

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
November 19, 2019**

CALL TO ORDER

President Jack Baker called the regular meeting of the Board of Directors of North Marin Water District to order at 6:00 p.m. at the District Headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, James Grossi, Michael Joly and Stephen Petterle. Also present were General Manager Drew McIntyre, District Secretary Terrie Kehoe, Auditor-Controller Julie Blue and Chief Engineer Rocky Vogler.

Chris Brown of Fedak and Brown LLP, Jim Detrick of BMI Imaging Systems Inc. and District employees Tony Arendell (Construction/Maintenance Supervisor) and Robert Clark (Operations/Maintenance Supervisor) were also in attendance.

MINUTES

Director Baker asked for a few minor revisions and on motion of Director Joly, seconded by Director Grossi the Board approved the minutes from the November 5, 2019 meeting by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

GENERAL MANAGER'S REPORT

Mr. McIntyre asked to remove Item No. 12 – PRE Tank 4A – Reject Bid from the agenda.

Public Safety Power Shutoff (PSPS) Update

Mr. McIntyre informed the Board that Mr. Clark will be providing a verbal Public Safety Power Shutoff update as part of the staff report.

Gallagher Ranch Water Production Testing

Mr. McIntyre announced that at the October 15th meeting he reported that water production testing for the temporary north pasture well at Gallagher Ranch was to start soon to determine the reliable production capacity. He indicated the results were disappointing yielding

only 50 gallons per minute (gpm). Mr. McIntyre added a final report will be prepared by our consultant, PES and he will return to the Board at a later meeting with a recommended path forward. Director Baker asked how this water production compares to the existing well. Mr. McIntyre replied the existing Gallagher well production is about 140 gpm, and each Coast Guard Well produces about 300 gpm.

Gallagher Ranch Stream Bank Stabilization Project

Mr. McIntyre announced the stream bank project design is proceeding on schedule and we expect to receive the 60% design submittal next week. He added that permitting is being initiated as well.

Potter Valley Project

Mr. McIntyre reported that on November 20th he and Mr. Vogler will participate in a Potter Valley Project conference call between the water contractors and the Agency for an update on the Planning Agreement Partners Feasibility Study.

Week Ahead

Mr. McIntyre stated that next week he will be out of office on Tuesday and Wednesday, and Ms. Blue 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:

Mr. Clark apprised the Board that the District's apartment had a plumbing leak a few months back which in turn caused some water damage and mold. He added that in order to perform the required repairs, staff had to ask the tenant to move out by January 20th. Mr. Clark stated after the repairs the apartment will be available for an employee to rent. Director Baker asked if the current tenant will be permanently moving out. Mr. Clark confirmed.

Mr. Clark also informed the Board that PG&E may enact another PSPS event and staff was getting prepared. He added that since Marin County is no longer involved it will not be a full staff roll out. Mr. Clark stated there will be employees on standby just in case PG&E changes their mind again. Director Grossi commented that Marin County Fire had issued a red flag warning and that it is still in effect. Mr. Clark replied that we are still on standby; we have generators deployed in West Marin and other generators available if we need them. Mr. McIntyre stated Sonoma County Water Agency is expected to be impacted as early as

tomorrow morning, and they are prepared to operate using standby generators.

Ms. Kehoe reminded the Board that the deadline to RSVP for the Holiday Party is on November 20th.

MONTHLY PROGRESS REPORT

The Monthly Progress Report for October was reviewed. Water production in Novato is up 6% from one year ago. In West Marin, water production is down 11% from October one year ago. Recycled Water production is up 32% from one year ago. Stafford Treatment Plant production is up 32% for October one year ago and up 30% fiscal year to date, which is the second highest year to date production over the last five years. The Board was apprised that Stafford Lake is at 45% capacity, Lake Sonoma is at 86% capacity and Lake Mendocino is at 124% capacity. On the Summary of Complaints and Service Orders, the Board was apprised that total numbers are down 19% from October one year ago. Julie reported on the October 2019 Investments, where the District's portfolio holds \$22M earning a 2.21% average rate of return. Julie noted that during October the cash balance increased by \$2,389,365 partially due to the Bay Club Loan payoff. She also noted the LAIF rate is 2.19%.

Director Joly noted November has been dry so far and taking into account our current storage capacity and if we had a dryer year than normal, would it be a problem. Mr. McIntyre replied that most of our water comes from Sonoma County Water Agency and their water supply storage is good.

CONSENT ITEMS

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

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

NOES: None

ABSTAIN: None

ABSENT: None

RESOLUTION AUTHORIZING APPLICATION TO THE DIRECTOR OF INDUSTRIAL RELATIONS, STATE OF CA FOR A CERTIFICATE OF CONSENT TO SELF -INSURE WORKERS' COMPENSATION LIABILITIES

The Board approved a resolution authorizing an application to the Director of Industrial Relations, State of California for a Certificate of Consent to self-insure workers' compensation liabilities. This resolution will satisfy the California Office of Self-Insurance Plans that members of the pool acknowledge that the pool itself is self-insured.

COST SHARING FOR 2020 URBAN WATER MANAGEMENT PLAN UPDATE

The Board authorized the General Manager to execute a cost sharing Letter Agreement with the City of Santa Rosa related to preparation of the 2020 Urban Water Management Plan. This allows the participating Water Contractors to share the cost of the contract with the consultant, EKI Environment and Water to prepare an updated water demand analysis

LEVERONI CREEK EMBANKMENT REPAIR PROJECT – NOTICE OF EXEMPTION

The Board approved filing of the Notice of Exemption for the Leveroni Creek Embankment Repair Project. It has been determined that the Leveroni Creek Embankment Repair Project qualifies for a Class 4 exemption under Section 15304 of the CEQA Guidelines.

RENEWAL OF HORIZON CATV LICENSE AGREEMENT

The Board approved renewal of the Horizon CATV License Agreement. The Horizon CATV license agreement with the District allows continued use of PRE tank site #4 for a 40' high antenna, 5' x 7' equipment shed and a propane tank and an emergency generator.

ACTION ITEMS

OUTSIDE AUDITOR'S FY19 REPORT AND MANAGEMENT REPORT

Ms. Blue introduced Chris Brown of Fedak & Brown LLP who attended the meeting to give a presentation of the Comprehensive Annual Financial Report (CAFR). Mr. Brown thanked Ms. Blue and her staff for all their hard work to provide them the information in a timely manner. Mr. Brown congratulated the Board stating the audit went fairly well and they did not identify any material weaknesses, adding the report will again be submitted to the Government Finance Office Association, and most likely will win the CAFR award once more. As part of the presentation Mr. Brown reviewed the financial result highlights and added that the District is going in the right direction with raising their rates.

Director Joly asked if sales were flat, would that be included in last year's increase, therefore actually we would be down in revenue. Ms. Blue replied that it is because of the rate increase that you see an increase. Mr. Brown replied that the overall picture would be much worse if we had not raised the rates. Ms. Blue noted the rate increase went into effect on June 1st. Mr. Brown continued the presentation asking if the Board wanted to discuss pension liability since that was a topic of interest last time. Director Joly asked if there were any changes this year, and if we should feel comfortable with the pension liability balances. Mr. Brown replied that they independently calculate it and he feels very comfortable with the pension liability balance account. Mr. McIntyre noted that a more detailed analysis of the District's obligation of liability is done every other year. Mr. Brown added that it can change and it depends on the actuarial evaluation. Ms. Blue noted we just had a roll forward this year. Mr. Brown added next year everything will need to be measured from scratch and not use old numbers. Director

Fraites asked if the pension is sustainable over the next decade. Mr. Brown stated that if you are asking about the liability of your participants the answer is yes, because it is part of a pool and does not rely on just the District. He added if everyone stopped paying the state would have to step in as it the law. Mr. Brown stated as far as the big picture, the audit went well, nothing was missed, and the results were positive. Director Joly thanked Mr. Brown for providing his services.

On the motion of Director Joly, and seconded by Director Fraites the Board approved the Outside Auditor's FY19 Report and Management Report by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

RECORDS MANAGEMENT SCANNING CONTRACT WITH BMI IMAGING SYSTEMS, INC.
(BMI)

Ms. Kehoe discussed the need to scan the documents currently stored in the warehouse. Ms. Kehoe stated that this has been a project that we have wanted to start for quite some time. She added the District has many documents in the warehouse that need to be scanned so that we do not lose the valuable historical information. Ms. Kehoe noted, as that she reached out to three companies that were referred to us by other agencies. She met with both Ray Morgan Company and BMI and noted Pacific Doc never got back to her. Ms. Kehoe stated after reviewing the bids staff decided to recommend that the Board approve BMI for our records management scanning. She added that she made this recommendation not only on price, but felt that BMI is the most qualified to do the job. Ms. Kehoe introduced Mr. Jim Detrick from BMI who was in the audience in case the Board had any questions.

Director Joly asked if the original documents will continue to be stored, and Director Baker also voiced this concern. Mr. McIntyre replied that staff is not ready to make the commitment to shred all paper documents at this time. Director Baker asked Mr. Detrick what the preference is with his other clients. Mr. Detrick responded that the vast majority of his clients are public agencies and they are more likely to maintain the paper documents. Director Grossi noted at some point scanning will be a thing of the past, adding the new trend is to use electronic not paper documents Mr. Detrick confirmed a lot is being done electronically, however he has been in the business for over 30 years and it is a slow change. He noted that electronic documents are leading the way.

On the motion of Director Petterle, and seconded by Director Fraites the Board authorized the General Manager to execute a Records Management Scanning Contract with BMI Imaging Systems, Inc. by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

PRE TANK 4A – REJECT BID

The PRE Tank 4A Reject Bid item was removed from the agenda.

INFORMATION ITEMS

PUBLIC COMMUNICATIONS PLAN- PHOTO SHOOT FOR WEBSITE UPDATE

Ms. Kehoe advised the Board of an upcoming photo shoot as part of the website update. The photography work is being conducted as part of a contract with Kiosk to implement the Communications Strategy and Plan for the FY 2019-20. Ms. Kehoe stated that staff is requesting the Board to attend a photo shoot on December 9th. She noted the available times will be announced at a later date and at that time the Board members will be contacted for scheduling. Ms. Kehoe explained the photos will be used for our website, but she would also like to have framed pictures put up in the Board Room. She added she recently attended a meeting at Novato Fire Protection District as part of Novato Leadership and thought their portraits of their Board were very professional and would like the Board to consider the same type of attire.

Director Baker asked if this was only for the head shots and not the group. Mr. McIntyre replied that the group shots will be later. Director Grossi asked if they will do a casual shot as well or if that will be for later. Mr. McIntyre replied that for now we will be focusing on more formal photographs. Director Joly thought a suit and tie would be fine. Director Grossi asked what time. Ms. Kehoe responded that Kiosk will be contacting her with the times available and she will then call each Director to schedule their appointment.

INCREASE IN FACILITY LOCATION UNDERGROUND SERVICE ALERTS (USA)

Mr. Arendell reviewed the historical increase in Facility Location Underground Service Alerts (USA) which is due in part to the safety campaign that PG&E has undertaken resulting in a much greater number of requests for facility location coupled with increased location requests from homeowner and property managers.

Director Baker stated that he remembers when USA first started with the telephone company. He added that since 2017 when PG&E started their campaign a lot more people

started calling in. Mr. Arendell noted that by law if you put a shovel in the ground you are supposed to call. Director Baker added in the past you would only have to call in if it was in the street, now you have to call even if you are planting a tree. Director Grossi stated that it is good insurance. Mr. Arendell noted that on the attached graph it shows that the hours spent doing mark and locates have gone up. Director Joly stated this is wonderful and asked if this is done as community service. Mr. McIntyre responded that it is required by law. Director Joly asked if we can charge a fee. Mr. Arendell responded no; in fact the District has to pay. Director Petteerle stated that by marking our facilities we are protecting them.

ENTERPRISE FLEET REVIEW

Mr. Clark updated the Board on the Enterprise Fleet Management Program for fleet vehicles. He stated that after six months of operation, the fleet management program has been a better value than originally estimated. Another review will occur at the end of this fiscal year. Mr. Clark added that we will continue to do the maintenance as we complete the transition of the fleet, noting the newer vehicles do not need as much maintenance.

Director Grossi asked how Enterprise makes money on this lease program. Mr. Clark replied through management fees and auto resale. Director Joly asked if the cost analysis includes depreciation. Ms. Blue stated that the analysis does not include depreciation and that the financial recording of leases is changing due to GASB 87.

Mr. Clark added that the average of our fleet before was eleven years and now it will be five.

STAFFORD LAKE SPILL/RAINFALL HISTORY

Mr. Clark summarized the Stafford Lake Spill/Rainfall History and stated that Stafford Lake has reached full capacity in 15 of the last 20 years. He estimated based on trends that this year we may see the majority of the rainfall in the second half of the year.

Director Grossi asked about the location of the rain gauges. Mr. Clark responded that there is one at the District office and the other is at Stafford Dam. Mr. McIntyre stated most of our historical data is from the District office location.

FY 19-20 QUARTERLY PROGRESS REPORT – ENGINEERING DEPARTMENT

Mr. Vogler presented the FY19-20 Quarterly Progress Report for the Engineering Department. He summarized that CIP expenditures for Novato Water are anticipated to be 12% less, Novato Recycled Water will remain approximately unchanged, and West Marin is forecasted to be approximately 23% higher compared to the approved FY 19-20 budget.

Director Joly asked of the 42 capital improvement projects how many were engineering. Mr. Vogler responded by adding five to the original twenty-two there is a total of twenty-seven. Director Joly asked if the other fifteen were spread out between divisions. Mr. Vogler

responded yes, between Operations, Maintenance and Administration. Director Baker asked what the current trend is for Developer projects, adding there seems to be a lot going on in Hamilton. Mr. Vogler replied there are some sizable projects evolving within Novato and in time they will come to the Board as agreements.

FY 19-20 QUARTERLY PROGRESS REPORT – WATER CONSERVATION

Mr. Vogler presented the FY19-20 Quarterly Progress Report for Water Conservation. He updated the Board on Water Conservation participation and noted it has continued a downward trend in participation. There was a general discussion about the Blue Barn project on Grant and the City's Novato Blvd. proposed road widening project between Diablo and Grant Ave. Mr. Vogler continued with the presentation adding the Water Smart Program has dropped due to a staffing transition with SCWA since they do the surveys. He added the Water Smart portal helps us so we don't have to physically go out and verify information in the field. In addition, Mr. Vogler noted we have multiple tools for outreach: social media, the Waterline Newsletter and soon our new website.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements – Dated November 7, 2019, Disbursements – Dated November 14, 2019, 2018 SCWA Water Supply Strategies Action Plan and Point Reyes Station Community Meeting Workshop No. 3 – October 3, 2019.

The Board received the following news articles: Workshops set for two Novato housing projects; District elections debut in Novato; Election bullies strike again in RP and Police chief gets city manager post- NOVATO.

Director Joly asked about the November disbursements and asked if the Stone Tree disbursement listed was the loan. Ms. Blue replied they were billed for the loan payment and it was due to the timing of the payoff.

Director Baker noted the article about the former Police Chief now being City Manager. He commented that the new manager may have a different style than the previous one and hopes it will be a smooth transition.

ADJOURNMENT

President Baker adjourned the meeting at 7:46 p.m.

Submitted by

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

Theresa Kehoe
District Secretary