

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
July 16, 2019**

CALL TO ORDER

President Jack 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, and Michael Joly. Directors James Grossi and Stephen Petterle were absent. Also present were General Manager Drew McIntyre, District Secretary Terrie Kehoe and Auditor-Controller Julie Blue. Chief Engineer Rocky Vogler was absent.

District employees Robert Clark (Operations/Maintenance) and Tony Arendell (Construction/Maintenance Superintendent) were also absent. In the audience were District legal counsel representative, Carl Nelson (Bold, Polisner, Maddow, Nelson and Judson); and demographer Chris Chaffee (Redistricting Partners, LLC).

MINUTES

On motion of Director Joly, seconded by Director Fraites the Board approved the minutes from the June 18, 2019 meeting as presented by the following vote:

AYES: Director Baker, Fraites, Joly

NOES: None

ABSTAIN: None

ABSENT: Director Grossi, Petterle

On motion of Director Joly, seconded by Director Fraites the Board approved the minutes from the June 25, 2019 meeting as presented by the following vote:

AYES: Director Baker, Fraites, Joly

NOES: None

ABSTAIN: None

ABSENT: Director Grossi, Petterle

**PUBLIC HEARING NO.5 – CALIFORNIA RIGHTS ACT (CVRA) AND ELECTIONS CODE
(ED) 10010:**

President Baker declared the fifth public hearing opened at 6:04 p.m.

Mr. McIntyre reminded the Board that the first public hearing was at a regular meeting on May 7, 2019 in which the public and the Board had an opportunity to comment on the division of boundaries. The second hearing was held at a regular meeting on May 21, 2019, to receive additional input. Mr. McIntyre noted that at the end of that meeting, the Board directed the demographers to draft alternative maps, which resulted in three Draft Division Maps (Plan A, Plan B and Plan C). He added on the third hearing held at a regular meeting on June 4th the Board directed the demographers to retain the three existing maps for further consideration. Mr. McIntyre noted the fourth public hearing was held at the regular meeting on June 18 to receive additional input from the public and the Board regarding boundaries and the election sequencing of divisions. He added at the end of the meeting the Board voted 4-1 to approve Plan A Map with minor modifications, and approved sequencing elections consistent with terms of the current incumbents. Mr. McIntyre concluded this resulted in the final voting division map and draft Ordinance No. 38 which were posted on the District's website on July 9th. He added that tonight is the fifth public hearing under the California Voting Rights Act (CVRA) and Election code (EC) 10010 and is being held to adopt Ordinance 38 and to establish a By-Division System for electing North Marin Water District Directors.

Mr. McIntyre asked legal counsel to summarize the next steps. Mr. Nelson first stated that Mr. Willis is available by phone if the Directors or staff have any questions for him. Mr. Nelson continued to say that if the Board chose to adopt the ordinance, that this information will be communicated to the election department at both Marin and Sonoma counties so they can start the lead work and get ready for the next election. He added Mr. Chaffee's firm will provide information to them electronically. Mr. Chaffee stated that once the District submits the Ordinance his firm will work directly with the county GIS staff and the Registrar of Voters to implement the exact lines of the map, provide them with electronic GIS files, and answer questions.

Director Baker asked if Mr. Chaffee's firm has had any communications with the Election Department as he imagines they will be under a lot of pressure with all of these changes from several agencies. Mr. Chaffee replied he has contacted them in the past to get the files needed for his services, and Election Department staff will want the Ordinance and the Resolution to start the process. Director Baker stated there are the election staff and then those that work on the maps. Mr. Chaffee replied that the County will tell us who to work with, who to send the files to, and who would be able to answer any questions we may have. He added that we are in

good shape since we have a year until filing even opens; we have plenty of time and it should be simple. Director Baker stated that the Novato Unified School District, Novato Fire Protection Agency, Novato Sanitary District and many others in Marin County are going through the same process. Mr. Chaffee noted that it is good that this transition is happening in an odd year. Mr. Nelson added that this is a much smoother process, that special counsel had worked on a similar transition undertaken shortly before the 2018 election that had to be done very quickly so the electoral districts there had to stick to the precinct lines or hold their own election, but nothing like that will happen here. Director Baker commented that this is good news knowing the process should be smooth, and added that the Board is still reluctant to make this change.

Director Joly referred to the Ordinance. He stated that the portion of the recital stating that the public interest in “avoiding the risks and costs” of litigation was clear, but the part where it stated that the public interest was best served by by-district elections was not. He asked Mr. Nelson if he could make a clear mission statement on why the public interest would be best served by transitioning to a by-division election system. Mr. Nelson replied that the decision to create a legal preference for by-division voting came from the State Legislature, which is charged with deciding policy for the State, which policies are generally deferred to by the courts. The Legislature has decided that it is in the public interest to avoid racially polarized voting and to make sure that protected minorities have a role to play in our representative democracy, and that this was the best way to achieve these goals, even though it is not a good fit for every district, and noted that the courts don’t require that the Legislature have a perfect solution for a problem. He added we are complying with the law and carrying out the policy of the State as declared by the Legislature. Director Joly commented he had to ask the question because he wanted it on record. Director Fraites added the issue is racial balance and they came up with a blanket solution that we are all under. Mr. Nelson stated that we don’t often see special legislation because it is hard to tailor a legislative solution for each individual district. Director Baker stated that he has heard comments that Marin has too many special districts.

Mr. McIntyre advised the Board that we have not received any further comments since the West Marin Meeting on June 25th. Director Joly stated that the Board did its duty, it has been discussed and the Board did essentially what was legally required based on the CVRA. Director Fraites commented that it has been educational, the process did not have too many bumps, there was no public objection, and everyone involved did a great job. Director Baker agreed and stated that legal counsel and the demographers were good to work with. Director

Joly pointed out that the public input was good, and believes the Board's decision will be a good fit for their bosses, the voting public.

President Baker declared the fifth public hearing closed at 6:22 p.m.

On the motion of Director Fraites, and seconded by Director Joly, the Board adopted Ordinance 38 to establish a By-Division System for electing North Marin Water District Directors by the following vote:

AYES: Director Baker, Fraites, Joly

NOES: None

ABSTAIN: None

ABSENT: Director Grossi, Petterle

Mr. McIntyre announced that he would like to thank Mr. Willis, Mr. Nelson and the demographers for all their support through this process. Director Joly also thanked them for helping to facilitate the process, which without them could have been a very difficult one. Mr. Nelson replied it has been enjoyable and it is good to work with a good Board.

GENERAL MANAGER'S REPORT

Public Safety Power Shut Off (PSPS) – PG&E

Mr. McIntyre announced the July 5th Marin Independent story on water impacts resulting from the PSPS program generated an ABC Channel 7 news story on July 8th. Mr. McIntyre stated he held the interview at the Crest Tank site. Director Baker asked if he chose Crest Tank because it was easier to access and Mr. McIntyre confirmed, adding it was also a newly painted tank. Director Joly complemented Mr. McIntyre for doing a fine job on the interview.

Director Baker commented about the number of tanks we have and their capacity, compared to our colleagues. Director Baker requested that staff provide the Board a picture on how we stand in comparison to MMWD. Mr. McIntyre reflected on the Restructured Agreement in which NMWD does not pay for Agency storage projects because we have ample storage.

Director Joly inquired about the July 12th letter that was sent out to customers about the PG&E shutdown. Mr. McIntyre noted that it went out to our Hydro-pneumatic customers.

WSCC Meeting

Mr. McIntyre stated that he will be attending the WSCC next Monday to plan the agenda for the August 5th WAC meeting.

SCWA Aqueduct Shutdown

Mr. McIntyre informed the Board that the aqueduct shutdown is now tentatively scheduled for July 23rd. He stated a second shutdown is planned for August 13th, adding the maximum shutdown duration is estimated at fifteen hours. Mr. McIntyre noted that during that time we will rely on Stafford Treatment Plant production and stored water. As a side note, Mr. McIntyre added Stafford Treatment Plant was off last week to change out the GAC and is now back up and running. Director Joly asked for confirmation that there will be no expected water interruption either day. Director Fraites noted when he was out today he saw them putting the carbon in the containers and that the machine was very loud, adding staff should be sure to wear earplugs.

Mr. McIntyre also informed the Board that he will be on vacation the last week of July and Mr. Vogler will be in charge during his absence.

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 brought to the Board's attention that under Miscellaneous, the Grand Jury Report was missing pages and the entire report has now been provided.

Ms. Kehoe asked the Board if anyone wants to keep their old iPads to please let her know. She added the trade in value for the iPads has been looked up and they have no monetary value, however they may be good to use as a backup. Ms. Kehoe reminded the Board that the old iPads are Wi-Fi only, will need to be wiped clean by IT and then set up on their own personal accounts.

Director Joly commented that he saw some discussion on social media about chlorine smell and also noticed the smell at home. He discussed this with Mr. Ramudo and Mr. Clark. Director Joly added that he can also smell the chlorine during outdoor water use. Director Joly stated he was told that the SCWA had increased the chlorine level and he wanted to make sure the Board was aware of this. Mr. McIntyre stated that Mr. Ramudo checked with SCWA and the Agency has to abide by regulations from the State Department of Drinking Water. The Agency

has had to slightly increase chlorine residual levels, and while well within industry standards, it is higher than people are used to. Director Fraites added he uses a filter, as do many others, and it filters it out just fine. Director Joly commented that he has smelled it during outdoor use, but has no problem with the required guidelines, and noted he can't taste it in the home water. He asked if could be a public concern. Mr. McIntyre responded no, the levels are well within standards.

Ms. Blue updated the Board on the vendor cyber hack we had. She reported we received the funds back from the bank; a police report was filed, and we paid the vendor. Ms. Blue added the process took about six weeks. Director Baker asked a question about details of the cyber hack. Ms. Blue explained that the hacker intercepted an email that we thought was coming directly from the vendor causing us to send out \$24,000 to a fraudulent bank account. She added that she is currently working with the accountants to prevent this from happening again. Director Joly complimented staff for a job well done, adding that we are learning new security advances to keep our customers safe.

MONTHLY PROGRESS REPORT

The Monthly Progress Report for June was reviewed. Mr. McIntyre reported that water production in Novato is down 20% from one year ago and down 6% fiscal year to date. In West Marin, water production is down 24% from June one year ago and is flat from prior fiscal year to date. Recycled Water production is up 21% from one year ago and up 23% fiscal year to date. He noted that Stafford Lake, at 85% capacity, is essentially full, Lake Mendocino is at 109% and Lake Sonoma is at 98% capacity. In Oceana Marin all readings look normal with good discharge and freeboard levels. Under Safety/Liability we currently have 93 days without a lost time injury.

Mr. McIntyre reviewed the complaints and service orders, adding the increase in numbers is good because customers are being notified sooner and are being more aware with the new AMI system. Director Joly shared that his neighbor gave eloquent praise about the new AMI because he is able to remotely check his water use and he thinks it is spectacular that the District and the Board had the courage to have them installed. Director Baker asked if the Board could get more feedback stories because it is always good to hear. Ms. Blue stated she hears the phone calls from the Field Service Reps and she hears from customers and we are getting a lot of good feedback. Director Joly noted that in the report both Mr. Roberto and Mr. Rodriguez, our Field Service Reps. received many positive comments from customers, and added staff should thank them as they are the face of the District.

Ms. Blue reported on the June 2019 Investments, where the District's portfolio holds \$18.9M earning a 2.43% average rate of return. She noted the LAIF rate is 2.40%.

Director Joly stated he was surprised that the Novato potable water production went down in June compared to last year since it was warm. Mr. McIntyre agreed but cautioned against placing too much emphasis on just one month worth of data, adding that late rain in May could be a factor. Director Joly added that we need to continue to watch the revenue and water sales trend.

CONSENT CALENDAR

On the motion of Director Fraites, and seconded by Director Joly the Board approved the consent calendar by the following vote:

AYES: Director Baker, Fraites, Joly

NOES: None

ABSTAIN: None

ABSENT: Director Grossi, Petterle

WATER AGREEMENT McPHAIL'S PHASE 1 WATER FACILITIES- 5400 HANNA RANCH ROAD, APN: 153-220-16

On the Consent Calendar, the Board approved the Board approved the Water Service Agreement for McPhail's Phase 1 Water Facilities at 5400 Hanna Ranch Road in Novato. This agreement applies to Lot 1, for Building A for Commercial office/flex space, in which revisions have been made to the courtyard of Building A replacing landscape area with hardscape. Facilities Reserve Charges (FRCs) for six (6) EDUs will be collected for Phase 1 improvements, a reduction of two (2) EDUs from the previous May 7, 2019 Board meeting.

PRUNUSKE CHATHAM INC. (PCI) – CONSULTING SERVICES AGREEMENT – LEVERONI CREEK EMBANKMENT REPAIR PROJECT

Also under the Consent Calendar, the Board approved the Consulting Services Agreement with Prunuske Chatham Inc. (PCI) for the Leveroni Creek Embankment Repair Project. Leveroni Creek's left bank downstream of the eight foot diameter culvert outfall plunge pool is slowly eroding, threatening the structural integrity of the Stafford Treatment Plant and Indian Valley Golf Course access road. The District is now ready to move forward and have PCI prepare a scope of work and cost proposal for design, permitting and limited engineering services.

ENVIRONMENTAL SCIENCE ASSOCIATES (ESA) – CONSULTING SERVICES AGREEMENT

Also under the Consent Calendar, the Board approved the consulting services agreement with Environmental Science Associates (ESA) for miscellaneous environmental engineering/permitting support for various projects. ESA ensures proper implementation of various mitigation measures during the construction phase.

AMY SKEWES-COX (ASC) – CONSULTING SERVICES AGREEMENT – OLD RANCH ROAD TANK REPLACEMENT

Also under the Consent Calendar, the Board approved the Consulting Services Agreement with Amy Skewes-Cox (ASC) for CEQA work related to the Old Ranch Road Tank Replacement project. In order to comply with the requirements of the California Environmental Quality Act, an Initial Study must be prepared to examine potential impacts. The scope of work will include preparation of a Mitigation Monitoring and Reporting Program as well as preparation of a Notice of Determination.

ACTION ITEMS

CITY OF NOVATO SUBORDINATION REQUEST – SUCCESSOR AGENCY TO THE DISSOLVED REDEVELOPMENT AGENCY

Mr. McIntyre reviewed the City of Novato Subordination Request – Successor Agency to the dissolved Redevelopment Agency. He stated in order to provide for refunding of certain bonds and other debt issued by the Redevelopment Agency, the City is requesting that NMWD agrees to the subordination of Statutory Pass-through Payments that the Redevelopment Agency is required to pay to NMWD in connection with the project area. Mr. McIntyre also informed the Board that this has been reviewed by our legal counsel.

Director Baker stated that he was not clear on this and Director Joly agreed it could use some explanation. He responded that our legal counsel has been fully involved in the review, and the City's request has no financial impact on the District. He also noted that annual payments from the city are less than \$2,000. Director Joly asked if legal counsel has clearly said that, and wanted to insure we will not be brought into anything that will come back to haunt us. Mr. McIntyre replied yes.

On the motion of Director Joly , and seconded by Director Fraites the Board approved The City of Novato Subordination Request – Successor Agency to the dissolved Redevelopment Agency by the following vote:

AYES: Director Baker, Fraites, Joly

NOES: None

ABSTAIN: None

ABSENT: Director Grossi, Petterle

INFORMATION ITEMS

NMWD CONTRACT WITH McLELLAN FOR PAVING JOB

Mr. McIntyre reviewed the NMWD Contract with McLellan for Paving Jobs. Drew stated that North Marin Water has maintained a trench restoration paving contract with W.K. McLellan & Company since 2007. He noted that McLellan has not raised their fees since the second contract award in 2015 and now needs to increase their fees for the current contract due to rising cost of fuel, oil and labor. Drew concluded that we will need to solicit bids for a new paving contract.

Director Baker noted that McLellan has been around for decades and has always done good work and was always willing work on smaller projects.

NBWA MEETING – JULY 12, 2019

Director Fraites updated the Board on the recent NBWA meeting Director Fraites reviewed the NBWA Meeting for July 12, 2019. He discussed the One Water program which is made up of several agencies working together to save water. Director Fraites stated he pointed out to the group that NMWD has been working with Novato Sanitary and Las Gallinas to provide recycled water to our customers, thereby working together to save water. He added there are some restoration projects they are looking at funding and on the first round; the North Bay got three of the nine projects. Director Fraites added the San Francisco Bay Authority got a total funding of \$22M dollars, and all the projects will help with water quality around the bay and the surrounding areas.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements – Dated June 27, 2019, Disbursements – Dated July 3, 2019, Disbursements – Dated July 11, 2019, Approved FY 2019-20 Budget, Self Insured Worker's Comp – 4th Quarter Status Report, FY19 4th Quarter Labor Cost Report, and Legal Notice - NMWD Notice of Hearing and Ordinance Summary and PSPS Letter to Hydro-pneumatic Customers.

The Board received the following news articles: SCWA Press Release – Local Water Utilities to Community: Know When to Water; Special districts still too murky, grand jury says; 2018-2019 Marin Co. Civil Grand Jury Report – Special District Transparency Update; Officials warming to on-air meetings- MMWD; Disputed budget musters majority – Novato; Public agencies given slack on fee – MARIN MUNICIPAL WATER DISTRICT; Water saving urged

during wildfire outages; Editorial- Accountability question an important one; Notice of Board Vacancy – Novato Sanitary District; PG&E’s planned power shutdowns could choke off vital water supplies and Senate approves fund for clean drinking water.

Director Joly stated on the June 27th Disbursements PG&E and solar had a combined cost of about \$52,000, and he wondered how does the solar work with the treatment costs. Mr. McIntyre replied the PG&E cost is for all the pump stations throughout our system, and the Stafford Treatment Plant is related to the power purchased from solar. Director Joly asked if we are paying around \$600,000 a year. Ms. Blue replied it varies since the Stafford Treatment Plant does not run year around.

Director Joly also asked about the July CalPERS health insurance for the retirees, and asked how many we cover. Ms. Blue said there are quite a few, but the cost depends on when they retired and their age. She added some retirees only get a portion covered since they are under Medicare, and those retiring today may not get any of the benefit at all. Ms. Blue noted there all many scenarios and told Director Joly that she will send him the detailed information.

Director Joly commented that the 2017 Workman’s Comp report was brilliantly done and well presented by staff. He explained that that a claim could really hit us and we have been very lucky, our premiums really came down and it makes sense.

Director Joly referred to the July 12th PSPS letter to our Hydro-pneumatic customers and asked for clarification. He asked if this meant that PG&E could shut off the power with no threat of fire, and added they are admitting they are incapable of delivering a reliable safe product and they are using fear of safety. Director Joly noted in the Freedom of Information Act they found the Campfire lines had been neglected for years. Mr. McIntyre stated the even if there is no local threat of fire; they can shut down an area that delivers to us. Director Fraites added they have not maintained their facilities at all; there is nothing we can do. Mr. McIntyre added there is no doubt this program minimizes their financial exposure. Director Joly added that PG&E is selling this as public safety. Director Fraites stated that when PGE put in their lines years ago they did allow enough space, and now have to increase vegetation clearance. Director Joly reiterated that it is staggering that they can just shut us off. Mr. McIntyre reminded the Board that it was approved by the PUC.

Mr. McIntyre announced that there will be no need to go into closed session.

CLOSED SESSION

President Baker announced that since there is no need to go into Closed Session he will adjourn the meeting.

ADJOURNMENT

President Baker adjourned the meeting at 7:35 p.m.

Submitted by

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

Theresa Kehoe
District Secretary