

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 3, 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), Ryan Grisso (Water Conservation Coordinator), Pete Castellucci (Distribution/Maintenance Foreman) and Connie Filippi (Accounting Clerk II). Also participating remotely was Carl Nelson (BPMNJ), Craig Hill (NHA Advisors) and IT consultant Clay Smedshammer (Core Utilities).

President Petterle requested that for those joining the virtual meeting from the public to identify themselves. Participating remotely were Micky McIntyre, Celeste McIntyre, David Fama, Mitzi Hyland and James Wozniak.

MINUTES

On motion of Director Joly seconded by Director Fraites, the Board approved the regular minutes from the April 19, 2022 Regular Board Meeting by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

On motion of Director Baker seconded by Director Joly , the Board approved the minutes from the April 26, 2022 Special Board Meeting by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

GENERAL MANAGER'S REPORT

Mr. McIntyre announced that this was the fifth meeting in five weeks and therefore he did not have much to report out.

Mr. McIntyre reported that on May 2nd there was an in-person WAC/TAC Board meeting in Santa Rosa. He noted that the room was large and social distancing was practiced. Mr. McIntyre added that he, Director Baker, Director Grossi and Mr. Williams all attended the meeting. He stated that it was good meeting and a great opportunity for Mr. Williams to meet his cohorts in person.

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

Director Baker stated that Mr. Williams may have had a number of occasions to meet some of the people, but Monday would have been the first time for him to meet the entire crew. He added that it was the first in person meeting in a couple of years and it could not have gone smoother. Director Baker stated that everyone was happy to see their colleagues and be together in a group. He noted that there were new people on the Board to meet in person. Director Baker added that it was refreshing and the group had a different chemistry in person. Mr. McIntyre stated that the WAC/TAC have the advantage of a large meeting room where everyone can social distance and reminded the Board that NMWD does not have that capability, therefore the District could only transition into a hybrid situation. He also noted that the WAC/TAC was an in-person

only meeting and a hybrid setup was not possible. Director Grossi stated that it was nice after the meeting to talk, meet new people and reconnect with others. Mr. McIntyre reported that Jennifer Burke will move to TAC Chair and Matt Fullner of Valley of the Moon was elected Vice Chair.

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

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.

Director Petterle announced he will be attending a RRIFR Public Policy Facilitating Committee Annual Meeting in the afternoon on May 4th. Director Grossi stated that he also planned to attend.

QUARTERLY FINANCIAL STATEMENT – MARCH 31, 2022

Ms. Blue presented the Quarterly Financial Statement and noted that Operating Revenue and Operating Expenses came in near budget. She stated that the District generated a net income of \$182,040 and saw a net cash increase of \$782,301. Additionally, Ms. Blue noted that 25% of the Capital Improvement Projects Budget was expended this fiscal year to date. Ms. Blue reported on the quarterly financials for the Novato Water Service Area, the Novato Recycled Water System, the West Marin Water Service Area and the Oceana Marin Sewer System.

President Petterle asked if there were any comments or questions from the Directors and there was no response.

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

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

The Board approved Re-Authorizing Meetings by Teleconference of Legislative Bodies of North Marin Water District. Resolution 22-12 will extend the continuation of teleconference meetings effective May 3, 2022 through June 2, 2022 pursuant to Brown Act provisions.

TEXT FOR SPRING 2022 WEST MARIN "WATERLINE", ISSUE 21

The Board approved the text for the Spring 2022 West Marin Waterline, Issue 21.

ACTION CALENDAR

RESOLUTION OF APPRECIATION FOR DREW McINTYRE

President Petterle read Mr. McIntyre's Resolution of Appreciation, 22-11. He stated that Mr. McIntyre is retiring after twenty-four years of service. President Petterle noted that Mr. McIntyre was hired in 1998 as the Chief Engineer, became Assent General Manger/Chief Engineer in 2015 and became General Manger of the District in 2017. President Petterle added that, Mr. McIntyre's performance has been exemplary, marked by his expertise, commitments, innovations and service to the Novato and West Marin communities. He acknowledged his leadership as Chairman of the TAC to SCWA and his implementation of many projects including, but not limited to: the Advanced Metering Infrastructure for Novato, the NMWD Water Conservation Program, the Stafford Treatment Plant Rehabilitation Project, the Recycled Water Service Expansion and the Aqueduct Energy Efficiency Project. He also led the District through one of the state's worst droughts in 2020 and 2021 and simultaneously maintained high level of service through a global pandemic.

Director Petterle thanked Mr. McIntyre for his amazing career and service to the District and stated that he will be missed.

Mr. McIntyre stated that when the resolution was read aloud, phases of his career flashed before him, including the many co-workers who helped make those projects a success. He added that he was happy to be part of a team and proud to work with the Board and employees who worked hard to provide good service. Mr. McIntyre expressed gratitude to the Board for their guidance and support and to Chris DeGabriele who hired him in his original role as Chief Engineer. He added that he will no longer be an employee; however, he will continue to be a customer of NMWD.

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

Director Grossi stated that the District was fortunate to have Mr. McIntyre in this leadership position, for the District and for the regions, noting he dealt with many issues, went to many meetings representing the District and we are in a better position because of it. Director Grossi added that the culture at NMWD is unlike anything he has seen at other public agencies, the

camaraderie, support and hard work ethic was always emphasized by Mr. McIntyre as a leader.

Director Fraites agreed, noting his work was exemplary and he was sad to see him leave. He added that Mr. Williams will be picking up the reins and will be equally efficient in his leadership.

Director Joly thanked Mr. McIntyre for his professional leadership and servant of the North Marin community as well as Sonoma. He noted that Mr. McIntyre was always a gentleman and always listened respectfully. Director Joly wished Mr. McIntyre an enjoyable retirement and stated that he is looking forward to hearing from him.

Director Baker agreed, stating that Mr. McIntyre had good judgement as a leader for the District, as well having a great relationship with his colleagues to the North. He added that, Mr. McIntyre had a low-key manner of persuasion and everyone trusted his word. Director Baker noted that Mr. McIntyre dealt with many issues and many entities, as with the Potter Valley Project in which he worked with PG&E, the state and other government agencies. Director Baker added that Mr. McIntyre was a pleasure to work with.

President Petterle asked if any of the staff had any comments.

Mr. Arendell wished Mr. McIntyre a great retirement and hoped he would now have the time to travel.

Mr. Clark stated that he appreciated all the opportunities Mr. McIntyre gave him to participate in local leadership such as Rotary and Leadership Novato. He added that at Rotary, Mr. McIntyre was the ambassador of NMWD and hoped he will still see him there. Mr. Clark also thanked him for allowing him to work with AWWA and added that he will continue to do so. He wished him well in his retirement.

Ms. Kehoe stated that earlier in the day she put a sign out in the Board room that expressed how the employees of the District felt about Mr. McIntyre. She stated that Mr. McIntyre was a great boss because of his leadership and vision, but he was an even a greater person because of his kindness, respect and positivity. Ms. Kehoe added that all the employees will greatly miss Mr. McIntyre.

Ms. Blue stated that she had worked with Mr. McIntyre for four years and wanted to publicly thank him for the opportunity he gave her when he hired her as Auditor Controller. She noted that she now knows that she wants to retire from NMWD, adding Mr. McIntyre was an amazing role model for staff.

President Petterle asked if anyone from the public would like to speak.

Mr. Levin stated that on behalf of the Point Reyes Station Village Association and himself he would like to thank Mr. McIntyre for his responsiveness, and willingness to explain the NMWD

projects to the citizens of West Marin. He also thanked the Board for their willingness to deal with the problems of the District and work to address and solve them. Mr. Levin added that it was a pleasure to work with Mr. McIntyre, who along with staff would get the job done. He stated that in his experience this is unusual for many government agencies. Mr. Levin added that he will miss Mr. McIntyre, but is also looking forward to working with Mr. Williams.

Mr. Williams stated that he met Mr. McIntyre in 2014 when he worked on the Novato watershed project while at the City of Novato, and again in 2016 with the Marin County Flood Control District. He added that, he has witnessed the influence Mr. McIntyre had at the WAC/TAC and TAC Ad-hoc meetings and how it impacted both Novato as well as the whole region. Mr. Williams thanked Mr. McIntyre for giving him the opportunity to work at NMWD, and although he knows it will be tough to fill his shoes he will do his best to fill them as General Manager of NMWD.

On the motion of Director Fraités, and seconded by Director Baker the Board adopted the Resolution of Appreciation to Mr. McIntyre's retiring after almost twenty-four years of employment with North Marin Water District by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

APPROVAL OF 2022 LOAN WITH WEBSTER BANK TO FINANCE ADMINISTRATION BUILDING, LAB AND OTHER CAPITOL PROJECTS

Ms. Blue updated the Board on the financing for the Administration Building and Laboratory Upgrade Project. She stated that in order for the District to award the project the District must identify the funding source. Ms. Blue introduced Craig Hill from NHA Advisors who worked with the District to find the best financing for the project.

Mr. Hill stated that this was a follow-up to a previous item that went before the Board a few months ago. He stated that the process included solicitation of banks and financial intuitions, and other options such as bonds. Mr. Hill stated that it was decided not to go with a bond as it was too expensive and therefore elected to go with private placement which was similar to the financing the District had pursued in the past. He noted that although the Administration and Laboratory Renovation Project is less than the \$20M proposed, it was advised to provide additional capital dollars for other projects that the Board had discussed especially since the bank was willing to loan that amount.

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

Director Joly asked if the \$1,350,000 loan payment included repayment of interest. Mr.

Hill confirmed that it included the principal and interest. Director Joly asked if the payments were for twenty years. Mr. Hill confirmed and noted that they were semiannual. Director Joly stated that he calculated that if the loan is \$20M, interest will be \$7M for a total of \$27M, and Mr. Hill confirmed. Director Joly asked Ms. Blue if there was anything in conveyance that limits our future in any way. He also asked if the District was self-insured or required additional insurance. Ms. Blue replied that the District is no longer self-insured, and no that the insurance cost will be revaluated after the building renovation. She added that it is not different than any other renovation, and noted that she made sure to have the ability to pay off the loan, which has after eight years can be paid off without penalty, so if needed the District can refinance the loan if a lower interest arises in the future. Director Petterle stated that it could happen by the year 2030 if it was in the District's favor. Ms. Blue confirmed, adding we would not want to refinance until it is worth it, noting there is plenty of time to pay down the debt and she sees no red flags with the loan. Director Joly asked if our net revenue or debt going forward would be threatened at any time. He also asked Ms. Blue as the Auditor Controller, to give her opinion as to if the \$20M would limit water supply, infrastructure or seismic issue reserves. Ms. Blue replied that the \$20M would help in the case of water supply issues, and noted that the District's reserves are healthy. Director Joly asked if this loan would not put any limitations on the District. Ms. Blue replied that it does not. Director Joly acknowledged the District will be getting a great rate, noting the federal government will be raising rates on May 4th and again on June 15th. Mr. Hill also noted that three months ago the rate was even lower, but the rate of this loan is still lower than the current market. Director Joly asked about the SRF Loan parity debt permission Ms. Blue mentioned was needed for the final closing. Ms. Blue stated that she had a request in to the State Water Resources Control Board (SWRCB) to review the financials and to give us a waiver so we can avoid paying for an official credit rating, which was what the District did in 2018. She added that she is in communication with SWRCB and does not see a problem with getting the exemption letter.

Director Grossi stated that he felt the loan amount was well thought out. He added that with consideration of new water sources, the extra funds will give us enough room to work out a long-term plan and will help when setting rates.

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 borrowing of funds from a private placement lender, Webster Bank, in a principal amount not to exceed \$20,000,000 to finance the Administration Building and Lab Project as well as other capital improvement projects and approving related documents and actions by the following vote:

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

NOES: None

ABSTAIN: None

ABSENT: None

Director Grossi announced that he had another meeting to attend and was dismissed at 6:46 p.m.

ADMINISTRATION AND LABORATORY UPGRADE PROJECT – AWARD CONSTRUCTION CONTRACT

Mr. Williams reported on the bids for the construction contract for the Administration and Laboratory Upgrade Project. He gave an overview of the background of the project, the bid evaluation, a bid protest received, and the financial impact. Mr. Williams noted that staff and legal counsel both reviewed the bid protest. He added that NMWD has contacted references provided by the low bidder, D.L. Falk Construction on past projects and they have performed well.

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

Director Baker requested legal counsel way in to reinforce Mr. Williams recommendation in light of the bid protest.

Mr. Nelson replied that the low bidder, D.L. Falk was in fact responsive, because the roofing installation work is planned for a subcontractor, but the materials would be provided by them, based on an actual quote provided to the District as proof. He added that it is legal to proceed since the cost of work by the subcontractor is below a threshold of 0.5% of the total bid amount, and it is legitimate to limit installation of materials. Mr. Nelson noted that there are two possible scenarios in this case, either the low bidder is competent to do the work themselves; or they can get a roofing subcontractor less than the threshold (0.5%), as they did. He added that Mr. Williams confirmed that the roofing subcontractor was approved by the roofing manufacturer per the project specifications and therefore it was his view that it was appropriate to award the bid. Director Joly asked if Thompson Builders, the bid protester, could take the appeal further. Mr. Nelson replied that they have the right to appeal, but the District has an ace in their pocket since the ABC case stated that the District does not have to competitively bid their construction projects. Director Joly asked what the timeline was for the building construction. Mr. Williams replied that there is a fourteen-month construction period allowed by the contract and the start time will depend on the Notice to Proceed. He added that first we must issue the Notice of Award for construction, get the insurance and bonds, then the Notice to Proceed follows, which starts the clock ticking. Mr. Williams noted that issuance of the Notice to Proceed is expected in June; therefore, an estimated date of project completion would be August 2023. Director Joly asked if

it was a performance bond. Mr. Williams replied that both a performance and payment bond is required. Director Joly noted that there was 11% contingency for the bid amount, and asked if there would be a problem with timing due to supplies or if inflation costs could present an issue. Mr. Williams replied that the bid is locked in, whatever inflation may occur the contractor would deal with it and noted that he hasn't heard of any concern with the supply chain or any issues that the materials will be hard to get.

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

On the motion of Director Baker, and seconded by Director Joly, the Board rejected in its entirety the protest of Thompson Builders, approved award of the contract to D.L. Falk Construction, Inc., and authorized the General Manager to execute an agreement with D.L. Falk Construction Inc. for \$11,614,000, and set aside a contingency and alternate reserve of \$1,252,000 (10.8%) by the following vote:

AYES: Director Baker, Fraites, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Grossi

NMWD ADMINISTRATION AND LABORATORY UPGRADE PROJECT – TEMPORARY LEASES

Mr. Williams reported on the status of the temporary leases for the Administration and Laboratory Upgrade project. He noted that the fourteen-month lease for the Wood Hollow site was included in the FY22 CIP Budget and Financing Plan and is necessary to provide temporary office space during the Project. Mr. Williams reminded the Board that the Project includes the complete renovation of the existing Administration Building and requires the building to be unoccupied, therefore staff need a place to relocate. He noted that this is the last piece of the puzzle and the last step is to ratify the lease. Mr. Williams added that the new location will also have space in the leased area for Board Meetings similar in size to the current space we have now.

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

Director Baker stated that the Board is interested to see what the Wood Hollow location is like and wanted to know who to contact for a tour. Mr. Williams replied that he, Mr. Clark or Ms. Blue can accommodate a walk through of the space. Director Joly asked if there was a possibility of an extension if needed. Mr. Williams replied that the District does have the ability to have two three-month extensions, noting there was flexibility built into the lease. He added that the entire

third floor is vacant, so it is likely there will no not be a problem getting an additional extension if needed. Director Joly asked if this was also the case for the Buck Center lease. Mr. Williams confirmed, adding that there is a built-in six-month extension due to the time needed for certification of the new lab. Director Joly stated that the Wood Hollow lease is approximately \$400,000 and wanted to know what the total soft costs look like. Mr. Williams replied that he has a rough number, but would prefer to provide a more accurate number after the meeting. Director Petterle noted that the Buck Institute was designed by I.M. Pei, one of the world's leading architects and hoped the lab personnel appreciated that.

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 approved ratification of the Office Lease Agreement for 100 Wood Hollow Complex by the following vote:

AYES: Director Baker, Fraites, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Grossi

Director Joly congratulated Mr. Williams for an exceptional job in spearheading the project, in addition to the great work done by staff. He added that the memos provided made sense and the numbers were useful. Mr. Williams replied that Mr. Clark aided with overall coordination and Ms. Blue with the financial side of the project.

RESOLUTION RE CONSOLIDATION OF DISTRICT ELECTION AND FILING INFORMATION
– DISTRICT ELECTION NOVEMBER 8, 2022

Ms. Kehoe announced there will be two seats on the Board that will be up for re-election. She stated that in order to continue to minimize costs and for the ease of conducting the election it is recommended the Board consolidate the District's election with the November 8, 2022 election.

President Petterle asked if there were any comments or questions from the Directors and there was no response.

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

On the motion of Director Baker, and seconded by Director Fraites the Board adopted the Resolution 22-14 re Consolidation of District Election and Filing Information for the District Election on November 8, 2022 by the following vote:

AYES: Director Baker, Fraites, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Grossi

INFORMATION ITEMS

INITIAL REVIEW – CAPITAL PROJECT FY 22/23 & FY 23/24 & EQUIPMENT BUDGET FY 22/23

Ms. Blue reviewed the FY 22/23 Budgets for North Marin Water District which included Novato Water, West Marin Water, Recycled Water and Oceana Marin Sewer. Additionally, she noted that, at the June 21st Board meeting there will be a public rate hearing to review and approve rate increases for the Novato systems, followed by West Marin and Oceana Marin public rate hearings on June 28th.

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

Director Joly asked if staff were expecting grants for any of the CIP projects. Ms. Blue stated that the schedule included a section with funds by loans or grants. Mr. Williams announced that he found out yesterday that the District received a \$764,000 award for the Oceana Marin project, noting under a similar program staff applied for the Crest Pump Station and San Mateo Tank Projects. Additionally, Mr. Williams stated that staff is also working under an existing grant for drought relief associated with the Gallagher Well No. 2 Project. Director Joly thanked staff for their great work.

President Petterle asked if there were any comments or questions from the public and there was no response.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements - Dated April 21, 2022; Disbursements – Dated April 28, 2022; Marin IJ – North Marin Water District Virtual Community Local Water Supply No.2 Workshop; RR Bi Op Public Policy Facilitating Committee Annual Meeting Agenda – May 4, 2022; FY 22 3rd Quarter Labor Cost Report; Rate Increase Notice on Water Bill – Novato Service Area; Rate Increase Notice on Water Bill – West Marin Water Service Area; Direct Mailer – Notice of Proposed Water Rate Increases – Novato Service Area; Direct Mailer – Notice of Proposed Water Rate Increases – West Marin Water Service Area and Direct Mailer – Notice of Proposed Sewer Rate Increases – Oceana Marin Sewer Service Area.

The Board received the following news articles: Marin IJ – MMWD officials weigh permanent restrictions – DROUGHT; Marin IJ – Rate increases for West Marin, Novato planned – NMWD PROPOSAL; Marin IJ – In your town Novato – North Marin appoints new general

manager; Point Reyes Light – In statewide campaign, water control board urges consolidation of districts; Point Reyes Light – Many policies at stake in housing plan; The Redheaded Blackbelt – “Everyone Knew It was Coming”; Eel River Waters Continue to be Diverts as PG&E Granted Annual License for the Potter Valley Project; The Press Democrat – Fishery groups plan to sue PG&E over Potter Valley plant and related Scott, Cape Horn dams; Marin IJ – Report opposes desalination plant – SOUTHERN CALIFORNIA and Point Reyes Light – Coast Guard housing will take longer.

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

Mr. McIntyre thanked the Board for their unanimous vote on the renovation of the Administration Building and Lab. He also acknowledged Mr. Williams, Mr. Clark, Ms. Blue and Mr. Ramudo for a job well done. Mr. McIntyre added that the script could not have been better, as there were a lot of variables. He noted that the interest rate was great and the bid was below estimate.

President Petterle asked if there were any comments or questions from the public and there was no response.

ADJOURNMENT

President Petterle adjourned the meeting at 7:22 p.m.

Submitted by



Theresa Kehoe
District Secretary