

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 4, 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 regular meeting of the Board of Directors of North Marin Water District to order at 6:03 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; Rick Fraithe, Jim Grossi, Michael Joly and Stephen Petterle. Director Jack Baker joined the meeting at 6:15 p.m.

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), Robert Clark (Operations/Maintenance Superintendent), Tony Arendell (Construction/Maintenance Superintendent), Ryan Grisso (Water Conservation Coordinator), Lia Solar (Engineering Services Representative) and Monica Hernandez Juarez (Receptionist/Customer Service Assistant).

Mr. McIntyre introduced consultants James Gwise, Scott Salge, and Ursula Currie from Noll & Tam. Also, in attendance were consultant Chris DeGabriele and Carl Nelson (District Legal Counsel).

President Grossi announced for those joining the virtual meeting from the public to identify themselves. Ken Levin from the Point Reyes Station Village Association joined remotely in addition to two other members from the public who were identified as Siri and Cynthia.

MINUTES

On motion of Director Fraitres seconded by Director Petterle the Board approved minutes from the April 20, 2021 Regular Board Meeting by the following vote:

AYES: Director , Fraitres, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Baker

GENERAL MANAGER'S REPORT

May 3, 2021 WAC/TAC Meeting

Mr. McIntyre reported that at the May 3rd WAC/TAC meeting the WAC unanimously approved a resolution calling for 20% voluntary conservation for members making up the Sonoma Marin Saving Water Partnership. He stated the WAC also unanimously approved as required by the Restructured Agreement, a water allocation to each of the contractors for four months this summer from July 1 through November 1 resulting in a 20% reduction in Russian River deliveries to preserve more storage in Lake Sonoma. Mr. McIntyre added that backfeeding of Stafford Lake will provide the District with a supply of water to use during that same four-month delivery restriction to offset the SCWA delivery curtailments.

Drought Outreach Presentations

Mr. McIntyre apprised the Board as it currently stands he and Mr. Grisso are currently committed to provide eight presentations to local groups in Marin County regarding the 2021 drought. He added, this includes his May 18th combined presentation with MMWD at the Marin County Board of Supervisors Meeting. The May 18th meeting may include Board of Supervisor approval of an Emergency Drought Declaration similar to what has been done in Mendocino and Sonoma counties.

KWMR Radio Show

Mr. McIntyre informed the Board that he and Mr. Ramudo will be joining Supervisor Rodoni during his half hour morning radio show on May 5th. He added the focus of discussion will be the current West Marin water issues in light of the two-year drought.

Huffman Drought Summit – May 10th

Mr. McIntyre reported that he has be invited to attend a drought summit being organized by Congressman Huffman. He stated it is currently a “save the date” request and he will have more information to follow.

Flood Control Zone 1 Advisory Board Meeting

Mr. McIntyre notified the Board that he and Director Grossi will be attending the Advisory Board Meeting on May 6th, starting at 6:30 p.m.

OPEN TIME

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

QUARTERLY FINANCIAL STATEMENT

Ms. Blue presented the Quarterly Financial Statement ending March 31, 2021. Ms. Blue reported that the Operating Revenue came in at 7% over budget and Operating Expense came in 9% over budget. She added through March the generated net income was \$215,474 and \$2.2M has been spent towards capital projects this fiscal year. In Novato, Ms. Blue reported \$308,478 in net income and connection fees collected were over \$3M. Ms. Blue stated that the Recycled Water Operating Revenue was 25% more than last year and total operating expense was 57% more than the prior year same period. She added in West Marin the net income was \$50,506 and \$1.3M of the capital improvement projects were expended. Ms. Blue reported in Oceana Marin the net income through March was \$57,145 and there were no connection fees collected in West Marin or Oceana Marin.

STAFF/DIRECTORS REPORTS

President Grossi asked if any Directors or staff wished to bring up an item not on the agenda and there was no response.

CONSENT ITEMS

On the motion of Director Petterle, and seconded by Director Joly 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

CONTRACT AMENDMENT FOR ENGINEERING SERVICES – WHITE AND PRESCOTT

The Board approved Contract Amendment for Engineering Services -White and Prescott.

CONTRACT AMENDMENT FOR GENERAL SERVICES AGREEMENT – ASSOCIATED RIGHT OF WAY SERVICES

The Board approved the Contract Amendment to General Services Agreement with Associated Right of Way Services.

ACTION ITEMS

TEXT FOR SPRING 2021 NOVATO “WATERLINE”, VOLUME 22, ISSUE 46

Mr. Grisso reported on the text for the Spring 2021 Novato “Waterline”, Volume 22, Issue 46. He noted this issue focuses on the drought and includes a General Manager Message on the current drought situation, a summary of water-use prohibitions for 2021 and other water conservation offerings to the customers.

Director Joly commended Mr. Grisso for the good job he did on the Waterline. He requested that the issue include information to show customers how dry this year is in comparison to other years. He added, it would be worth mentioning that this is the second consecutive dry year. Director Joly also requested that in the section that refers to the District backfeeding water, to mention the District took action to backfill the lake.

On the motion of Director Joly, and seconded by Director Baker the Board authorized the General Manager to approve the final text and design of the Spring 2021 Novato “Waterline”, Volume 22, Issue 46 by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

ACCESSORY DWELLING UNITS (ADUs) – DIRECTION TO STAFF

Mr. Williams apprised the Board on the background, legislation and code; comparison with other agencies and water usage for existing Accessory Dwelling Units (ADUs) and summarized key elements of his memo to the Board. Mr. Williams referenced Attachment 1 which is a flow chart that summarized how the charges are associated with the ADU. Mr. Williams informed the Board that the District’s comparison with other Bay Area Agencies show that NMWD’s \$10,000 FRC charge for ADUs is in line with many other Bay Area Districts. He added in tracking the thirteen ADU’s that have been approved and constructed, the District has seen average water use of 100 gallons per day (gpd), noting some are as high at 296 gpd. Mr. Williams stated the whole idea behind the FRC is to obtain revenue with cost of capacity to provide and represent a demand on the system. He added in his opinion the charge makes sense. Mr. Williams stated this is the guideline NMWD uses when discussing with applicants and will continue to do so unless the Board requests a change to the policy.

A general discussion ensued between Mr. Williams and the Board. Director Grossi stated he has seen some in other jurisdictions, in the case of new construction, every lot had a new SFH and ADU built. Additionally, there are no developer fees for those, because there are trying to get more housing in those areas. Director Petterle made the point that if the SFH and ADU were

on the same meter it could cause the water bill to go up and fall into a higher tiered commodity rate. Mr. Williams agreed, stating it possible depending on the occupancy. Mr. McIntyre commented that the Board previously reduced the ADU connection fee from \$12,000 to \$10,000 to address affordability and was one of the first Marin agencies to waived FRCs for Junior ADUs or JADUs several years ago. Director Joly thanked Mr. Williams for the memo and stated it helped him better understand the scenarios. He asked if the July 1st prohibition for connection would not apply to ADUs. Mr. Williams confirmed, there will be no connection prohibition for ADUs.

Director Grossi stated this is an action item and staff is requesting to the Board to confirm that the policy remains as it is.

Mr. Levin noted in West Marin ADUs and JADUs are high on the conversation list and a \$10,000 connection fee could be a wet blanket. Director Grossi responded if you converted within a garage and made a unit there would not be a FRC, if the unit is detached then we get involved. Mr. Williams clarified that the District would only charge a FRC if a new structure was built. Mr. DeGabriele commended Mr. Williams for doing a great job explaining the second unit issues adding what is important is to do the right thing, and Mr. Williams is recommending the right thing. Director Petterle stated this issue was addressed a couple of years ago. He added he supports housing and realizing there is not enough in Marin. He is sympathetic to renters, people in apartments, and noted he himself lives in a condo. Director Petterle stated however, he does not feel ADUs should be subsidized by other rate payers which is essentially what we are doing. Additionally, he stated there should be connections fees, the fee has already been reduced, and many are using more than the 100 gallons per day.

On the motion of Director Petterle, and seconded by Director Joly the Board directed staff to continue with the District's current practice for Accessory Dwelling Units consistent with District Regulations by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

ESA CONSULTING SERVICES AGREEMENT AMENDMENT 2 – SUPPLEMENTAL GROUNDWATER, STREAM FLOW AND BIOLOGICAL MONITORING SERVICES FOR NEW GALLAGHER WELL NO. 2

Mr. McIntyre apprised the Board on the ESA Consulting Services Agreement Amendment 2 for the supplemental groundwater, stream flow and biological monitoring services for the new Gallagher Well No. 2. He reminded the Board at the April 6, 2021 meeting the Board approved a

\$50,000 amendment including contingency to ESA's agreement to cover additional efforts expended by ESA. He noted at the time of Amendment No. 1 approval, staff advised the Board that additional mitigation monitoring and reporting services, including more well testing, biological creek studies, additional coordination with Resource Agencies, would be covered under a future amendment(s). Mr. McIntyre stated this Amendment is requested to cover mitigation monitoring and reporting efforts outlined in Mitigation Measure BR-2 as revised in the 2021 Gallagher Wells and Pipeline CEQA Addendum approved by the Board at the March 2, 2021 meeting.

Director Joly stated he liked the idea of getting a head start on testing. He also wanted to know if we would end up doing more tests now because of the appeal and if it would be worth waiting a little while to see how the appeal process plays out. Mr. McIntyre replied the County of Marin will make the decision based on compliance with Local Coastal Plan requirements and identified testing plan is more about following BR-2 mitigation measures as revised during the CEQA addendum process. Director Grossi stated his concern is how any decision by MMWD to reduce stream releases could impact NMWD Gallagher well operation. Mr. McIntyre replied that Tony Williams is part of the Ad Hoc group investigating MMWD's interest in this issue and will watch it closely to protect the interests of our West Marin customers.

On the motion of Director Baker, and seconded by Director Joly the Board authorized the General Manager to execute a second amendment to the ESA agreement for services related to the New Gallagher Well No. 2 Project for a not to exceed fee of \$77,000 plus an \$8,000 contingency by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

RENEW DECLARATION OF LOCAL EMERGENCY RELATED TO COVID-19 PANDEMIC

Mr. McIntyre reminded the Board that staff has been operating under partial Emergency Operations Center (EOC) activation. Mr. McIntyre reminded the Board that at the last meeting there was talk that Marin County may move from the Orange Tier to the Yellow Tier soon. He reported the case numbers are good, but there has been a slight uptick which will likely delay any further lessening of restrictions for the time being.

Mr. McIntyre stated walk in services remain suspended. He added the financial COVID-19 cost impacts through April will be provided at the next meeting. Director Grossi noted that Ms. Blue reported earlier that expenses were up \$450,000 more than last year and he was wondering if half of that was COVID expenses. Ms. Blue replied that COVID expenses are relevant as to

why we are over budget. Ms. Blue added the overtime cost as a result of the crews staying within their own individual crews and the state mandated sick leave offered to employees are the two biggest COVID related expenses.

On the motion of Director Joly, and seconded by Director Baker the Board approved 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

NMWD HEADQUARTERS UPGRADE SCHEMATIC DESIGN OVERVIEW AND COST

Mr. Williams gave an update on the NMWD headquarters schematic design overview and cost. Consultants Noll & Tam also provided a presentation. He stated the construction of the new lab building (Phase 1) is tentatively scheduled to start in Spring/Summer 2022 and renovation of the existing administration building (Phase 2) is planned to start in Spring/Summer 2023.

Director Baker requested in future versions of the layout, they could do more pagination, index or a table of contents. Director Joly asked with the ongoing interest in electric vehicles, if there will be charging stations for staff cars and the District fleet. Mr. Salge replied there is a required number of stations that need to be provided, however it will not include trucks as that would be a significant effort, although they will plan to anticipate that in the future. Director Joly stated he was only bringing it up because he is actively informed, and with the new government push for green energy the District should allow space for electric fleet expansion. Mr. Clark noted staff is considering the expansion of the solar system, but looked at an electric fleet. Mr. Clark added he does not think the technology is there for large electric fleet trucks in the near future. Director Baker stated the country is going in that direction, we need to be sure we are not just meeting the requirements, but that we are on track to be ahead of the game so we can be ready for an all-electric fleet in the future. Mr. Clark replied that it might be ten to fifteen years before we get there. Director Joly stated he would like to revisit the timeline dialog with Mr. Clark as the experts believe it is not as far out as he thinks. Mr. Clark agreed they should have that conversation. Director Fraites agreed with Directors Joly and Baker, asking if there will be charging stations for the Board and our customers.

Mr. Salge continued with the presentation and discussion ensued. Director Joly asked if COVID and working virtually taught us anything about how the building was designed. Mr. Salge

confirmed, now we are looking at how to provide a healthier working environment. Director Joly stated hopefully we will not experience another pandemic, but to be cautious are we planning to provide more space between people to prevent the spread of viruses. Mr. Salge responded that this was thought through and now there will be more private office space for staff instead of the present-day cubicles. They will also address the air movement between offices and with private offices the door can be closed to ensure separation.

Director Joly stated he is glad the building committee has seen fit to reduce costs. He asked what pushed up the cost in this low inflation environment. Mr. Salge replied there has been an increase in building costs overall, material costs, wood framing, metal, glass and steel have all gone up. He noted there has been a large demand for material, so you are not getting the best price. Director Grossi stated he is concerned about the material costs and he doesn't see the cost will be any cheaper when the building starts construction in 2023. Mr. Salge stated the construction costs include about 11% escalation to mid-point of construction for risk management and will come down as the project moves forward. Director Fraites ask if the landscaping was going to be drought resistant and native. Mr. Salge confirmed that everything will be native and appropriate for the climate. Mr. Clark noted the staff is looking to reduce cistern water collection system costs. Director Petterle stated the problem with a cistern system is the water comes when no one needs it, noting low water use landscape and point irrigation is a more cost effective than rainwater harvesting.

Director Joly stated we are living in an area with seismic activity, and noted the current building was built prior to current seismic codes. Mr. Salge replied the code changes every few years. He added any new work will be done under current seismic code requirements, and the renovation will strengthen the building.

Director Petterle addressed the universal design of the building. He wanted to make sure all ramps are covered, and everyone whether taking the stair or the ramp arrives at the same place. Mr. Salge replied weather protection is a good point, everyone will be able to access all spaces and noted more information will be provided in the following plan update.

Director Joly asked when the District might be going out for the debt financing, if there is a timeline. Director Grossi stated it might be too early in the project and noted there is a timetable in the report. Mr. McIntyre added there will be continued project schedule updates.

INITIAL REVIEW – CAPITAL PROJECT FY21/22 & FY22/23 & EQUIPMENT BUDGET FY 21/22

Ms. Blue gave an initial review of the Capital Project FY21/22 & FY22/23 and Equipment Budget FY21/22. She informed the Board the Novato and Recycled Water budgets are scheduled for approval on June 15th and the West Marin and Ocean Marin Sewer budgets are scheduled for

approval on June 22nd.

Along with general discussion about other CIP projects and the Equipment budget, Ms. Blue noted the Administration Building Renovation project is the largest CIP project and added she will look at financing once the project gets closer to fruition.

Director Joly asked about our debt coverage ratio. Ms. Blue replied our debt coverage is healthy and within the 1.5 debt coverage ratio as previously provided in the financial forecast.

Ms. Blue announced the full District wide budget will be available at the next meeting. Director Baker asked about the replacement of the filing systems as included in the equipment budget. Mr. Williams replied that we are not getting rid of the hard copies, and noted that these are new vertical files that will replace the old flat files and require less space. Director Baker stated as personnel changes you may use them less and less, but he stressed that these records are invaluable and should stay accessible. Mr. Williams agreed and explained they will continue to be onsite in the same location. There were no further questions about the CIP/Equipment Budgets.

FY 2020/21 THIRD QUARTER PROGRESS REPORT – OPERATIONS/MAINTENANCE

Mr. Clark reported on the FY 2020/21 Third Quarter Progress Report for Operations/Maintenance. He updated the Board on the Novato, West Marin and Oceana Marin systems.

Mr. Clark stated in Novato, Operations staff performed STP maintenance and staff completed the annual Bay Area Chemical Consortium bid program for four primary treatment plant chemicals. He added Maintenance staff completed scheduled tasks and worked on the expansion of our new asset management program. Additionally, Mr. Clark noted the 2020 Cross Connection Control annual report was completed. Mr. Clark also informed the Board that the City of Novato and Novato Unified School District completed all device testing requirements this year.

Mr. Clark stated in West Marin and Oceana Marin, Operations staff spent significant time managing the water quality from the wells; which includes the annual cleaning of Gallagher well to help maintain flows. Additionally, he stated the Coast Guard wells have their five-year cleaning scheduled. Mr. Clark informed the Board the Gallagher 1.25-mile pipeline was flushed to help with turbidity and annual maintenance at the Pointy Reyes Treatment Plant was done. He noted Maintenance staff replaced the Oceana Marin lift station pump #2 and responded to a few PG&E outages.

Mr. Clark announced that Kyle Bergstrom from the Construction Department recently moved to the Maintenance Department. He noted it is good to move staff around in the District as it is not getting any easier to get good hires. Mr. Clark informed the Board that the District still

needs to fill a Treatment Plant Operator and Lab position.

Mr. Clark reported Stafford Lake was at 28% capacity and the District continued to backfed the lake until the end of April. He added by backfeeding, it put us in good shape to meet the needs for this summer/fall. A general discussion ensued about dry year conditions.

VINEYARD ROAD MAINTENANCE AGREEMENT UPDATE

Mr. Williams gave an update on the draft Vineyard Road Maintenance Agreement. He informed the Board that as early as 2007 staff have been working with various stakeholders (various property owners that either border the existing roadway easement or rely on the roadway easement to access their properties). Mr. Williams stated a total of nine property owners (including NMWD) plus the Marin County Open Space District currently makeup the stakeholders involved. He noted the goal is to enter into a long-term Road Maintenance Agreement with all stakeholders that clearly identifies roles and financial responsibilities for the roadway maintenance as well as the scope of maintenance. The hope it that a formal agreement will be developed that all parties can agree to and it be brought back to the Board for final execution.

Director Baker stated Marin County has a small number of roads with a similar character, when the county road ends it becomes private. He stated some have an agreement and some have permitted road divisions where they are taxed through the county, however there are only a handful of those. Director Baker added some are a group of good neighbors that pool their money together. Director Baker asked in this case, NMWD has some use of the road as does Marin County Open Space and the homeowners who have contributed over many years. Mr. Williams confirmed the homeowners have contributed to the cost. Director Baker asked if they hire out or do the work themselves. Mr. Clark replied it is a cost sharing formula that the homeowner have put together and we agreed to it. He added it depends on the property, we pay three shares and each homeowner pays a share. Mr. Clark stated we try to get the county to contribute since there is open space in that area. Director Petterle stated he worked for Marin County Open Space for twenty-seven years and he fully supported the contribution to this agreement. Mr. Williams replied he spoke with Craig Richardson at the County of Marin and there is no hesitation on their part, noting the hesitation is with the property owners. Director Baker requested Mr. Williams keep the Board informed of the outcome.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements - Dated April 22, 2021, Disbursements – Dated April 29, 2021, FY21 3rd Quarter Labor Cost Report, Rate Increase Notice on Water Bill – Novato Service Area, Rate Increase Notice on Water Bill – West Marin Service Area, Direct Mailer - Notice of Proposed Water Rate Increases – Novato Service Area,

Direct Mailer - Notice of Proposed Water Revenue Increases and Rate Structure Changes – West Marin Service Area, and Direct Mailer - Notice of Proposed Water Rate Increases – Oceana Marin Sewer Service Area.

The Board received the following news articles: Marin IJ – SLOWING THE FLOW? Reduced water releases from reservoirs under review – MARIN MUNICIPAL WATER DISTRICT; Marin IJ – ADUs are hot properties, and now often legal, too – AT HOME; Marin IJ – Limits on water use approved for Marin; OES News – Governor Newsom Takes Action to Respond to Drought Conditions; Marin IJ – SMART’s leader to step down from post – RETIRES IN AUGUST; ACWA – ACWA WEIGHS IN ON STATE WATER AFFORDABILITY LEGISLATION; Point Reyes Light – Historic sale for Black Mountain; Point Reyes Light – North Marin’s Gallagher well permit appealed; Point Reyes Light – Farmers face drought crisis; Marin IJ - Marin explores pipeline plan -MMWD; Marin IJ – Senate Dems detail \$3.4B drought plan – CALIFORNIA and Point Reyes Light – Letters – Well is desperately needed.

Director Petterle stated he read in the Marin IJ that MMWD’s gets 25% of their water from the Russian River, but that is not always the case. He added that it will be interesting to see how this plays out next year. He added MMWD is hardest hit of all and he heard they are considering building a pipeline across the bridge again. Director Grossi asked if MMWD has started pumping out of Soulajule Reservoir yet. Mr. McIntyre replied he has not heard any news yet about utilizing Soulajule water.

Mr. McIntyre commented that Carl Nelson with legal counsel had to leave the meeting early and wanted to send his best to the Board and staff.

Director Joly thanked Ms. Kehoe for doing a great job on the minutes, stating they are well presented and articulately done. Director Grossi agreed, adding the meetings are well covered.

President Grossi adjourned the meeting at 8:20 p.m.

Submitted by



Theresa Kehoe
District Secretary