

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
August 17, 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 6:01 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 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.

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 all public attendees will be invited to speak and will need to use the raised hand icon in Zoom or dial *9 to be called upon.

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), Robert Clark (Operations/Maintenance Superintendent), Tony Arendell (Construction/Maintenance Superintendent) and Nancy Holton (Accounting Supervisor). Also participating remotely were Scott Salge, James Gwise and Ursula Currie (Noll and Tam Architects), Carl Nelson District legal counsel (BPMNJ), and IT consultants Kevin Cozart and Clay Smedshammer (Core Utilities).

President Grossi announced for those joining the virtual meeting from the public to identify themselves. Participating remotely were Ken Levin (Point Reyes Station Village Association), Doug Kelly (Coalition of Sensible Taxpayers), Will Houston (Marin IJ), and residents Chris

DeGabriele, Al Dugan and Gary Levin.

MINUTES

Director Joly noted that on Line 50 of the minutes the date needed to be changed to August 3, 2021. On motion of Director Petterle seconded by Director Joly the Board approved minutes from the August 3, 2021 Regular Board Meeting by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

GENERAL MANAGER'S REPORT

Closed Session

Mr. McIntyre reported that agenda Item #12, Closed Session, is no longer needed.

West Marin Salinity Update

Mr. McIntyre informed the Board that the sodium level for last week was below 50 mg/L and this week it was also below 50 mg/L. Mr. McIntyre noted staff will continue to monitor the salinity levels and publish the numbers in the Point Reyes Light.

Dillion Beach Village Wastewater Study

Mr. McIntyre apprised the Board that he will be attending a meeting with Supervisor Rodoni on September 17th at 5:00 p.m. to hear a report on the wastewater treatment options for the Dillon Beach Village area. He stated he will ask Mr. Williams to also attend and will report back to the Board with an update.

Drought Drop By

Mr. McIntyre reported the second Drought Drop By event will be Saturday August, 21st from 8:00 a.m. to noon at the District office. He stated the first event was well attended and they had around 500 buckets to give away, which proved to be not enough. Mr. McIntyre noted for this event staff have 1,500 buckets which should be ample supply. Additionally, he noted there was a recent ad in the Marin IJ advertising the event, as well as several social media posts.

Tentative Special Meeting

Mr. McIntyre reported he is tentatively planning a Special Meeting in late August. At this time the preferred date and time is August 31st at 6:00 p.m.

Acting General Manager

Mr. McIntyre informed the Board that Tony Williams and Julie Blue will be tag teaming as acting General Manager when he is out of the office from September 1st through 10th. He noted he will still attend the September 7th Board meeting in addition to other virtual meetings during this period.

OPEN TIME

President Grossi asked if anyone from the public wished to bring up an item not on the agenda and the following were discussed.

Gary Levin thanked the Board for allowing him to express his thoughts. He stated he is attending the meeting to address his concerns about the drought and wanted to promote the idea of desalination. He added the Board needs to think big and not be afraid to consider desalination as an option. Mr. Levin asked the Board to accept the signs of climate change and understand we do not have enough water supply reserves, noting we need to create water for our basic needs. He added we cannot continue to only look at conservation, but need to look at a long-term supply options such as desalination. Mr. Levin stated we have new technology available and we need more than just the bare bones amount of water, but enough to continue with our current lifestyle. He asked the Board to not allow false and political analysis to sway them. Mr. Levin stated even drought tolerant plants could die, and the cost of them dying could be expensive, we need to create enough water to sell to other agencies, enough for our neighbors to save their landscape. Mr. Levin noted we can learn from other countries how they deal with the desalination brine and talk to Marin biologists. He added the District needs to create enough water to maintain a robust lifestyle in Novato, noting he does not want our city to be another statistic and another city that is drying up.

Director Grossi noted the District is currently in the process with Sonoma County Water Agency on a Resiliency Study to look at all the potential sources of water supply in the future. He added NMWD is also doing a study of their own. Director Grossi noted Mr. Levin's points were well taken. He added initial information from the Resiliency Study should be available late October.

Al Dugan emphasized anything that can be done before the next season would be in everyone's best interest. Mr. Dugan added the time lag does not make sense especially since we may have another dry season. He asked if any District staff has gone to San Diego and talked with their water board, as they are doing the right thing and have no water restrictions at all right now. Mr. Dugan added they have been working in water supply for several years, and NMWD should learn what they can from them. Additionally, Mr. Dugan stated he heard that 95% of water

in California goes to agriculture and he wondered if that number was correct. Director Grossi replied the number is closer to 80%.

Director Joly thanked Mr. Levin for attending the Board meeting as a concerned citizen and added it was good to hear his input.

STAFF/DIRECTORS REPORTS

President Grossi asked if any Directors or staff wished to bring up an item not on the agenda and the following were discussed.

Mr. Clark apprised the Board about the chemical available to the Stafford Treatment Plant over the past month. He stated staff has paid close attention to the ferric chloride and chlorine gas supply. Mr. Clark noted staff tested ferric sulfate with some success and tested on a large scale this afternoon, which resulted in clear water, but there is still some fine tuning to do. Mr. Clark reported MMWD has been successful using this alternate coagulant.

Mr. Clark reported that PG&E sent out recent Public Safety Power Shut-off (PSPS) warnings, however they have not affected Marin county at this time, only north and east of Sonoma County. He added the PSPS in Sonoma County will not affect our water supply from Sonoma County Water Agency. Mr. Clark stated PG&E has done a great job notifying the District of PSPS and the District is prepared with generators and trained staff should the need arise.

Director Petterle announced last week in the Marin IJ and also in this agenda packet was an obituary that former NMWD Chief Engineer and Board of Director Jim Fritz passed away. Director Petterle requested at the time the meeting is adjourned, it to be in memory of Mr. Fritz.

On motion of Director Petterle seconded by Director Fraites the Board approved adjourning the meeting in memory of Jim Fritz by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

MONTHLY PROGRESS REPORT

The Monthly Progress Report for July was reviewed. Mr. McIntyre reported that water production in Novato was down 17% from one year ago. In West Marin, water production was down 26% from one year ago. Recycled Water production was up 10% from one year ago. Stafford Treatment Plant production was down 37% from the last fiscal year. The Board was apprised that Stafford Lake is at 39% capacity, Lake Sonoma is at 50% and Lake Mendocino is

at 31% capacity. In Oceana Marin the effluent flow volume this July is similar to one year ago. Under Safety and Liability, we had 1 day without a lost time injury. On the Summary of Complaints and Service Orders, the Board was apprised that total numbers are up 5% from July one year ago and there were no unusual trends in complaints and service orders for the month. Mr. McIntyre noted Section 10 was added to the Monthly Progress Report to provide a summary of COVID costs. Mr. McIntyre informed the Board that Ms. Blue is currently working with the State and County of Marin in an effort to obtain available funding to help pay for these outstanding water bills.

Nancy Holton reported on the July 2021 Investments, where the District's portfolio holds \$24.3M earning a 0.36% average rate of return. Ms. Holton stated that during July the cash balance decreased by \$257,915. She also noted the LAIF rate is 0.22%. Ms. Holton added one CD matured earning \$14,000 in interest with an interest rate of 2.5%. She reported staff is trying to diversify more but CDs are earning very low rates unless you go out five years and our policy is three years maximum. Director Joly stated he was glad that staff is looking into this.

PRELIMINARY FY 2020/2021 FINANCIAL STATEMENT

The Preliminary FY Financial Statement for Fiscal Year 2020-2021 was presented by Ms. Holton. She reviewed the Novato, West Marin, Oceana Marin, and Recycled Water budgets and net income revenue. The District generated a net income of \$1,081,242 and noted at year end the ratio of total cash to budgeted annual operating expense stood at 138%. Ms. Holton reminded the Board that this is a preliminary financial statement and the totals will change when the annual audit is complete. The audit will be conducted in late August and this year fieldwork will be done by the auditors remotely. She noted operating revenue was at 112% of budget, Operating expenses came in at 111% due to the backfeeding of Stafford Lake. Ms. Holton stated that the revenue for water sales may be adjusted once the financial statements are finalized. She added the year end preliminary report is more of a moving target than the quarterly update they are provided throughout the year. Ms. Holton noted a summary of each section and CIP will be updated in a couple of months when the final audited financials are received.

Director Joly asked why the recycled water operating cost of 47% was so high. Mr. McIntyre replied it is driven by the cost to purchase recycled water, and since we are doing a better job of promoting recycled water he would imagine that would be a factor. Director Joly stated he will refer some of his question to Ms. Blue at a later time. Director Joly asked with \$3.5M in connection fees, how will that change going forward and do we have a budget number for 2022. Ms. Holton replied our budget numbers are always conservative. Mr. McIntyre noted the number Director Joly is looking for is in the new budget. Ms. Holton stated so far, the District

has collected \$558,000 for 22 connections for Fiscal Year 2022. Director Joly noted that was a good number, but wondered how future connections will be affected by the economy. Mr. McIntyre replied, that is why staff is conservative on the projection of connection fees, the number is hard to estimate and it depends on how many developers come through. He added we do not want to have an overly optimistic estimate, because it is something the District has no control of.

INFORMATION ITEMS

NMWD HEADQUARTERS UPGRADE DESIGN DEVELOPMENT OVERVIEW AND COST

Mr. Williams updated the Board on the NMWD headquarters upgrade design. Mr. Williams reported the next phase of the Project is the development of construction documents, plans, technical specifications, bidding documents, submission of a building permit, and environmental review. Additionally, Noll and Tam Architects (N&T) provided a short presentation of the current design elements.

After the presentation a discussion ensued. Director Petterle commented on the temporary alternative office location, and stated he thought that was a great way to save money and he strongly supports it. He also acknowledged the accessibility issue he brought up at the last meeting to make sure those who are disabled arrive at the same entry place, seems to have been resolved. Director Petterle stated he lived with a disabled child for thirty-four years, and he appreciated the accommodation and encouraged the architects to continue on that vein. Additionally, he noted in regards to landscape, he worked with MMWD in the past and has experience in this area, noting hardscape will take less water than plants. Direction Petterle also noticed there was one disabled access space for the public and two for staff. He wondered if it would be more appropriate if there were two for the public who are attending the meetings and one for staff, noting there is more likelihood that a member from the public is disabled than staff. Mr. Salge replied they can look at the parking spaces and can accommodate Director Petterle's request. He noted another option would be during meetings, additional access could be provided for those spaces.

Director Fraites stated he is hoping in the future the District will have more electric vehicles and perhaps we need one or two more charging stations for trucks. Mr. Clark replied he reached out to Marin Clean Energy, and he has an application in for seven or eight charging stations to be located in the back yard for District vehicles.

Director Joly stated he was concerned about the money involved in the project and the concern about future water supply. He emphasized that he needs to feel comfortable as a fiduciary Director, to know where we are with a secure water supply especially if we have another dry year. Director Joly added lower water sales and lower availability with the foreseeable supply

will cost the District money. He noted the main responsibility is water supply, understanding that the circumstances are different now than they were when staff first started looking at the building renovation. Director Joly stated we need to look at the debt ratio and the restriction on reserves, adding the money to create a dependable supply for customers is more important than the building. Director Petterle stated he did not disagree with Director Joly. He added we do need to provide ample water for our customers and this does come at a cost, yet at the same time we have an illegal building that needs to be accessible to the public. He noted there is a cost to create a legal access, and provide a functional building versus the current one that was built in the 1960's. Director Petterle agreed consideration of future supply cannot be ignored and suggested we proceed in a tandem so we can figure out a solution. Director Petterle also commended Director Joly for his financial background and assistance to the Board. Director Grossi stated he felt the District has no choice but to do both. He noted water supply is longer term, we have to look at the deferred maintenance and the cost of the building to bring it up to standards in addition to meeting the lab requirements from the state. Director Grossi also complemented Noll and Tam and staff for looking at ways to bring down cost. Director Fraites stated everyone made valid points and expressed he would also like to go forward with the plan until the second or third month into winter so the District knows what they are facing in regards to water supply. He added, in a crunch the money should go towards water not renovation of the building, but feels we can do both at the same time until then. Director Joly stated there has been great comments from the Directors. He noted when looking at the schedule we would possibly go to bid in February, by that time we will know what our winter looks like. He added the fact that they are predicting La Nina is disturbing, however he does not oppose to a dual path at this time.

Director Grossi noted there is a lot of work to do to figure out all our options. Director Grossi asked if we do start the renovation in February and it is raining, where would the lay down area be for the contractors. Mr. Williams replied the beauty of not having onsite trailers, is it allows space to use the staff parking area for laydown. Additionally, the construction crew can use the southern entrance which is now used for public and staff parking.

Mr. McIntyre reminded the Board that there are policies in place for maintaining reasonable debt ratios.

President Grossi thanked Noll and Tam for their presentation and asked if anyone from the public wished to speak.

Doug Kelly from the Coalition of Sensible Taxpayers (COST) stated he was concerned with the cost. He requested Mr. McIntyre give him a tour of the current building. Mr. McIntyre replied he would be happy to do so.

STP SOLAR POWER FACILITY – STATUS REPORT (FISCAL YEAR 2018/19 – 2020-21)

Mr. Clark reported on the status of the Stafford Treatment Plant Solar Power Facility. He noted the annual production and energy savings based on the net metering year for Fiscal Year 2018/19, Fiscal Year 2019/20 and Fiscal Year 2020/21. Mr. Clark stated the operation of the solar facility resulted in a new power savings of the difference between the weighted average daily PG&E rates and the cost of the solar production and additional savings was realized for excess energy sold to Marin Clean Energy.

Director Grossi asked if there was ever any damage to the solar panels from golf balls that come from Indian Valley Golf Course. Mr. Clark replied no damage at this time.

President Grossi asked if there were any comments from the public and there was no response.

GALLAGHER WELL NO. 2 – COASTAL PERMIT APPEAL TO CALIFORNIA COASTAL COMMISSION

Mr. McIntyre reminded the Board that the Marin County Board of Supervisors (BOS) held a public hearing during their regularly scheduled BOS meeting on July 13th and the final action at the meeting was to unanimously vote to approve the Coastal Permit. He stated on July 28th the California Coastal Commission (Commission) staff member sent an email informing the District that a timely appeal was submitted by Save Our Seashore (SOS). He added October 12th is the tentative date for this Commission meeting.

Mr. McIntyre reviewed the two-step appeal process that is utilized by the Commission when considering appeals. He stated the estimated time for completing both steps through the Coastal Commission is approximately six months.

President Grossi asked if Directors had any questions and there was no response. Additionally, he asked if any of the public would like to comment. Ken Levin from the Point Reyes Village Association stated he has been tracking this issue for quite some time and is still tracking it. He noted he is willing to be present at the Coastal Commission Hearing if that is an appropriate action and depending on the issues raised. Mr. Levin stated he will continue contact with Mr. McIntyre to stay informed of the status of the appeal. Director Grossi thanked Mr. Levin for his continued support.

Director Joly asked if at the October 12th meeting it is found that there are no substantial reasons to deny approval of the permit, how would that play out, could the District receive the permit in October. Mr. McIntyre replied the District currently has the permit from the County of Marin, however it has been suspended due to the appeal. He added if the California Coastal Commission determines there is not a substantial issue, then NMWD can move forward with the

project. Director Joly asked at what point does rain or weather issues affect the construction of the well. Mr. McIntyre replied if we have the permit in October, he would envision we could go to bid this winter, construct the well in early spring and be operational when we need it in late spring or early summer.

TAC MEETING UPDATE – JULY 12, 2021

Mr. McIntyre provided the minutes for the Technical Advisory Committee meeting held on July 12, 2021.

Mr. McIntyre reported on various meeting items including the Regional Water Supply Resiliency Study Update. Director Grossi asked in reference to ground water storage, are they looking at the Sonoma Valley. Mr. McIntyre replied yes. Director Joly stated it was good to see Jacobs accelerate their work production for this fall. Director Joly asked if some of the Agency's groundwater wells will be ready to go before this year's rainfall. Mr. McIntyre replied yes.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements – Dated August 5, 2021, Disbursements – Dated August 12, 2021, SWRCB 20% Mandatory Reductions in Russian River Diversions – Tracking Status (July 1 – August 5), Summer 2021 Drought Mailer, Point Reyes Light – Salinity Notice August 5, 2021 and James D. “Jim” Fritz – Obituary and Jim Fritz leaves NMWD.

The Board received the following news articles: Marin IJ - Marin county drought tracker; Marin IJ – 1,081-home plan draws concern – NOVATO; Marin IJ – Marin Voice – Supervisor touts conservation, growth amid water shortage; Marin IJ – Utilities consider rationing of water – WEST MARIN; Marin IJ – Landscaping restrictions eyed for new developments – MARIN MUNICIPAL; Marin IJ – Strict watering rules approved for West Marin – DROUGHT CONCERNS; Marin IJ – Desalination option shelved; focus now on bridge pipeline –MARIN MUNICIPAL; Marin IJ – Opinion -Voters have role in Marin Municipal Water District shortage; Marin IJ – Marin Voice – Water district board VP makes case for bridge pipeline and Marin IJ – Editorial – Find ways to increase Marin water supply.

The Board received the following social media posts: NMWD Web and Social Media Report – July 2021.

Mr. McIntyre stated staff is tracking the status of the water contractors and so far, there has been a reduction of 24%, meeting the target of 20%. He noted this a good trend.

Mr. McIntyre announced the copy of the summer drought mailer will go out to the Novato customers the week of August 23rd and a similar mailer will go out to our West Marin customer shortly after.

Director Joly commented it is great to see how many people are accessing the web site, noting the number has doubled.

CLOSED SESSION

President Grossi noted since the Closed Session has been cancelled he will adjourn the meeting. He added by request of Director Petterle the meeting will be adjourned in memory of Jim Fritz, former Chief Engineer and NMWD Board of Director.

ADJOURNMENT

President Grossi adjourned the meeting at 8:00 p.m.

Submitted by

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

Theresa Kehoe
District Secretary