

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
February 15, 2022**

CALL TO ORDER

President Petterle announced that due to the Coronavirus outbreak and pursuant to the Brown Act as modified by Assembly Bill 361, this was a virtual meeting. President Petterle called the regular 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 Petterle 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 Petterle announced that 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 Petterle 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 Petterle 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 Petterle announced that 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), Julie Blue (Auditor-Controller), Tony Arendell (Construction/Maintenance Superintendent), Robert Clark (Operations/Maintenance Superintendent), Pablo Ramudo (Water Quality Supervisor and Tim Fvette (Senior Engineer). Also participating remotely were; Morgan Biggerstaff (Legal Counsel), Tom Willis and Joe Armenti (Redistricting Partners), Armin Munevar (Jacobs Engineering), Clara McBane (Ventura Energy), Craig Hill (NHA Advisors) and IT consultant Clay Smedhammer (Core Utilities).

President Petterle requested that for those joining the virtual meeting from the public to identify themselves. Also participating remotely were Novato residents Chris Choo, Kristin Johnson and Zachary Griggy.

MINUTES

On motion of Director Joly seconded by Director Baker, the Board approved the minutes from the January 25, 2022 Regular Board Meeting by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

MINUTES

On motion of Director Joly seconded by Director Baker, the Board approved the minutes from the February 1, 2022 Regular Board Meeting by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

REDISTRICTING PROCESS PUBLIC HEARING NO. 2: Review and Receive Public Input on Current Electoral Division Maps

Mr. McIntyre provided an overview of the 2019 redistricting process. Mr. McIntyre noted that on August 6, 2019, the Board adopted corrected Ordinance No. 38 to transition from an at-large to a division-based election system in conformance with the California Voting Rights Act of 2001 and pursuant to California elections Code Section 22000 et seq., the Board must review its electoral division boundaries, following the federal census that occurs every ten years. Mr. McIntyre noted that although the existing Division Map is only two-plus years old, the 2020 census triggered full redistricting review. Mr. McIntyre stated that on December 7, 2021 the Board received a report from staff and legal counsel regarding the 2020 Census, which did not reveal significant population shifts that require adjustments in division lines, and in fact indicated improved population balance among the District five electoral divisions. He noted that the current total deviation among all districts using 2020 census data is 7.7%, well within the constitutional standard. Mr. McIntyre reminded the Board that on January 18, 2022 the Board held the first public hearing and received public comment and discussed the draft map, noting the Board did not instruct special counsel or the demographer to revise the draft map or provide any additional draft maps. He added that the staff developed a public outreach strategy to help inform the public

on the division-based elections and to encourage and obtain feedback. Mr. McIntyre reported as a result of its public outreach, on February 9, 2022, the District received two alternative draft maps from Novato resident Zachary Griggy. Mr. McIntyre stated that based on what has been presented, he believed the District's current electoral deviation boundaries are consistent with the US and State Constitutions, and federal and state laws. He noted that the total deviation has decreased from 9.3% in the 2010 census to 7.7% in the 2020 census. Mr. McIntyre stated that that deviation has improved, therefore why change the boundary such that some voters currently in Division 1 or Division 5 will no longer be able to vote in this Fall's election and will need to wait for a longer period of time. Mr. McIntyre added that many customers have already learned what division they are in and a change now would just create more confusion. Additionally, he noted that all maps are infinitely perfectible and have both pros and cons.

A Public Hearing and a presentation on the redistricting process was given by Joe Armenti from Redistricting Partners. The presentation covered a range of topics and expanded on the technical aspect of the redistricting process. Mr. Armenti discussed: the concept of redistricting, the principles and criteria for Special Districts: utilizing the U.S. Census decennial file to determine equal population, voting rights and local government lines that supports contiguity, compactness and communities of interest. Mr. Armenti stated that in the current map one of the biggest considerations was to keep the island together and rural areas out the city boundaries, which in turn created a minimum of neighborhood splits and a balance of population. Mr. Armenti added that the current map deviation of 7.7% also allows room for future growth. Mr. Amended reminded the Board the initial redistricting presentation was on December 7, 2021, the first Public Hearing was on January 18, 2022, and now followed by a second Public Hearing. He noted that if the Board decides to go forward with the current lines, an approval could be decided.

President Petterle asked if there were any comments or questions from the Directors.

Director Joly asked what the compared deviation numbers were between the 2019 map and the 2020 census numbers. Mr. Armenti replied that currently with the 2020 census the current map had a 7.7% deviation. Mr. Biggerstaff added that the 2019 redistricting map had a 9.3% deviation. Director Joly clarified that it was his understanding that the original map drawn which was approved by the Board is now more in alignment with the requirements. Mr. Armenti confirmed the deviation has reduced and is still within 10%. Director Joly stated that that there are other requirements to consider such as the percentage of minorities and asked if there are other concerns. Mr. Biggerstaff replied there are no voting rights issues.

President Petterle opened the public hearing at 6:17 p.m. for public comment.

Upon hearing no public comment, President Petterle closed public meeting at 6:18 p.m.

President Petterle asked if there were any further comments from the counsel, consultants or Directors.

Director Joly stated that that he thought Mr. Griggy would have a comment. Director Petterle stated that Mr. Griggy was attending the meeting, however there was no hand raised for comment. Mr. Biggerstaff noted that Mr. Griggy's alternative maps were included in the agenda for Board review and consideration. Director Petterle confirmed they were included and reviewed by the Board. Director Joly stated that that he would like to thank Mr. Griggy for his hard work and commitment to provide community input. He added that after looking at all the documents, he is inclined to stay with the current map; and the current census confirmed his decision.

On motion of Director Joly seconded by Director Fraites, the Board approved adoption of Resolution 22-03 affirming the District's current electoral division boundaries, as established in corrected Ordinance No. 38, shall continue to remain in effect for the next decade by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

SONOMA WATER REGIONAL WATER SUPPLY RESILIENCY STUDY PRESENTATION

NO. 2

Item #4, Sonoma Water Regional Water Supply Resiliency Study Presentation No. 2 was presented after the General Manager's report.

Mr. McIntyre reminded the Board that at the November 16, 2021 Board meeting a presentation on the Regional Water Supply Resiliency Study was given by Jay Jasperse, Chief Engineer for Sonoma Water. He stated that that the objective of the resiliency study is to develop operational strategies and water supply capital projects to improve the regions water supply resiliency. Mr. McIntyre reported the multiyear study is being performed by Jacobs Engineering Group and should be complete this summer. He stated that due to the record drought Jacob's accelerated the work to focus on identifying potential near term drought resiliency projects to identify both short term and long-term water supply options. Mr. McIntyre introduced Jacob's Project Manager, Armin Munevar, who provided a follow-up presentation that built upon the information previously presented to the Board in November, and included a summary of modeling results and viable drought management options.

Armin Munevar's presentation on the Sonoma Water Regional Water Supply Resiliency Study focused on drought management option updates. He stated that that the Sonoma Water

Resiliency Study identifies the key factors impacting regional water supply resiliency; evaluates the current levels of resiliency; develops a decision support framework model and identifies promising opportunities for Sonoma Water and its retail customers. Mr. Munevar updated the Board on the Decision Support Model that integrates the Russian River and Potter Valley Project; Sonoma transmission system and retail customer systems. He added that the main model inputs were: reservoir and river flows; member agency demands and maximum member agency local supplies. Mr. Munevar reported the future baselines took into consideration: assumptions and simulations, as well as stress test hydrology. He noted that there are a range of drought management options which include: increasing supply; reducing demand; improving operations; along with modifying policy and regulations. Additionally, both near-term drought resiliency and long-term drought resiliency response actions were discussed. In conclusion, Mr. Munevar stated that the next steps of the study would include: a technical memorandum on drought assessment, continued updates to the WAC/TAC; further review of long-term drought management strategies and continued with assessment of resiliency in response to seismic, wildfire, power, water quality and other identified risks.

President Petterle asked if there were any comments or questions from the Directors.

Director Joly thanked Mr. Munevar, adding his presentation was very helpful. Director Joly stated that the scenarios included 30% reduction in Sonoma Water diversions when Lake Sonoma storage is less than 100,000 AF before July 15th. He asked with no rainfall in sight, could this happen this July. Mr. Munevar replied the 30% is part of the State Water Rights Agreement and is projected on fall reduction. Mr. McIntyre added that the District had a call for 30% conservation previously and we have had limitations from Sonoma Water to the tune of 25%. He added that he does not know if we will be at 30% conservation, but even if we had no more rain by this July we will still not be at 100,000 AF. Mr. Munevar confirmed, adding the risk will be in 2023. Director Joly asked when the Board could expect Phase 2 of the study. Mr. Munevar replied it will take until the end of the summer this year to wrap up all the resiliency studies.

Director Joly asked about how many years out are we in pursuing the brackish and ocean water desalination long term goal. Mr. Munevar replied there is a lot of subjectation on this topic, noting that MMWD is currently looking at emergency desalination, however NMWD would push it out five plus years. Director Grossi commented desalination is a complicated issue and NMWD is probably looking at ten to twenty years out, especially when you compare it to the southern California project timeline. Director Grossi complimented the model basis with the assumption of the 1976 to 1980 historical data, noting however in 1982 we had storms and flooding so predictions are all up in the air. He stated that West Yost is doing a study for our District; however,

the most important thing is to partner up with Sonoma Water and keep working with MMWD. Director Grossi added that there are good possibilities if we combine some of our supplies. He stated that 75% of Novato's water comes from Sonoma Water out of the Russian River and some well production, and asked Mr. Munevar if he knew how much annual flow goes through the Russian River and out to the ocean that we do not take advantage of. Mr. Munevar responded he estimated there was 5,000 to 8,000 AF potentially available, but the transmission system is the limiting factor, noting we need more places to store the water. Director Grossi stated that NMWD also needs more places to store, and in the short term we can raise Stafford, and in the long term a potential reservoir above ground. He added that MMWD has some potential with the Soulajule Reservoir and if we all pull together we can get water from one source or another. Director Grossi noted that in the report there was a water supply at the Sonoma Developmental Center and asked if that was a lot of water. Mr. Munevar stated that that it was not a large amount and the concept was to use it for recharged water.

Director Joly applauded Jacobs for itemizing the risk studies and asked about cyber security. Mr. Munevar replied that will be covered in Phase 3. Director Joly asked if they will apply a stress test. Mr. Munevar responded they will do both an individual and a cascading stress test. Director Joly asked when the Directors can expect an accumulative stress test. Mr. Munevar replied at the end of the year.

Mr. McIntyre thanked Mr. Munevar for the presentation and noted that Jacobs now has a contract with MMWD in the next four months to utilize the information that has already been gained from the study and will look at other alternatives that may be beneficial with the regional water contractors. Director Petterle stated that his concern is how to stay ahead of the planning, adding the District does not control growth. He noted that the planning agencies, Association of Bay Area Governments (ABAG) and the City of Novato will be the ones to impact supply in the next three to five years. Chris Choo (public participant) asked (via chat feature) at what level of additional population growth impacts water availability. Additionally, she stated that the new Regional Housing Needs Allocation (RHNA) numbers allows for nearly 25,000 additional people in the Marin/Sonoma Counties. Mr. Williams replied the Jacob's model includes all future demands per each water contractor's Urban Water Management Plan (UWMP) and Mr. Munevar the model does include future demand per each UWMP. Mr. Williams stated that NMWD's UWMP included worst-case growth factors.

President Petterle asked if anyone from the public would like to speak and there was no response.

GENERAL MANAGER'S REPORT

Huffman Potter Valley Project (PVP) Ad Hoc Meeting – February 14, 2022

Mr. McIntyre announced that during Monday's PVP Ad Hoc meeting a PG&E representative confirmed that they are waiting to receive notice from FERC, noting that they need to file a license surrender application. Mr. McIntyre stated that PG&E expects this notice to come in after April 14th. Mr. McIntyre added that PG&E also stated that they are moving forward to repair the Potter Valley Project transformer. He noted that the estimated time for repair is eighteen to twenty-four months with a payback of five years and the surrender process will result in annual license renewals for another seven to ten years. Mr. McIntyre stated that PG&E commented that whatever the plan is, the hope is it will be beneficial to as many stakeholders as possible. He added that during the surrender process other entities consumer proposals can take on parts of PG&E's assets.

Director Joly stated that we have a unique water supply with long term issues and asked how Potter Valley fits in with our water supply. Mr. McIntyre replied Potter Valley is important, because it fills up Lake Mendocino. He added that, as a water supply standpoint we rely on Lake Sonoma, however Sonoma Water does have to release flows from Lake Mendocino for fishery enhancement.

Marin Municipal Russian River Winter Flows

Mr. McIntyre apprised the Board that he has been in discussion with MMWD staff and confirmed that there will be no request by MMWD to store any Russian River winter flows in Stafford Lake this year.

Kastania Pump Station Transfer Agreement

Mr. McIntyre informed the Board that the property transfer agreement was fully executed on February 1st. Additionally, he stated that the grant deeds will be recorded at the County of Sonoma soon.

2022 Revised Marin Municipal-North Marin Water District Interconnection Agreement

Mr. McIntyre reported the final revised interconnection agreement has been signed by the MMWD Board President and will be signed soon by President Petterle.

February 14th WAC Meeting

Mr. McIntyre apprised the Board that he attended the WAC Meeting on February 14th. He stated that the Regional Water Supply Study was discussed and he will give a further update later in this agenda.

Director Grossi asked about backfeeding Stafford Lake. He asked if there is no rain in March if we will backfeed again. He questioned, at what point are we cut off. Mr. McIntyre replied last summer water production was 500 AF from July to October and currently we have enough

water to quadruple that, therefore to store more would not be advantageous. Director Grossi agreed, noting there is a cost to backfeed. Director Joly stated that that Congressman Huffman talked about severe drought in California and asked what Congress and other groups might do to help the water supply situation. He added that in our local resiliency study West Yost stated that a desalination plant could cost \$230M or more; which is beyond our resources. He asked if people are talking about resolutions to the water supply study and not just talking about resiliency studies. Mr. McIntyre replied when talking about additional water supply development, aquifer storage and recovery, brackish water desalination all those projects could be funded with federal stimulus money. Director Joly responded that is understood, he wanted to know with fifty-two congress members in California what the plan is outside of the resiliency studies, and if they are doing something about the drought at a federal level. Mr. McIntyre replied the resiliency studies are the ground work to determine what projects will be successful and able to apply for grant money. Director Joly asked what the timeline was for Sonoma Water's study. Mr. McIntyre replied the entire project will be finished this summer, noting over the next couple of months it will identify the near-term projects, noting the future long-term projects will require more detailed analysis.

OPEN TIME

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

STAFF/DIRECTORS REPORTS

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

Ms. Kehoe reminded the Board that completion of the Ethics Training and the Form 700's are due April 1st.

Mr. Clark alerted the Board that the District received a notice of heightened awareness from the federal government warning of possible cyber-attacks due to the Russian and Ukraine conflict. Mr. Clark reported that he checked with the District's IT consultant, CORE Utilities, and we are protected. Director Joly asked Ms. Blue if there were any financial risks with a cyber-attack. Ms. Blue replied that the security of our financial software is protected.

Director Petterle stated that this is the worst drought in a 1200-year period per a recent newspaper article, the drought is not over and we need to prepare for a dry future and not rely on hope. Director Grossi stated that we need to be prepared so when a big storm does come we are ready to catch all the water.

MONTHLY PROGRESS REPORT

The Monthly Progress Report for January was reviewed. Mr. McIntyre reported on key

areas such as water production, local and regional lake/reservoir capacity, Oceana Marin effluent, safety, COVID financial impacts and delinquent bill impacts, and customer complaints and service orders.

Ms. Blue reported on the January 2022 Investments, where the District's portfolio holds \$25.9M earning a 0.28% average rate of return. She noted that during January the cash balance decreased by \$460,000 and the LAIF rate was at 0.23%. Ms. Blue apprised the Board that a two-year CD matured earning \$8,000 in interest at a 1.75% interest rate. She added that the District purchased a \$240,000 two-year CD at .75% and as the interest rates increase she will continue to diversify the portfolio.

Director Joly asked about the unrestricted cash balance versus the restricted balance and asked why it is restricted. Ms. Blue replied the cash set aside in reserves has a purpose, as an example she noted that the SRF loan requires a certain amount of cash set aside. Director Joly asked how much is really in a reserve and how much is available. Ms. Blue directed Director Joly to the financial statement where there is a breakdown of cash, both restricted and unrestricted.

CONSENT CALENDAR

On the motion of Director Fraites , and seconded by Director Baker 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

RE-AUTHORIZING MEETINGS BY TELECONFERENCE OF LEGISLATIVE BODIES OF NORTH MARIN WATER DISTRICT

Resolution 22-04 will extend the continuation of teleconference meetings and "Finding Proclaimed State of Emergency, that Local Officials Continue to Recommend Physical Distancing, and that Meeting in Person Would Present Imminent Risks to the Health or Safety of Attendees; and Re-Authorizing Meeting by Teleconference of Legislative Bodies of North Marin Water District" from February 15, 2022 through March 17, 2022 pursuant to Brown Act provisions.

AMEND CONTRACT WITH KENNEDY/JENKS CONSULTANTS – GENERAL SERVICES AGREEMENT

The Board approved to amend the general services agreement contract with Kennedy/Jenks Consultants. Kennedy/Jenks provides hydraulic modeling services for support of both large developer projects as well as District Capital Improvement Projects.

ACTION CALENDAR

Item #14, Administration and Laboratory Upgrade Project Financing Alternatives was given before Action Item #11, NMWD Administration and Laboratory Upgrade Project – Approve Bid Advertisement.

NMWD ADMINISTRATION AND LABORATORY UPGRADE PROJECT – APPROVE BID ADVERTISEMENT

Mr. Williams reported that the current NMWD Administration and Laboratory Upgrade Project cost estimate is \$12,866,000 which includes a cost escalation factor of approximately \$495,000. He noted that there is no financial impact until the construction project is awarded. Mr. Williams also highlighted as a cost control measure there is an estimated \$325,000 cost for three alternate items that can be deferred or tackled in a different way if the bid comes in higher. He added the architect plans on submitting a set of back check plans to the City of Novato to secure the permit, noting CEQA is exempt, filed and secured. Mr. Williams stated that he hoped to advertise next week with a tentative bid opening at the end of March. He noted that coordination of the final financials with the contract award could occur at the April 5th or April 19th Board meeting. Mr. Williams added that per NMWD specifications there is a 60-day opening to make the award, but he would like to keep the schedule moving forward. Mr. Williams apprised the Board that the cost estimate was done by a third-party estimator with an escalation factor which was built in due to the current market.

President Petterle asked if there were any comments or questions from the Directors.

Director Grossi asked who the estimator was. Mr. Williams replied it was Mack-5. He added that they have worked with the architect in the past and he was very impressed with the forty-five-page detailed estimate. Director Grossi commented that the main thing is to get this going quick so we can lock into the current interest rates. Director Joly announced they are saying interest rates could go up 1% by July, Goldman Sachs is predicting higher; noting we need to look at the inflation number. He asked if \$13M was the hard cost for the project. Mr. Williams confirmed, stating the \$16M includes the cost of the architect, construction manager and other miscellaneous soft costs. Ms. Blue added that the District will be directed to go for the full \$16M in funding, there is a 3.5% contingency and a 9% inflation rate. Mr. Williams added that there is already an inflationary cost built in for any additional inflation. Director Joly stated that this is important, because the inflation numbers could go sky high. Director Petterle stated that he has worked with Mack 5 in the past and they were way off on a project; however, it was a strange project. He added that on the next project he was very pleased with their work. Director Petterle added that he was also pleased to see a Construction Manager was incorporated. Mr. Williams replied Naomi Weatherstein has been a fantastic support, she has been with us since the start of

the design and will continue through the construction phase. Director Petterle stated that this is a smart move as it will eliminate problems down the road. Director Joly asked if this will be one of the largest debt financing projects in the District's history. Mr. McIntyre replied, it is one of them, noting Stafford Lake was \$15M and the Recycled Water Project was \$30M.

Director Joly stated that the project has merit. He stated that he was very impressed with the Jacobs report that listed water supply risk sensitivities, noting water utilities with low water sales will have more of an impact. Director Joly stated that he would love to understand what the risks are, noting we have not had a seismic event in a long time. He added that, if we spend \$16M on a new building that is a lot to tie up, with only \$19M left. Director Joly stated that in the next quarter he would like to see an analysis of our debt and how it would relate to seismic, power and wildfire events. Ms. Blue clarified that the cost is \$16M which would leave \$19M additional funds. Director Joly stated that he was aware of that. Director Grossi stated that he understood what Director Joly was saying, but the probability of a catastrophic fire or flood puts us in a position that we need to understand occurs once in a hundred years or more. He added that the District has the capacity to fund, if we need to go to the voters we could get what was needed to supplement our system. Director Joly stated that in reference to the West Yost study, we do not have the final analysis of the cost. He added that we don't know what the cost of additional water supply will be; noting MMWD is throwing around a large number. Director Petterle stated that in a catastrophic event money is available from the federal government, it is always a risk and a balancing act and he appreciates Director Joly's comments. Director Fraites stated that we need to make it crystal clear to our customers the reason why we are doing this is because the lab needs an expansion and the building is over fifty years old. Director Petterle agreed that it is a point well taken and stated that Kiosk should be working on this. Mr. Williams noted to keep in mind that this is not about providing a nice new office for staff, it is the hub of how we manage the District. He added that the project includes seismic upgrades, backup power, a brand-new lab, and updated and centralized SCADA system. Mr. Williams emphasized that the District office is a centralized location and the nerve center of the District operations and the most important tool in the tool box. Director Grossi asked if we were using an emergency building code. Mr. Williams replied we are using one level below. Mr. McIntyre reminded the Board there was a recent tour of our facilities by three Directors of Coalition of Sensible Tax Payers (COST). He noted that at the end of the tour they commented that it was apparent to them that there was a critical need for the renovation as the infrastructure was aging. He added that staff will continue to have Kiosk keep the public apprised. Director Joly stated that we are doing the resiliency studies, looking at all the risks, we have bond capacity and we are being responsible. He added that it is a tough

decision we need to make and he is sure the public will understand. Director Petterle noted that the cost will not get any cheaper and the renovation needs to be done, so this is the time.

President Petterle asked if anyone from the public would like to speak and there was no response.

On the motion of Director Grossi, and seconded by Director Fraites the Board authorized bid advertisement for the NMWD Administration and Laboratory Upgrade Project by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

NMWD ADMINISTRATION AND LABORATORY UPGRADE PROJECT – TEMPORARY LEASES

Mr. Williams announced that original Attachment 1 had been removed to comply with the disclosure law with the Buck Institute. He stated that this item addressed two temporary arrangements. The Administration Department, Engineering Department and key Operations staff would relocate to the Wood Hollow Office Complex and the temporary lab space will be located at the Buck Institute. Mr. Williams added that that the Wood Hollow lease will come back to the Board for ratification, as staff are still going over the terms. He noted that that there is no obligation for a long-term lease, other than the loss of the deposit if the District decides not to go forward at the time of ratification. In conclusion Mr. Williams requested the Board give authorization to the General Manager to execute a License and Services Agreement with the Buck Institute and allow the General Manager to sign an Office Lease Agreement with 100 Wood Hollow Drive, LLC.

President Petterle asked if there were any comments or questions from the Directors.

Director Joly asked if the \$175,000 included the soft costs and Mr. Williams confirmed.

President Petterle asked if anyone from the public would like to speak and there was no response.

On the motion of Director Joly, and seconded by Director Fraites the Board authorized the General Manager to: 1) execute the License and Services Agreement with the Buck Institute; and 2) sign the Office Lease agreement for the Wood Hollow Office Park, once finalized by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

SAN MARIN PUMP STATION BATTERY BACKUP SYSTEM

Mr. Clark reminded the Board that at the January 18th Board of Directors meeting staff presented a report on the District's San Marin Pump Station proposed battery backup system funded through the California Public Utility Commission's Self Generation Incentive Program (SGIP). Mr. Clark stated that Ventura Energy, a project owner and developer of energy storage projects approached the District with an opportunity to receive the project for no cost to the District. He added that the incentive program funds are pending submission of the Energy Services Agreement. Mr. Clark stated that this program would allow the District to defer cost, with PG&E's peak demand program in which the battery backup would flatten the load. He noted that staff and legal counsel have reviewed the proposed revised agreement and the contract has been found to be satisfactory. Mr. Clark added that the hope is to be on tract and operating by fall of this year.

President Petterle asked if there were any comments or questions from the Directors.

Director Grossi stated that this backup system would not just fill in like a generator it would benefit us continuously. Mr. Clark added that Ventura Energy will provide the software and we won't even notice we are not getting the power from PG&E, but instead from the battery pack. Director Grossi stated that it is similar to what the College of Marin has, they pull the power at night and use it during peak times during the day. Mr. Clark confirmed it is a similar set up. Director Petterle asked Ms. McBane if she had anything she would like to say. Ms. McBane thanked the Board and replied that she is looking forward to working with the District on this project.

President Petterle asked if anyone from the public would like to speak and there was no response.

On the motion of Director Grossi, and seconded by Director Baker the Board authorized the General Manager to enter into contract with Ventura Energy for the installation of a Tesla Battery Energy Storage System at the San Marin Pump Station by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

INFORMATION ITEMS

ADMINISTRATION AND LABORATORY UPGRADE PROJECT FINANCING ALTERNATIVES

This item was reviewed early in the agenda.

Ms. Blue reminded the Board that in a separate memo the Board was requested to approve a total bid estimate of \$16M for the Administration and Laboratory renovation project. She stated that she has been working with Craig Hill from NHA Advisors to explore the District's financial options and alternatives. Ms. Blue introduced Mr. Hill, Managing Principal of NHA, who gave a presentation to the Board. She requested after the presentation the Board give direction to staff and NHA to proceed with the financing of the Administrative and Laboratory Upgrade Project.

As part of the presentation, Mr. Hill gave options which included; projected interest rates and additional debt capacity. He discussed: project funding needs; revenue and expenditure projections; project funding sources; proposed financing options; the debt service coverage ratio calculation; District bonding capacity and policy/process considerations. Mr. Hill stated that they would like to start the financing process to bring back to the Board as an action item at the same time the construction award is proposed.

President Petterle asked if there were any comments or questions from the Directors.

Director Joly stated that the authorization of bid is for April 5th to the 19th and asked if that is within the funding timeline. In response, Mr. Hill confirmed that the first step is to put together a credit package and then seek bids. Director Joly asked what the bond rating is now. Ms. Blue replied there is no official bond rating, because you have to go through the process to get the rating. Director Joly stated that he liked the fact that there was a conservative estimate of connection and developer fees. He added that it makes the balance sheet cleaner and lenders more comfortable. Mr. Hill replied that was a very astute observation, the recommendation on long term capital assets is to finance for up to thirty years, because there is less pressure on the cash flow and less pressure to push rates up earlier than necessary.

President Petterle asked if anyone from the public would like to speak and there was no response.

Director Petterle thanked Mr. Hill for his informative presentation, and stated that he found it to be very helpful.

REINSTATEMENT OF WATER SHUT-OFFS AND STATE WATER ARREARAGE PAYMENT PROGRAM STATUS

Ms. Blue updated the Board on the status of the reinstatement of water shut-offs and state water arrearage payment program. Ms. Blue stated that now that the arrearage payments have been applied and the restrictions to suspend water shut-off due to non-payment have been lifted, the District will begin water shut-offs in mid to late March 2022. Ms. Blue apprised the Board that

there are over 450 customers per District policy that are eligible for shut off for nonpayment. She added that the next step is to mail out a letter notifying those customers of their balance due and notify them of their risk of shut off. Ms. Blue noted that the letter will also inform them of the District's payment plan and low-income plan options. Ms. Blue stated that once the letters go out she hopes the list will decrease, and then systematically staff will shut off the customers that do not respond to the communication.

President Petterle asked if there were any comments or questions from the Directors.

Director Grossi asked how it was decided which accounts were credited. Ms. Blue responded it was based on the billing dates, the unpaid balance due during the period of March 2020 through June 2021. She added that the state's goal of the arrearage program was to reduce the number of customers that would be shut off due to nonpayment, but due to the time period it only reduced the amount due per customer. Director Grossi asked how many delinquent customers the District has. Ms. Blue replied that there was about 450 at the time of the memo. Director Joly asked pre-pandemic how many customers were on the shut off list regularly. Ms. Blue responded 20 to 30 a week, noting some customers were always on the list and it was the only way staff could collect payment. She noted that those customers are included in the 450 and the list has grown dramatically, because the District has had no leverage to collect.

President Petterle asked if anyone from the public would like to speak and there was no response.

COMMUNITY MICROGRID ENABLEMENT PROGRAM – OCEANA MARIN

Mr. Williams reported on the Community Microgrid Enablement Program for Oceana Marin including a background of the program and an overview of PG&E's Community Microgrid Enablement Program. He stated that the Dillon Beach Resources Committee approached NMWD about partnering on this and noted that it is a very long and involved process. Mr. Williams added that it is a great opportunity, but staff's concern is we have limited resources and trained staff to manage the system, because it is a wastewater system. Additionally, Mr. Williams stated that any type of system in the Oceana Marin would be subject to the marine environment and wear and tear of the equipment in that coastal location. He added that he would hope the committee would take the lead and NMWD would take on a partnership role. Mr. Williams noted that the committee was invited to attend tonight's meeting, however, there is no one in attendance. He requested input from the Board including any comments on the proposed letter of interest included in the agenda.

President Petterle asked if there were any comments or questions from the Directors.

Director Grossi stated that he doesn't want the District to get in the lead position, noting it is a big responsibility and not our expertise. He added that we are not in the position to set this up for the whole community, even though with our standing and size of operation people look at us to do that. Mr. Williams agreed, noting depending on the level of involvement it could also impact the rate payers. He added that, if the project moves forward likely a MOU would be required identifying responsibilities and the District will only act as a partner.

President Petterle asked if anyone from the public would like to speak and there was no response.

NBWA MEETING – FEBRUARY 4, 2022

Director Fraites reported on the NBWA meeting that was held on February 4, 2022. He provided an update on the presentation given by Jessica Davenport from the State Coastal Conservancy on the State Route 37 Baylands Group. Director Fraites stated that the focus was on integrating transportation; restoration planning; protecting and enhancing ecosystem function; and promoting landscape-scale resistance. He added that there is major work to be done to protect the wetlands. Director Fraites reported there are four alternatives for Highway 37, the main is to elevate the causeway, which is still in the discussion stage. Director Fraites also reported Senator Bill Dodd is proposing ways to treat the funding for construction, one of which includes the possibility of a toll road which is controversial, but may be the only way to pay for the project.

President Petterle asked if there were any comments or questions from the Directors.

Director Grossi stated he heard there was talk about moving the road north to Highway 121. Director Fraites replied they were nibbling on that idea along with the idea of a bridge across the bay, in addition to using berms. He noted that the causeway is the way to go since it is the same cost as the berm. Director Petterle stated that he heard talk about private funding for the project at one time. Director Fraites replied that option is no longer available. Director Petterle stated that he also heard construction would be in the next three to four years, commenting he didn't think it would be complete in ten years. Director Fraites reported that one section alone could take five years to complete. Director Petterle noted that the habitat is very sensitive. Director Fraites agreed, but something has to be done about the gridlock. Director Fraites added that he is on the committee for this project as a representative of the Audubon Society.

President Petterle asked if anyone from the public would like to speak and there was no response.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements – Dated February

3, 2022, Disbursements – Dated February 10, 2022, Reimbursement Program 2021, Green House Gas Emission Reduction Progress – Reporting Year 2020, County of Marin and City of Novato Paving Moratoriums, and Point Reyes Light- North Marin Water District Summary of Emergency Water Conservation Ordinance No. 39.

The Board received the following news articles: Marin IJ – Districts in Marin on hunt for water – DROUGHT; Marin IJ – Water use rules for West Marin are eased – DROUGHT; Marin IJ – District close to drilling for well – WEST MARIN; Press Democrat – PD Editorial: A two-basin plan is still best bet for North Coast water; Point Reyes Light – NMWD downgraded its drought restrictions for West Marin and Point Reyes Light – North Marin to drill well in March, at double the cost.

The Board received the following social media posts: NMWD Web and Social Media Report – January 2022.

President Petterle asked if there were any comments or questions from the Directors.

Director Grossi announced that that in reference to the resiliency study and water enhancement supply, the District should start looking at supply in West Marin. He noted that we are putting in a new well now, but with additional housing through ABAG we don't know how long that supply will last.

President Petterle asked if anyone from the public would like to speak and there was no response.

ADJOURNMENT

President Petterle adjourned the meeting at 8:42 p.m.

Submitted by



Theresa Kehoe
District Secretary