

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 19, 2020**

CALL TO ORDER

President Joly announced that due to the Coronavirus outbreak and pursuant to Executive Order N-29-20 issued by the Governor of the State of California this was a virtual meeting. President Joly called the regular meeting of the Board of Directors of North Marin Water District to order at 6:05 p.m. and the agenda was accepted as presented. President Joly added that there was not a public location for participating in this meeting, but any interested members of the public could participate telephonically by utilizing the dial-in information printed on the agenda. President Joly asked if there were any members of the public on the line to announce themselves, and there was no reply.

President Joly welcomed the public to participate in the call and asked that they mute their phone, except during open time and while making comments on the agenda items. President Joly noted that due to the virtual nature of the meeting he will conduct a roll call from the Directors. A roll call was done, and four Directors were in remote attendance therefore establishing a quorum. Participating remotely by phone were Directors Jack Baker, James Grossi, Michael Joly and Stephen Petterle. Director Fraites joined the meeting remotely at 6:30 p.m.

President Joly announced in the event of technical difficulties during the meeting, the District Secretary will adjourn the meeting and the remainder of the agenda will be rescheduled for a future special meeting which shall be open to the public and noticed pursuant to the Brown Act.

Mr. McIntyre performed a roll call of staff, participating by phone were General Manager Drew McIntyre, District Secretary Terrie Kehoe, Auditor-Controller Julie Blue, Tony Arendell (Construction/Maintenance Superintendent), Robert Clark (Operations/Maintenance Superintendent) and Monica Juarez (Cashier/Receptionist). District IT consultant, Kevin Cozart (Core Utilities) was also participating remotely.

MINUTES

On motion of Director Petterle, seconded by Director Baker the Board approved minutes from the May 5, 2020 meeting by the following vote:

AYES: Director Baker, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Fraites

GENERAL MANAGER'S REPORT

Mr. McIntyre reminded everyone of the protocol of the meeting and asked all participants to announce their name when talking and to mute their phone as much as possible unless they are speaking.

Gallagher Ranch Streambank Stabilization Project

Mr. McIntyre reminded the Board that at the last meeting a question was raised regarding the Department of Public Works (DPW) permit for the Gallagher Ranch Streambank Stabilization Project. He reported upon further discussions with DPW staff, he was successful in eliminating the requirement for on-site inspection thereby saving the District over \$3,000 in additional permitting costs.

Old Ranch Road Tank No. 2

Mr. McIntyre reported that the Northern Spotted Owl surveys continue. He stated that a total of about six surveys need to be completed, and only three have been finished to date. Mr. McIntyre apprised the Board that some NSO activity was found within a quarter mile of the project site and more detailed analysis will be needed.

Director Baker asked if the NSO survey was based on a response of a bird call only, or if it included visual sightings. Mr. McIntyre replied that our consultant performs the bird surveys at night, so he believes their initial assessments are based on bird calls, not visual siting.

Potter Valley Project

Mr. McIntyre announced that the five Potter Valley Project Planning Agreement Partners, consisting of SCWA, Mendocino County Inland Water and Power Commission, Humboldt County, Cal Trout and Round Valley Indian Tribes, filed their Feasibility Study Report with FERC on Wednesday, May 13th one day ahead of the May 14th FERC deadline. He added that at the May 18th Special WAC virtual meeting, the WAC approved submitting a support letter for the project. Mr. McIntyre stated there is much more to report on the subject and he will do so at a future meeting.

Director Grossi stated he also participated in the meeting in addition to Director Baker, but was only able to listen and thought the meeting was informative.

Assistant General Manager/Chief Engineer Position (AGM/CE)

Mr. McIntyre announced that the top three candidates for the AGM/CE position have been

identified and a second round of interviews are being scheduled with mid-level management and engineering staff for additional input. He stated that he is favoring a Special Board Meeting in June for what he would hope will be in-person interviews. Mr. McIntyre noted that Ms. Kehoe will be contacting each Board member to see what date will work for everyone.

Director Baker asked of the top candidates, if there were any from this area. Mr. McIntyre replied that one is from Novato, another from Santa Rosa, and third is from out of the area.

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 announced that the 2020 Board of Directors Meeting Schedule inadvertently shows a meeting the first Tuesday in July. She noted that since July 2013 there has typically been only one meeting scheduled in July since we started holding three meetings in June, one of which is the West Marin Meeting. Accordingly, Ms. Kehoe advised the Board that she will be cancelling the first meeting on July 7th, unless the Board feels the need to hold this meeting. Director Baker said it would be good to keep it on the calendar for now in case we need it. Ms. Kehoe replied that she will keep it on the calendar until the beginning of July.

Mr. Clark gave the Board an update on the Oceana Marin sewer manhole relining project and praised the contractor for doing a good job. He also provided an update on the Admin. Building roof repair noting that the contractor was able to make the building water tight before the recent late season rains. Mr. Clark complimented the contractor for doing a fantastic job and stated that he will be providing photos and a full description to the Board at a future meeting. Director Joly inquired about the \$157,000 disbursement for the contractor. Mr. Clark responded that \$188,000 was the initial bid price, however at the time we did not know about the localized areas of water damage, which required additional repair. He stated the full purchase order amount is now \$210,000. Director Baker asked if, when we redo the structure of the building, that the roof will not need to be redone when the building is refurbished. Mr. Clark confirmed, stating staff is performing the existing work with full acknowledgment from the architect we used to prepare the Headquarters Upgrade Master Plan and that the Master Plan cost estimate assumes the roof replacement occurs in advance of the Upgrade Project.

Ms. Blue announced that the Prop 218 letters for West Marin and Oceana Marin were sent out on May 8th. She apprised the Board that to date we have seven letters in opposition for

Novato, one for West Marin, four emails in opposition for Novato, one in opposition for Oceana Marin, and twenty phone calls from Novato with varying questions. Ms. Blue added that most of the phone calls were customers who wanted to know how their individual rates would be affected. She added that staff has directed them to the website or directly answered their questions. Ms. Blue stated other inquiries were about our low-income rate assistance program.

Director Joly asked if we are using our social media outreach to alert the public of the June 16th and 23rd meetings, as well as directing them to our rate calculator on our website. Ms. Blue replied that the information was in the Prop 218 letters that were mailed out to every customer. Mr. McIntyre informed the Board that we also have included a newsflash about these hearings on our website.

MONTHLY PROGRESS REPORT

Mr. McIntyre reviewed the Monthly Progress Report for April with the Board noting that water production in Novato was up 36% from one year ago and up 5% year to date. In West Marin, he stated that water production was flat from one year ago and down 9% year to date. Mr. McIntyre advised the Board that Stafford Treatment Plant produced 31 MG during the month of April and production was up 37% fiscal year to date. He added that Recycled Water production was up 24% from one year ago and up 16% fiscal year to date. The Board was apprised that Stafford Lake was at 74% capacity, Lake Sonoma was at 88% and Lake Mendocino was at 83% capacity. In Oceana Marin the freeboard was excellent in both the treatment and storage ponds, and there was zero irrigation discharge

Under Safety and Liability, Mr. McIntyre stated that we had 102 days without a lost time injury and there were no unusual trends under the Utility Performance Metrics section. On the Summary of Complaints and Service Orders, the Board was apprised that the total numbers were down 57% from April one year ago and down 26% year to date.

Ms. Blue reported on the April 2020 Investments, where the District's portfolio holds \$23.5M earning a 1.83% average rate of return. Julie noted that during April the cash balance increased by \$860,518. She also noted the LAIF rate is 1.65%. Ms. Blue announced that the District bought two twenty-four-month Certificates of Deposit, one at 1.35% and the other at 1.2%.

After hearing that Director Fraites was able to join the meeting, Director Joly asked him if there were any questions he had since he was unable to join the meeting at the start. Director Fraites replied that he had a hard time logging into Zoom, and he had no questions.

CONSENT ITEMS

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

NOTICE OF COMPLETION FOR CHERRY HILL TANK 2 RECOAT AND REHABILITATION PROJECT (PASO ROBLES TANK, INC.)

The Board approved the Notice of Completion for Cherry Hill Tank 2 Recoat and Rehabilitation Project. Paso Robles Tank, Inc. (PRT) completed work on April 22nd and all work performed has been inspected by District staff and the coating inspector (D.B. Gaya Consulting). A Notice of Completion, once approved by the Board, will be filed with Marin County on May 20, 2020. The total project cost (\$390,000) was 22% below the budget (\$499,000); which was provided to the Board on October 1, 2019.

ACTION ITEMS

RENEW DECLARATION OF LOCAL EMERGENCY RELATED TO COVID-19 PANDEMIC

Mr. McIntyre requested the Board find that there still exists a need to continue the State of Emergency due to the COVID-19 pandemic as reflected by Resolution No. 20-07.

Mr. McIntyre reminded the Board that staff has been operating under partial Emergency Operations Center (EOC) activation since March 18th and summarized various key measures implemented by the District's emergency management team since that time.

He stated the District's staff are physically separated as much as possible by rotation shifts and having some employees work from home, but all critical operations needed to maintain essential services continue. Mr. McIntyre also noted relocation of some staff back to the District buildings, and certain other projects and activities are delayed until after the Marin County and Statewide shelter-in-place orders are both significantly modified, suspended, or terminated. Mr. McIntyre provided the Board with an update on current coronavirus conditions in Marin County. He apprised the Board that currently we have no employees who have been instructed to be isolated or are self-quarantined. He advised physical Board meetings will be re-instated as soon as it is safe for Board members, public and staff to do so.

On the motion of Director Baker, and seconded by Director Fraites the Board approved the renewal of the Declaration of Local Emergency Related to COVID-19 Pandemic by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

INFORMATION ITEMS

BUDGET REVIEW – PROPOSED FY20/21 BUDGETS NOVATO AND WEST MARIN SERVICE AREAS

Mr. McIntyre stated that before having Ms. Blue review the proposed Novato and West Marin Service Area budgets, he wanted to discuss the MMWD article under Miscellaneous where their Board voted to defer a proposed rate increase for six months. He stated that staff is continuing to move forward with the current proposed rate increases as noticed in the respective Prop 218 compliance notices sent to all customers in our three service areas. Mr. McIntyre added that if there is a desire from the Board to look at other options it is important to get some direction from the Board at this time.

There was a general discussion by the Board regarding the proposed rate increases, concern over financial impacts to customers due to the COVID-19 pandemic and the need to ensure financial stability necessary to continue reliable service to our customers. At the end of this discussion, there was a consensus from the Board to continue the budget review process as currently proposed and noticed in the Prop 218 letters. The Board also requested staff to explore other actions the Board might take to help those customers that have been financially impacted by the global health crisis.

Ms. Blue reviewed the Proposed FY 20/21 Budgets for the Novato and West Marin Service areas. She stated rate increases are proposed for Novato (6%), West Marin Water (4.5%) and Oceana Marin Sewer (5%). Ms. Blue noted the financial forecasts for each service area has been reviewed with five-year projections outlining the overall financial status of each enterprise fund. Additionally, she reviewed the Capital Improvement Project Budgets and Equipment Budgets. Ms. Blue reminded the Board that the budgets will be reviewed and refined prior to the next Board meeting on June 2nd, and at the June 16th Board meeting there will also be a public rate hearing to review and approve rate increases for the Novato system.

Director Fraites asked about one of the places that we receive revenue compensation, the Pacheco Valley tennis court. He inquired if anyone can access the courts or if they have to be part of Pacheco Valley community. Mr. Clark stated the Pacheco Valley HOA operates it and it is not open to the public. Director Baker stated the agreement goes back many years. Director Baker noted if the fees have not gone up over the last ten years, we may want to consider increasing them.

Ms. Blue continued to review the budget. She stated that she added the total projects costs as was advised by Directors Joly and Grossi at the last meeting. Both Directors replied that

this was very helpful. Director Joly commented on the footnote on page 30, and asked if we should secure the loans for the remodel since the interest rates are so low. Ms. Blue responded that she has been working with a financial advisor and we are not going to borrow money for the sake of borrowing, no interest rate is worth that. She added it is hard to say what interest rates are going to do in the future, but getting a \$15M loan is not advisable now. Director Joly stated it is a very large item that is being funded by a loan, and it would be helpful if she could advise the Board of the timing and availability of the funding. Ms. Blue stated that it will be pushed out to 2021-22 as far as timing. She recognized it is a large sum and we want to keep close attention to it and get the best interest rates when it is time to secure funding.

Director Fraites asked a question about the location of Silver Hills in our West Marin service area and Mr. McIntyre replied that it is a small subdivision area next to Bear Valley and is fed off the Bear Valley tank system.

Director Fraites requested that on the second page it lists the five Directors, and he would like it to include the division that each Director represents.

Director Joly thanked Ms. Blue and staff for a wonderful and detailed report.

FY 19-20 THIRD QUARTER PROGRESS REPORT – WATER CONSERVATION

Mr. McIntyre provided an update on water conservation and public outreach activities implemented during the first three quarters of Fiscal Year 2020 on behalf of Mr. Grisso. He noted water conservation participation has continued to trend low recently which is consistent with other utilities throughout Northern California. Cash for Grass participation levels continue to be extraordinarily low and clothes washer rebates continue to be well below historical participation levels with the absence of an energy provider rebate. The Retrofit on Resale programs have remained fairly consistent, and Weather Based Irrigation Controller rebates continue to gain in popularity with the increasing presence of Wi-Fi based controllers as they continue to become more cost effective.

Mr. McIntyre also reported that the District has initiated the process of developing a new website which is now almost complete and began implementing the communication actions as dictated in the approved Communications Strategy and Plan for FY 2019/2020. Additionally, Mr. McIntyre reported that FY20 expenditures have increased slightly mainly due to communication and public outreach projects, however we anticipate that we will stay within budget.

Director Joly asked Mr. McIntyre when the website will be up and running. Mr. McIntyre replied that the District is expecting to start beta testing with staff within the week but stated he is

hesitant to launch the website before the June 16th Novato rate hearing because he doesn't want to risk anything going wrong with the water rate calculator feature during the transition.

FY 19-20 THIRD QUARTER PROGRESS REPORT – ENGINEERING DEPARTMENT

Mr. McIntyre provided a summary of the third quarter Engineering Department progress report. He reported on the District's performance in completing budgeted FY 19-20 Capital Improvements Projects with a primary emphasis on planned versus actual performance. In summary, the CIP expenditures for Novato, Novato Recycled Water and West Marin service areas will not exceed approved FY 19-20 budget levels. Mr. McIntyre noted the actual performance for the Novato Water system (55%) trails planned performance for projection completion (71%). In the West Marin Service Area, which included Oceana Marin, two projects were added: Gallagher Ranch Streambank Stabilization and the Olema Pump Station Pump Replacement and one project the PB Replacements on Drakes View Drive was carried over. He also stated that Mr. Clark and Mr. Ramudo have found other, more cost-effective means, to control THM production in West Marin and staff is hopeful we will not need to proceed any further on the related capital improvement project shown at this time. Mr. McIntyre stated at the end of the third quarter, actual engineering labor hours expended for Developer work was 85% (1,365 hours) versus 75% (1,155 hours) budgeted and with respect to District Projects, 1,507 engineering labor hours (46% budgeted) were expended to date.

FY 19-20 THIRD QUARTER PROGRESS REPORT – OPERATIONS/MAINTENANCE

Mr. Clark provided a summary of the third quarter Operations/Maintenance progress report. He reported on the Stafford Lake Treatment Plant operations, scheduled task completion by the maintenance staff and gave an update on the West Marin and Oceana Marin systems. He apprised the Board that the Stafford Lake Treatment Plant production has been impacted by COVID-19, however they should meet their goal of 650 MG by the end of this fiscal year. Mr. Clark continued to review the status of various capital improvement projects including the addition of a 300KW generator installed at STP to help us prepare for the PG&E Public Safety Power Shut-Offs (PSPS).

Mr. Clark reported on the Cross-Connection Control program and apprised the Board that 2,100 backflow devices have been tested so far this year.

In West Marin Mr. Clark announced that Olema Pump #1 was replaced after seventeen years of service, and our North Street lift station was upgraded so we can remotely monitor operational status through our SCADA system even during power outages.

Lastly, Mr. Clark reported that our recently hired Assistant Treatment Plant Operator, Vanden Hughes has caught on quickly and Mr. Clark is impressed with his capability and very pleased with his work. Director Joly stated it was great to hear Mr. Hughes is doing well.

TECHNICAL ADVISORY COMMITTEE – MARCH 2, 2020

Mr. McIntyre shared the minutes of March 2nd Technical Advisory Committee (TAC) meeting with the Board. He commented on Item 5, noting that rainfall in Lake Pillsbury area is the third driest year on record since the early 1900's. Mr. McIntyre added that while Lake Mendocino water storages levels look reasonably good right now, SCWA will need to submit a temporary change request to the State to receive approval to reduce release flows from Lake Mendocino due to extremely low Eel River water diversions this year.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements – Dated May 7, 2020, Disbursements – Dated May 14, 2020 and Proof of Publication – Declaration of a Water Shortage Emergency West Marin Service Area.

The Board received the following news articles: With much of state, Marin is in moderate drought; Golfers all smiles as courses reopen; Drought makes early start of the fire season likely in Northern California; Marin Municipal delays rate, fee hikes; Editorial – Agencies need to share salary information and Sonoma County backs plan to remove Scott Dam, assume control of hydropower project.

Director Joly on behalf of the Board thanked all staff that participated on the call.

ADJOURNMENT

President Joly adjourned the meeting at 7:38 p.m.

Submitted by



Theresa Kehoe
District Secretary