the total increase for all three positions over current salary is approximately \$89,442. A detailed financial analysis, including the increases to base wages and corresponding payroll taxes, retirement contributions, holiday pay, and fringe benefits such as medical, vision, and life Insurance and car allowance, are shown as Attachment #1 in the corresponding agenda report for this item, and the new salary schedules are shown as Attachments #2 and 3 in the corresponding agenda report for this item.

On the motion of Director Petterle, and seconded by Director Joly, the Board moved to approve the Salary and Terms and Conditions of Employment for Unrepresented Employee as presented by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

INFORMATION ITEMS

NOVATO POTABLE WATER SYSTEM FINANCIAL PLAN UPDATE

Ms. Blue presented the Novato Potable Water System Financial Plan Update. She noted that staff is currently proposing a 3.5% rate increase for FY20 with future annual rate increases of 4.5%. Ms. Blue added that this proposed rate increase is based on several factors including a FY20 SCWA wholesale water rate increase of 4.8%, Stafford Treatment Plant production of 650 million gallons annually and projected water sales of 2.6 billion gallons annually.

Director Baker inquired if there was any disagreement with the amount of increase from the other water agency contractors. Ms. Blue replied that the original proposed increase was 6% but after considerable discussion the rate was lowered to be more reasonable, however they are still looking at future increases up to 6% per year. Director Fraites had a question about the projection of 12 Equivalent Dwelling Units (EDUs) per year and asked if this was based on single family dwellings or apartments. Ms. Blue replied that it is just an average based on any new commercial or residential development. Director Baker stated that we have seen little growth in new residential construction since the Hamilton Field redevelopment. He asked if there was anything to change this slow growth trend. Mr. McIntyre replied there is limited land available for any new housing boom in Novato; however there is still some in-fill growth. He added that the annual projection of 12 new EDUs is a conservative number which represents 50% of what we have averaged annually in the past five years. Director Grossi added that there is an affordable housing project in the works at the commissary site along State Access and that Indian Valley College also has a project coming up. Director Joly commented that we must keep in mind that we are a water agency and we have declining use, and the AMI will further reduce water use.

Ms. Blue stated that the next step in the FY20 budget process is to bring a 3.5% draft rate increase letter to the Board for review and approval at the next meeting. She advised the Board that with the proposed rate increase, a single-family home will see about a \$2 a month increase or about

\$25 a year. Director Fraites commented that we need to be prepared to answer any customer questions regarding unfunded pension liabilities. Mr. McIntyre stated the draft letter will include a discussion on why the rate increase is needed. Director Joly expressed the need for full transparency for retirement, health care and future capital improvement funding. In addition, Director Joly asked about the upcoming Office Building renovation project and how it reflects in the budget. Ms. Blue stated that this debt, spread over time, is included in the financial model. Director Joly praised Ms. Blue on a great job done, stating the excel dashboard was excellent.

UPDATE: POINT REYES SYSTEM DISINFECTION BYPRODUCTS

Mr. Ramudo provided an update on the Point Reyes System Disinfection Byproduct Operational Evaluation. He noted that recent work has confirmed that the increase in trihalomethane concentrations is due to elevated bromide levels in the Coast Guard wells. He stated that we are currently waiting for test results that will determine whether we have exceeded the maximum drinking water standard limit for this constituent. If so, we will need to follow state mandated public notification requirements to our West Marin potable water customers within 30 days.

Director Baker noted that the PRE Tank 4A is a larger tank compared to the current one and asked if we are likely to make the problem worse realizing this is a persistent problem. Mr. Ramudo stated that it has the potential to be worse, and that we need to get to the source of the problem, noting that another Gallagher well with help. Director Fraites stated that the attached notice does not mention that the bromide problem is linked to the sea level rise. He thought it would be important to mention this, so the customers know it is Mother Nature and not our system. Mr. Ramudo replied that the notice in the agenda is a template from the state and a final notice would be customized to reflect local conditions. He noted that we will be working with West Yost to come up with a plan to manage the system. He added that the first short term step is to lower chlorine, limit the use of Coast Guard wells, and increase monitoring of the system; the midterm step will be to install granular carbon filter vessels to help reduce disinfection byproduct concentrations; and the final step will be to construct an additional well near the current Gallagher well which is outside the area of salinity intrusion.

FISCAL YEAR 2018-19 MID YEAR PROGRESS REPORT – OPERATIONS/MAINTENANCE

Mr. Clark discussed the FY 2018-19 Mid-Year Progress Report for the Operations and Maintenance Department. He stated that staff continues to investigate the unusually high production vs. consumption variance in the Pt. Reyes water system. Mr. Clark also noted the significant expansion in recycled water customers, from 54 to 92 accounts. Director Grossi asked if we expect to run out of recycled water supply. Mr. McIntyre stated that we receive up to 1.2 million

gallons per day from Novato Sanitary District and 0.5 MGD from Las Gallinas Valley Sanitary District during the peak season and both facilities have plenty of excess supply and treatment capacity. Director Petterle asked if when the Las Gallinas treatment plant remodel is done, we will get an increase of recycled water. Mr. McIntyre replied that we will not see an increase but MMWD will receive all recycled water from Las Gallinas and will no longer need to produce their own recycled water. Director Joly asked what percentage of recycled water we could do. Mr. McIntyre replied that we are close to 10% now and it may be feasible to get up to 15%, in the not too distant future. Director Baker stated other than golf courses and car washes there are not a lot of large users. Director Joly said any new connection to our existing recycled water system is pure gravy to us. Mr. McIntyre responded that staff continues to work on connecting more customers, including a gas station car wash along S. Novato Blvd.

AMI DEPLOYMENT PROJECT UPDATE

Mr. Clark gave an update on the AMI deployment project. He noted that the project is almost complete, and we expect that Ferguson will be done installing units by March 15th. With the final inventory review and material order completed, staff has determined that the overall project cost is estimated to exceed the original budget by five percent or \$350,000. He noted that there are several items that contributed to the increase including a few thousand additional service meter changes vs. register swap outs, a change order for paying required prevailing wages and cellular meter interface units required for north service area customers. Director Joly asked if this \$350,000 is raising our debt. Mr. Clark replied that the additional costs will be absorbed in the approved CIP budget.

Director Fraites asked for an update about the couple that came to a meeting a few weeks ago. Mr. Clark stated that staff has been communicating with Mr. Larsen and all tests have been inconclusive to date. He added that there is no simple solution because staff cannot pinpoint why the customer feels this way. Mr. McIntyre said that staff will come back to the Board at a future meeting with options for moving forward

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements-Dated February 21, 2019, Disbursements – Dated February 28, 2019, and Update – Polybutylene Service Lateral Population.

The Board received the following news articles; Notice Inviting Sealed Bids – Bay Area Chemical Consortium (BACC); Potter Valley Project: Could the dam go but the diversions remain?; Rest in peace, Virgil; and Novato considers switch to council District elections – LAW VIOLATION CLAIMED.

ADJOURNMENT

President Baker adjourned the meeting at 7:27 p.m.

Submitted by

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

Theresa Kehoe
District Secretary