

**NORTH MARIN WATER DISTRICT
MINUTES OF SPECIAL MEETING
OF THE BOARD OF DIRECTORS**

February 23, 2021

CALL TO ORDER

President Grossi 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 Grossi called the special meeting of the Board of Directors of North Marin Water District to order at 6:00 p.m. and the agenda was accepted as presented. President Grossi added that there was not a public location for participating in this meeting, but any interested members of the public could participate remotely by utilizing the video or phone conference dial-in method using information printed on the agenda.

President Grossi welcomed the public to participate in the remote meeting and asked that they mute themselves, except during open time and while making comments on the agenda items. President Grossi noted that due to the virtual nature of the meeting he will request a roll call of the Directors. A roll call was done, those in remote attendance established a quorum. Participating remotely were Directors Jack Baker, Rick Fraites, Jim Grossi, Michael Joly and Stephen Petterle.

President Grossi 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 remotely were Drew McIntyre (General Manager), Tony Williams (Assistant GM/Chief Engineer), Terrie Kehoe (District Secretary), Julie Blue (Auditor-Controller), and Monica Juarez (Receptionist/Customer Service Assistant). Mr. McIntyre announced also participating remotely were Mark Hildebrand from Hildebrand Consulting, and District Legal Counsel Morgan Biggerstaff.

President Grossi announced for those joining the virtual meeting from the public to identify themselves. In attendance were Ken Levin from the Point Reyes Village Association, Community Land Trust Association of West Marin (CLAM), Coyote Landscape and residents Cindy Morris, Michael McClaskey, Rhonda Kutter and Bill who also joined remotely.

OPEN TIME

President Grossi asked if anyone in the audience wished to bring up an item not on the agenda and there was no response.

WEST MARIN WATER RATE STUDY WORKSHOP

President Grossi introduced the General Manager, Drew McIntyre to briefly summarize the process for the rate study. Mr. McIntyre reminded the Board that about a year ago the District entered into an agreement with Hildebrand Consulting to do a comprehensive water rate study for the Novato and Recycled Water Service Area. Mr. McIntyre noted that the West Marin Water Rate Study was being performed to ensure that our rate structure continues to generate revenue from each class of customer in proportion to the cost to serve each customer.

Mr. McIntyre thanked all West Marin Customers for attending the West Marin Rate Study Workshop. He reviewed the public outreach to date, which included a direct mail through the post office, an ad in the Point Reyes Light, in addition to an article.

Mr. McIntyre stated the rate study presentation will illustrate the drivers that are necessitating the reasons for the proposed revenue increase and rate structure changes. He gave a background of the study and its purpose, reminding the customers that North Marin Water has two water systems with two sets of books, Novato and West Marin. Mr. McIntyre noted a similar study was completed in Novato in 2020 and the District will be using the same consultant, Mark Hildebrand.

Ms. Blue introduced Mr. Hildebrand from Hildebrand Consulting who presented the draft 2021 West Marin Water Rate Study. She stated after the workshop staff will incorporate updates and the study will be brought back to the Board at the March 16th regular Board Meeting then reviewed again and used as part of the proposed rate increase Proposition 218 Hearing at the June 22, 2021 regular Board meeting.

Mr. Hildebrand gave a presentation for the draft 2021 West Marin Water Rate Study. The presentation led into a discussion that included the rate setting process, rate study framework, enterprise fund revenue/expenses, capital spending and reserves, financial forecast and rate structure design.

During the presentation President Grossi asked if there were any questions from the Board, or members of the public.

Director Joly asked what the Bank of Marin reserve was that was noted on one of the slides of the presentation. Mr. Hildebrand replied it was the remaining balance on a loan that was extended for a capital project. Director Joly asked what capital project. Ms. Blue responded it was for a West Marin loan for the PRE Tank 4A project. She added the balance is down to zero as of January 31, 2021.

During the presentation Mr. Hildebrand proposed changes to the existing Tier 2 and 3 ranges so that they are in line with the water supply coming from Gallagher Well No. 2. Customers who now get 400 gallons in Tier 1 per day will drop down to 250 gallons. Director Joly stated there are quite a bit of moving parts to the equation. He noted half of Gallagher Well No. 2 will get spread over all tiers and the other half will be spread over Tier 2 and Tier 3. Mr. Hildebrand replied that this was exactly the case. Director Joly asked what the average amount rate increase is for fixed changes and water use. Mr. Hildebrand replied coming up with an overall average is hard. Some customers may be impacted more than others. Mark noted previously commercial summer rates were not as high in Tier 2 and Tier 3 and now they will be. Additionally, those customers who are in Paradise Ranch Estates will have their surcharge removed now that the original bond for the system has been paid. Director Joly stated we did similar changes in Novato, which took effect on October 1, 2020. He noted Novato has already been paying the new rates. Mr. Hildebrand stated most changes implemented in Novato will apply to West Marin, except they did not have any PRE type accounts and the hydraulic zones charges were different, especially in Zone 2.

President Grossi asked if there were any more questions from Directors and there were none. President Grossi opened it up to the public and the following was discussed.

Mr. Levin stated the way he figures it the rate it will go up about 40% over five years and he doesn't know how that will go over with folks in the community. Mr. Hildebrand replied it will be 34% over five years. Mr. Levin asked what the treatment plant modifications for 2030 were, noting that it is a big cost to raise money to do that. Mr. Levin stated people in West Marin need to know what these large costs are for. Mr. Levin also questioned the \$750,000 for the Gallagher Streambank Stabilization and whether or not the District involved Salmon Protection and Watershed Network (SPAWN) on this. Mr. McIntyre responded prior to the water rate study the District projected planned 5% increases for the next five years, but it was reduced to 4.5% for FY21 recognizing the financial hardship to many customers due to COVID. He added now we are looking at a 6% increase which is not a significant change historically. Mr. McIntyre also reviewed the need for planning to replace with existing water treatment plant that will then be over 50 years old and at the end of its useful life. Mr. Levin noted members of the Point Reyes Village Association will have questions during their next meeting, and asked about the \$750,000 for the Gallagher Streambank Stabilization Project. Mr. McIntyre responded the project was driven by 2019 heavy flooding in Lagunitas Creek that caused bank failure immediately upstream of the Gallagher Ranch bridge. He added that this project was necessary to mitigate any future potential

damage to the bridge and that grant funding and other local contributions paid for over 50% of the total project costs. Mr. Levin questioned why we are proposing 18% of the supply will still come from the Coast Guard Wells, asking when will it be drawn on and how it will be used. Mr. Hildebrand confirmed 18% of the water was calculated to come from the Coast Guard Wells. Mr. Levin stated he thought Gallagher Well No. 1 and No. 2 was supposed to replace the Coast Guard Wells. Mr. McIntyre replied the Coast Guard Wells are still a viable source of water depending on the particular year. He stated some years it may not be as impacted by salinity as others and we still use them nevertheless as they are an important supply source. A general discussion ensued regarding the variability in how each supply well source is used and the importance of having redundancy.

Mr. Levin asked how much NMWD water goes outside the service area. Mr. McIntyre replied none. Mr. Hildebrand added Mr. Levin may be referring to outside the Improvement District service boundary area.

Director Joly noted this will be a very difficult year for West Marin customers with another dry year coming. He added, he would also like the people of West Marin to know that during the fire in Point Reyes the District supplied 1,200,000 gallons of water that the District donated as a public service, the customers are not charged for that water. Director Joly added one of the current West Marin projects is the new PRE Tank 4A which will enhance fire protection in the area, noting we have to plan for this especially from what we saw happen last year.

President Grossi announced that since this is a workshop no action will be taken on this item.

Mr. McIntyre announced that he would like to invite customers to go to the water rate calculator on our website to see what this increase will mean to them.

Mr. Hildebrand stated the West Marin Water Rate Study will be reviewed at the March 16th regular Board meeting. He will give the same presentation and will include any proposed modifications or recommendations. Director Grossi suggested the public and the Board should get any questions back to staff so staff can prepare an answer by the March 16th meeting.

PUBLIC HEARING TO CONSIDER A WATER CONSERVATION ORDINANCE IN THE NOVATO SERVICE AREA – CHANGE PUBLIC HEARING DATE

Mr. McIntyre reported in order to provide sufficient noticing to the public, staff recommended a revised hearing date of March 16, 2021. He stated this ordinance will allow

flexibility to make updates by resolution in the future with specific reduction levels, water waste and non-essential use prohibition and other changes as needed.

On the motion of Director Joly, and seconded by Director Petterle the Board approved March 16, 2021 regular Board meeting as the date and time to hold a public hearing to consider a Water Conservation Ordinance in the Novato Service Area by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

PUBLIC HEARING TO CONSIDER AMENDING ORDINANCE 39 IN WEST MARIN SERVICE AREA – CHANGE PUBLIC HEARING DATE

Mr. McIntyre reported in order to provide sufficient notices to the public, staff recommended a revised hearing date of March 16, 2021. He stated by amending Ordinance 39 it will allow flexibility to make changes to the Ordinance in the future by resolution, which could include, but not limited to; date changes to reflect 2021 dry year conditions and voluntary and/or mandatory percentage reduction levels to match that approved by MMWD.

On the motion of Director Petterle, and seconded by Director Joly the Board approved the March 16, 2021 regular Board meeting as the date and time to hold a public hearing to consider amending Ordinance 39 in the West Marin Service Area by the following vote.

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

NOES: None

ABSTAIN: None

ABSENT: None

ADJOURNMENT

President Grossi announced the annual West Marin Water Rate Hearing will be held during the regular meeting scheduled for June 22, 2021. Additionally, he thanked Mr. Levin for all his questions.

President Grossi adjourned the meeting at 7:30 p.m.

Submitted by

A handwritten signature in cursive script, appearing to read "Theresa Kehoe".

Theresa Kehoe
District Secretary