

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
March 17, 2020**

CALL TO ORDER

President Joly called the regular meeting of the Board of Directors of North Marin Water District to order at 6:00 p.m. at the District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, James Grossi (arrived at 6:08 p.m.), Michael Joly and Stephen Petterle. Director Fraites participated remotely by phone. Also present were General Manager Drew McIntyre, District Secretary Terrie Kehoe and Auditor-Controller Julie Blue.

Due to the Coronavirus outbreak and the recent Marin County Shelter in Place Order, Directors and staff practiced social distancing by remaining at least six feet apart. This meeting was open to the public with additional measures in place to reduce person-to-person contact, however no members of the public attended.

MINUTES

On motion of Director Petterle, seconded by Director Baker the Board approved minutes from the March 3, 2020 meeting by the following vote:

AYES: Director Baker, Fraites, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Grossi

GENERAL MANAGER'S REPORT

Presentation on Draft FY21 SCWA Water Transmission System Budget

Mr. McIntyre notified the Board that Lynne Rosselli from SCWA will not be attending the Board meeting tonight, therefore he will be presenting Item 3 in conjunction with Item 9.

Meeting Cancellations Due to Coronavirus Shelter in Place

Mr. McIntyre announced to the Board that the agenda presentations of items will be briefer than usual, however we can spend as much time as the Board needs to discuss any item. Mr. McIntyre also noted that Mr. Clark and Mr. Arendell were asked not to attend tonight's meeting. He added that there are many upcoming meeting cancellations that are occurring; NBWA

cancelled their bi-annual conference that was scheduled for April 3rd, last week the Russian River Public Policy Facilitating Committee (PPFC) in Healdsburg was cancelled, and we can expect more cancellations in the future.

Gallagher Ranch Streambank Stabilization Project

Mr. McIntyre apprised the Board that the bid estimate was \$357,800 and the lowest bid received was \$375,840. He stated that staff are still reviewing bids and will come back to the Board at a later date to award the project. Mr. McIntyre reminded the Board that permitting for this project has lagged behind the design phase and is still ongoing. He noted there will be more details later, however he expects permit requirements to result in project delays and cost impacts to both design and construction phases due to additional requirements from various permitting agencies. Mr. McIntyre emphasized that staff is doing what they can to manage the budget and not lose the 75% federal grant funding.

Director Baker asked how many bids were received. Mr. McIntyre replied that we had good participation and received around seven bids. Director Baker asked if they were all known contractors. Mr. McIntyre confirmed. Director Joly asked if the completion date was in May. Mr. McIntyre replied by May 22, 2020; adding that we will request a two-month extension. He stated there is no promise that we will get the extension, but thinks we have a good chance to have the request approved.

Cotati Aqueduct Repair

Mr. McIntyre advised the Board that SCWA is still on-schedule to repair the meter vault pipe segment in the Cotati aqueduct next week. He added the work is expected to be completed within a five-day window and the recent rain will help with water demand.

Stafford Lake Levels

Mr. McIntyre reported that he spoke with Mr. Clark about the Board's comment about the level of Stafford Lake. He stated that Mr. Clark confirmed there was no problem with instrumentation and the lake is still five feet below the spillway, which is not much different than the prior month. Mr. McIntyre noted that if you are looking at the west or south ends of the lake where it is shallow, a small change in lake depth can have an appreciable change in wetted surface area.

Coronavirus Impact

Director Petterle asked Mr. McIntyre to explain how the recent events of the Coronavirus are affecting the District, and the employees at work. Mr. McIntyre provided a verbal summary of key points provided in the staff memo included in the agenda under miscellaneous. He noted that last week there were three confirmed cases in Marin, as of tonight there are eleven. He also

stated that he and Mr. Clark continually receive updates from the Marin County Office of Emergency Services, as well as from group meetings with the City of Novato and other local special districts. Mr. McIntyre announced that NMWD suspended walk-in services for the public and there is a notice in front of the lobby and also on our website asking customers to call in, go online or use regular mail. He added as of today a revised work schedule has been implemented for staff, and we will be focusing on critical duties and physically separating staff as much as possible by rotating shifts and having some employees work from home. He added this will take place over the next three weeks in accordance with the March 16, 2020 Marin County Shelter-in-Place Public Health Order. Mr. McIntyre stated that construction for housing and essential infrastructure including water facilities will continue.

Director Joly asked if we will be making home visits. Mr. McIntyre replied that home visits are suspended until the public health order is rescinded. Director Joly asked if North Marin Water District is considered an essential service. Mr. McIntyre replied that NMWD provides essential governmental functions operating and maintaining essential infrastructure. Director Joly asked if we should put a notice on our website that the COVID19 virus does not pose a threat to our water supply. Mr. McIntyre replied that we have this message on our website and have pushed the message out on social media that our water is safe and reliable. Director Grossi noted that Sonoma Water had a similar message on their website as well. Mr. McIntyre added that it is important to get the message out to our customers that our water is safe and customers do not need to purchase bottled water. Director Petherle noted that people are buying up all the bottled water and toilet paper. Director Joly asked if Mr. Grisso is posting these messages on Next Door and other social media platforms. Mr. McIntyre confirmed. Director Joly noted it is important to reach the millennials, and stated Instagram is another option. Director Grossi added he understands that Snapchat is another popular form of social media.

PRESENTATION ON DRAFT FY21 SCWA WATER TRANSMISSION SYSTEM BUDGET

(moved to Agenda Item 9)

OPEN TIME

President Joly 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 Joly 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 the completed Form 700 and the Ethics Training must be turned in to the District office by April 1st.

MONTHLY PROGRESS REPORT

Mr. McIntyre provided the Board with the Monthly Progress Report for February and it was reviewed. He noted that water production in Novato is up 8% from one year ago and up 2% year to date. In West Marin, he added that water production is up 25% from one year ago and down 12% year to date and Recycled Water production is up 7% fiscal year to date. Mr. McIntyre also reported that Stafford Treatment Plant had no production during the month of February and production is up 64% fiscal year to date. The Board was apprised that Stafford Lake is at 75% capacity, Lake Sonoma is at 91% capacity and Lake Mendocino is at 111% capacity. Under Safety and Liability, Mr. McIntyre stated that we had forty-one days without a lost time injury. On the Summary of Complaints and Service Orders, the Board was apprised that the total numbers are down 15% from February one year ago and there were no unusual trends in complaints and service orders for the month. Ms. Blue reported on the February 2020 Investments, where the District's portfolio holds \$23M earning a 2.10% average rate of return.

Ms. Blue reported that during February the cash balance decreased by \$591,932. She also noted the LAIF rate is 1.91%.

CONSENT ITEMS

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, Fraites, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: None

WATER AGREEMENT 7380 REDWOOD BLVD., JERRY'S DELICATESSEN FIRE SERVICE APN: 153-044-03

The Board approved authorization of this agreement. The water service agreement is required due to tenant improvements resulting in the Novato Fire Protection District requiring that a 4-inch fire service be provided.

PLUM STREET TANK PROPERTY EXCHANGE – GRANT DEED

The Board authorized the General Manager to execute the Plum Street Tank Property Exchange - Grant Deed. It was recently brought to the attention of North Marin Water District that the 180 sq. ft. land property conveyance was not recorded at the County of Marin with the original property owners of 15 Zandra Place. A new owner has since purchased the property and desires the same mutual property trade benefitting both parties, therefore a new Grant Deed to formally approve the conveyance was prepared.

ACTION ITEMS

AUTHORIZE AFFIRMATIVE VOTE FOR SCWA FY21 WATER TRANSMISSION SYSTEM BUDGET (includes Agenda Item 3 - PRESENTATION ON DRAFT FY21 SCWA WATER TRANSMISSION SYSTEM BUDGET)

In Ms. Rosselli's absence, Mr. McIntyre provided the presentation of the Final Draft FY21 SCWA Water Transmission System Budget. He noted that the FY21 SCWA Budget proposes NMWD water purchases for the next fiscal year at \$1,001 per AF with a SCWA rate increase of 6.79%. He added that the FY21 SCWA budget is based on projected imported water purchases of 5,250 AF and that SCWA is forecasting future annual water rate increases between 4% and 6% for the water contractors, but the NMWD increase can fall outside of this range due to the contractual arrangement between SCWA and NMWD. Mr. McIntyre reminded the Board that the TAC Ad Hoc subcommittee, which included Ms. Blue, met to review and negotiate the budget and the TAC unanimously approved the FY21 SCWA budget on March 2, 2020. Mr. McIntyre noted that this is an action item requesting that the Board approve the NMWD WAC representative, Director Baker, to vote in favor of the budget as presented at the Special WAC meeting on April 6th.

Mr. McIntyre also shared that the Sonoma Civil Grand Jury did a report last year indicating that the Agency should spend more money on hazard mitigation projects and we can expect to see increases in future SCWA budgets as a result of this request. Director Baker asked Mr. McIntyre if he felt the concern of the Sonoma Civil Grand Jury was valid. Mr. McIntyre replied that he believes SCWA is actually ahead of the curve with respect to funding and implementing hazard mitigation projects when compared to other similar agencies. Ms. Blue commented that the budget subcommittee talked about this issue and it is a topic of ongoing discussion.

Mr. McIntyre continued the presentation discussing various expenditures and rate setting calculations. Ms. Blue commented that originally our rate increase was proposed at 7.37% before being reduced to 6.79%. Mr. McIntyre added that the next step is for the budget to go to the Water Advisory Board Special Meeting on April 6th followed by SCWA Board approval on April 21st.

Director Joly asked who the bigger wholesalers were. Mr. McIntyre replied the largest is City of Santa Rosa. Ms. Blue added that the top three wholesalers, in order of deliveries are Santa Rosa, Petaluma and North Marin. Director Petterle asked if given the circumstances, will the budget approval meeting dates change. Mr. McIntyre replied that he cannot speak for the Sonoma County Board of Supervisors meeting, but the Special WAC Meeting will still occur however it may be a remote meeting with no physical meeting location.

Director Joly stated that in the budget it shows a 6.79% increase, and asked if going forward future rate increases will be between 4-6%. Ms. Blue replied that there are many variables, but we have asked Ms. Rosselli for some good projections. Director Joly in reference to the historical rate increase table asked if we have comfort with the SCWA rates going up more than the median, and noted in FY19 it was negative and wondered why there was a swing. Mr. McIntyre replied that he does not recall the NMWD rate increase being negative in FY19 and will confirm this number. Mr. McIntyre added he and Ms. Blue are planning on scheduling more meetings with SCWA staff to review how they allocate storage versus common facilities capital improvement projects. Director Joly added capital or amortized, it would be smoother if we have a set increase range.

On the motion of Director Petterle, and seconded by Director Grossi the Board authorized Director Baker, as WAC representative for NMWD to vote in favor for the SCWA FY21 Water Transmission System Budget by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

BRENNEIS/FURTH (APN 114-120-58) – NEW EASEMENT AND QUITCLAIM

Mr. McIntyre presented the new easement and right of way requirements related to the PRE-Tank 4A replacement project. He noted that a utility easement is needed to relocate various electrical/instrumentation conduits out of the limits of construction for the new 125,000-gallon concrete water storage tank and the Board will need to authorize payment to the property owner for this easement. Mr. McIntyre noted the compensation value for the easement is \$4,000 which is less than the cost to prepare an appraisal. Mr. McIntyre advised that he is also requesting approval to execute a Quitclaim for an old, obsolete utility easement on the parcel.

Mr. McIntyre added that the property owner is also providing a new Access Easement for the District to gain access to the tank site location. He added this new easement is a more desirable access for our crews. Director Baker commented that the current access easement is very steep. Mr. McIntyre confirmed and stated the owner has been very cooperative, and we have agreed to add baserock to the existing private road at the end of construction to repair any damage and make it an all-weather road for future use. Director Baker commented that it is very nice of the property owner to be so cooperative.

On the motion of Director Grossi, and seconded by Director Petterle the Board authorized

payment of \$4,000 to compensate Brenneis/Furth (APN 114-120-58) for a fully executed 280 sq.ft. utility easement and authorized the General Manager to execute a quitclaim for an obsolete easement on said property by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

REVISIONS TO EMPLOYER ASSISTED HOUSING PROGRAM FOR EMPLOYEES OF NORTH MARIN WATER DISTRICT POLICY NO. 42

Ms. Blue presented the updated policy which eliminates the appreciation method (for interest payback calculation) for all new loans, as recommended by the District's outside auditors.

Director Joly asked Ms. Blue if this means we will get interest on all of our loans. Ms. Blue responded yes, and that we want to change the policy so there are no potential losses and we protect the fund. Director Joly asked what the balance is on the funds. Ms. Blue replied that we have two loans that are fairly recent totaling \$525,000, and there are further funds that can be dispersed, however we would want to change the policy first. Director Joly asked if the fund can go as much as \$1.5M and Ms. Blue confirmed.

On the motion of Director Petterle, and seconded by Director Baker the Board approved revisions to Employer Assisted Housing Program for Employees of North Marin Water District Policy No. 42 by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

INFORMATION ITEMS

FY 19/20 MID-YEAR PROGRESS REPORT – WATER CONSERVATION

Mr. McIntyre reported to the Board on the FY 19/20 Mid-Year Progress Report for Water Conservation. He gave an update on the Water Smart Home Survey (WSHS) Program, the Water Conservation Fixture Distribution, The Toilet (HET) Replacement Program, Retrofit on Resale, High Efficiency Clothes Washer Rebate Program, the Cash for Grass Rebate Program, Water Smart Landscape Rebate Program, Water Smart Irrigation Controller Rebate Program, the Large Landscape Water Conservation Program and the Public Outreach and Conservation Marketing Plan. He noted that the Cash for Grass participation is lower and we are seeing that with the post

drought period and added that we had good market penetration so we don't think we will see the numbers we use to see.

Director Joly asked when Kiosk will be revising and improving the website. Mr. McIntyre replied that we are a little behind schedule, the Water Rate Study was impacting us on information that was being posted on the website and we didn't want to change anything midstream so we pushed the schedule back. Mr. McIntyre noted that all the lead staff have met with Kiosk to go over their areas of the website and the biggest challenge now is to integrate functions on the website with CORE Billing, the Water Cost Calculator and the Stafford Lake Water Data. Director Joly commented that the Water Cost Calculator is terrific, and since the Board does not approve the new rates until June 16th it may be best not to integrate it yet. Director Joly commended Mr. Grisso on his memo.

FY 19/20 MID-YEAR PROGRESS REPORT – ENGINEERING DEPARTMENT

Mr. McIntyre discussed the performance status on the improvement projects, the Novato Service Area project costs variances, the Novato Recycled Water Service Area project variances, the West Marin and Oceana Marin Service Area project costs variances, and the Engineering Department labor hours. He noted there has been a lot of activity on the developer side which is paid by the water service agreements which helps us on the financial side. Mr. McIntyre added that for many years the developer work was lagging and is now picking up.

Director Petterle stated he was curious how the recruitment for the Assistant General Manager/Chief Engineer is going. Mr. McIntyre replied three applications have been received to-date.

PREPARING FOR DRY YEAR CONDITIONS

Mr. McIntyre updated the Board on Lagunitas Creek, Stafford Lake and Novato water supply. In addition, he discussed NMWD's Water Shortage Contingency Plan for the West Marin Service Area, noting implementation is probable this year in West Marin due to low rainfall levels at MMWD's Kent Lake gauge. He added that Novato rainfall to-date is 16.3 inches, and the yearly average is 27 inches.

Mr. McIntyre reported that Kent Lake rainfall in the Lagunitas Creek watershed was at 22 inches. Mr. McIntyre added it is unlikely that the Kent Lake gauge rainfall will meet or exceed the minimum Normal Year threshold of 28 inches by the April 1st deadline, which will trigger the dry year conditions in Lagunitas Creek. He stated it is possible we could get rain, however in 2014 we had a dry year in West Marin and had to follow a similar process.

Director Joly asked if what happened in 2014 was distressing for our West Marin customers. Mr. McIntyre replied no, water use came down and outside irrigation was limited to a manageable two days a week schedule. Director Joly stated he found the dry year rainfall tables very interesting.

NBWA MEETING – MARCH 6, 2020

Director Fraites updated the Board on the March 6, 2020 meeting. He reported on the California Water Commission and updated the Board on the new State Bond discussions. Director Fraites stated they met at the Napa Sanitary District headquarters and the main speaker was MMWD Board Member and California Water Commission Chair, Armando Quintero.

Director Fraites announced the NBWA Conference in April has been cancelled.

Director Joly thanked Director Fraites for the report.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements – Dated March 5, 2020, Disbursements – Dated March 12, 2020, Novato Water Services by Type, Update - Polybutylene Pipe Population, Coronavirus Update, Sonoma Water Press Release – Russian River Biological Opinion Meeting Postponed, and Coast Guard Housing Update – COUNTY OF MARIN.

The Board received the following news articles: Public quiet on proposal to increase water rates – NOVATO; Marin reservoirs look good despite month's lack of rain – WEATHER; Russian River Public Policy Facilitating Committee Annual Meeting – Dry Creek Project; Russian River Inflatable Dam Being Inflated Today; California Had Its Driest February on Record. Here's How Bad It Was; NMWD set to adopt one-year rate hike – NOVATO AREA; Bill: Churches, hospitals could build homes – AFFORDABLE UNITS and Marin rainfall 66% below average for date – WEATHER.

Director Joly had a question about the NexGen Asset Management Software on the disbursements. Ms. Blue replied that the Asset Management program is currently being implemented and the invoice payment is for an extended billing period.

Director Baker asked what is happening with the Point Reyes Coast Guard property. Mr. McIntyre replied that the County of Marin is in the final stages to select a non-profit housing developer. Director Baker commented that there are a lot of players involved, and asked if the Federal Government is still involved. Mr. McIntyre responded that they no longer own the property, but there may be some ongoing stipulations that need to be met.

Before the meeting adjourned Director Joly thanked Ms. Blue for including the pie chart for the Novato Services by Type. He also thanked staff for attending the Board Meeting under

these unusual circumstances.

ADJOURNMENT

President Joly adjourned the meeting at 7:15 p.m.

Submitted by

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

Theresa Kehoe
District Secretary