

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
June 28, 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, Michael Joly and Stephen Petterle. Director Grossi was absent.

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. Williams performed a roll call of staff, participating remotely were, Tony Williams (General Manager), Eric Miller (AGM/Chief Engineer), Julie Blue (Auditor-Controller), Terrie Kehoe (District Secretary, Robert Clark (Operations/Maintenance Superintendent), Pablo Ramudo (Water Quality Supervisor), and Pete Castellucci (Interim Construction/Maintenance Superintendent). Also participating remotely were Carl Nelson (Legal Counsel) 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 Emily Larsen, Gloria Larsen, Becca McGiven, Mr. Gborchar (as shown on Zoom).

**GENERAL MANAGER'S REPORT**

Mr. Williams updated the Board on the move to the new temporary office at 100 Wood Hollow Road, Suite 300. He reported that staff are still working out logistical issues before opening to the public, therefore at this time the public can be seen by appointment only.

Mr. Williams reminded the Board that the next NMWD Board of Directors Meeting will be on July 19<sup>th</sup>.

President Petterle asked if there were any questions or comments from the Board and there were none.

### **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 Directors or staff wished to bring up an item not on the agenda.

Director Baker stated that he received a letter from a customer about problems he had sending a letter and he asked if anyone else knew of the letter. Mr. Williams stated that he acknowledged the receipt of the letter and emailed the individual. Director Baker stated that he has done business with the individual when he worked at the County of Marin, and wanted to be sure his letter was received and staff made outreach.

### **PUBLIC HEARING/APPROVE CONSIDER PROPOSED NOVATO SERVICE AREA WATER RATE INCREASE**

President Petterle opened the public hearing at 6:07 p.m.

Ms. Blue asked the Board to consider the proposed 6% increase for the Novato service area effective July 1, 2022. She noted that all the customers were sent a hearing notice on May 13, 2022 and it was published in the Marin IJ on June 14<sup>th</sup>. Additionally, she reminded the Board that the proposed increase is structured as a 6% rate increase to both the commodity rate and the bimonthly service charge rate for Novato Water and Recycled Water customers. Ms. Blue reported protests must be 50%+1 of the total customers, and as of June 20<sup>th</sup> there were seven official protests, no emails, and eight phone calls with general questions. She reminded the Board that this increase was established when the Board accepted the 2020 Rate Study as well as the FY 22-23 financial plan. Additionally, the Board approved the Drought Surcharge Review on March 15, 2022 in which the surcharge is an added percentage per 1,000 gallons for all water used during a Board declared Stage 2 or higher water shortage.

Mr. Williams shared his PowerPoint presentation and went through the history of the recent 2020 rate study, drought surcharge review and the factors leading up to the rate increase of 6% this year.

President Petterle asked the Board if they had any questions or comments.

Director Joly stated that he appreciated the PowerPoint presentation as it was very helpful. He noted that he did not remember seeing the \$300M replacement value for all water infrastructure assets and Mr. Williams replied that the amount is shown in the 2018 Master Plan (Novato Service Area). He added that the Master Plan will be updated in the coming fiscal year to see if this replacement value will change. Director Joly noted that cost difference between treating our local supply and purchasing water from SCWA, and Mr. Williams replied that it is an economy of scale. He noted that there is the cost of chemicals, operations and power from PG&E to run the treatment plant, which is much different than the cost of water from SCWA.

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

Emily Larsen asked several questions and concerns including whether the District labor force was union or non-union, and that her fixed charges were exceeding consumption charges because of reduced usage. Ms. Larsen also asked if Novato Fire Protection District (NFPD), could help with the cost of the piping and hydrants and also noted that she saw large areas being watered in Sonoma County. She stated that she sees people watering in the middle of the day which is not productive. Mr. Williams thanked Ms. Larsen for saving water as it is very important during this time of drought. He stated that NMWD's employees are not union, but have an employee association. Mr. Williams added that the cost of living increase does not impact the rate increase and it is the general cost to pay staff. He noted that the NFPD has the burden of painting and keeping the hydrants functional; but NMWD performs the testing and responds if someone hits a hydrant. Director Joly thanked Ms. Larsen for her questions and for saving water. He also asked when the next labor contract negotiations will take place. Director Joly noted that the Directors will also pay the increase in rates as they are also water customers in Novato. He added that NMWD does not charge fire districts to use water to fight fires, noting the last big fire in Point Reyes was paid by the rate payers as their public duty. Ms. Blue stated that NMWD's MOU will expire in September of 2023, adding the cost of living adjustment is based on CPI. Director Petterle also thanked Ms. Larsen for her participation, noting it is always nice when the public attends. He added that he knows it is a burden to look at the agenda or review the minutes, however many of these questions have been discussed throughout the year. Director Petterle welcomed Ms. Larsen's participation in the future.

Mr. Gborchar asked how much the District is spending on consulting, including the rate studies and wondered why staff are not doing this work themselves. He noted that this was the third rate increase in two years and the District needs to start managing their budget and stop using the rate payers as their ATM machine. Mr. Williams replied that no consultants were participating in tonight's hearing and he does not recall the amount paid for the Rate Studies. Mr. Gborchar stated he was familiar with cost of consultants as he worked at a Fortune 100 company, and suggested the District should hire more people. Director Petterle stated that Mr. Gborchar comments have been noted.

President Petterle thanked the public for their comments and the hearing was closed at 6:29 p.m. He asked the Board if there was any further discussion.

Director Joly stated that the average billing increase will be \$4.50 per month, which includes the drought surcharge. Ms. Blue responded that the \$4.50 does not include the drought surcharge, which will be 5%. Director Joly pointed out that there is a rate calculator on the NMWD website, that can calculate for each customer how much they will pay with the rate increase. He added that the Board hates to raise rates especially during the time people are cutting back on water use.

On motion of Director Joly, seconded by Director Baker the Board approved Resolution No. 22-21 amending Regulation 54 pertaining to Water Rates and Charges to reflect a 6% global revenue increase for customers in the Novato service area, effective July 1, 2022 by the following vote:

AYES: Director Baker, Fraitas, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Grossi

**PUBLIC HEARING /APPROVE: PROPOSED WEST MARIN WATER RATE INCREASE**

President Petterle declared the public hearing for the West Marin Water Rate increase opened at 6:33 p.m.

President Petterle opened the public hearing at 6:07 a.m.

Ms. Blue asked the Board to consider the proposed 6% increase effective July 1, 2022. She noted that all the customers were sent a hearing notice on May 13, 2022 and it was published in the Point Reyes Light on June 9<sup>th</sup>. Additionally, she reminded the Board that the proposed

increase is structured as a 6% rate increase to both the commodity rate and the bimonthly service charge rate for West Marin Water customers. Ms. Blue reported protests must be 50%+1 of the total customers, and as of June 20<sup>th</sup> the District received no official protests against the proposed increase. There were no emails as of June 20<sup>th</sup> and one call with general questions regarding the rate increase. She reminded the Board this increase was established when the Board accepted the 2021 Rate Study as well as the FY 22-23 financial plan. Additionally, the Board approved the Drought Surcharge Review on March 15, 2022 in which the surcharge as an added percentage per 1,000 gallons for all water used during a Board declared Stage 2 or higher drought.

Mr. Williams shared his PowerPoint presentation and went through the history of the recent 2021 Rate Study, drought surcharge review and the factors leading up to the rate increase of 6% this year.

President Petterle asked the Board if they had any questions or comments.

Director Joly commended Mr. Williams for a good presentation and asked if Gallagher Well No. 2 was on target for completion and when it can be expected to be fully operational. Mr. Williams replied that there was a three day well test that started June 28<sup>th</sup> by the well driller. Mr. Ramudo negotiated a favorable testing program that was accepted by the State Division of Drinking Water which requires thirty days of water quality testing and evaluation. In the meantime, the District's construction crew will work to finish the well mound, complete the pipeline to the well head and install the pump. Mr. Ramudo reported that he expects the well will be in production by early to mid-August. He stated that this will depend on the Division of Drinking Water's timely review of the application and granting the permit.

President Petterle opened up the hearing to the public for questions and comments and there was no response.

President Petterle closed the hearing at 6:43 p.m.

On motion of Director Frites, seconded by Director Joly the Board approved Resolution No. 22-22 amending Regulation 54 pertaining to Water Rates and Charges to reflect a 6% global revenue increase for customers in the West Marin service area, effective July 1, 2022 by the following vote:

AYES: Director Baker, Frites, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Grossi

**PUBLIC HEARING/APPROVE CONSIDER PROPOSED OCEANA MARIN SEWER RATE INCREASE**

President Petterle declared the public hearing for the Oceana Marin Sewer Rate increase opened at 6:44 p.m.

Ms. Blue announced the ordinance in front of the Board is for the Oceana Marin proposed 5% rate increase that will be put on the Marin County Property Tax Bills.

Ms. Blue continued the discussion noting there are 235 customers in Oceana Marin. She reported the District complied with the Prop. 218 notification procedures by mailing individual letters on May 13, 2022 and the Public Hearing notice was also published in the Point Reyes Light newspaper. Ms. Blue stated that this increase will provide \$14,000 in revenue, and there were no official protests received. Ms. Blue added that the need for the increase was reviewed by the Board during the financial plan and budget review. Additionally, Ms. Blue stated that when looking at the 2022 Coastal Area Sewer Cost Comparison, Oceana Marin was the highest among the six surveyed. She noted that however, Oceana Marin is a unique small system.

Mr. Williams informed the Board that the treatment and storage ponds rehab project cost will be \$1.2M and there is a \$700,000 award from FEMA to offset the cost. Director Joly commended staff for a getting such a large grant from FEMA.

President Petterle asked if anyone from the public had any questions or comment and there was no response.

President Petterle declared the public hearing closed at 6:48 p.m.

On motion of Director Baker, seconded by Director Joly the Board approved Ordinance 43 electing to have the Oceana Marin sewer charges be collected on the tax roll of the County of Marin and approved Resolution No. 22-23 amending Regulation 109, effective July 1, 2022, to increase the Oceana Marin Sewer Service Rate to \$1,296 per dwelling unit per year by the following vote:

AYES: Director Baker, Fraitas, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Grossi

**CONSENT ITEMS**

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, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Grossi

**ANNUAL WATER QUALITY REPORT - NOVATO**

The Board approved the text for the annual Water Quality Report for Novato. The Safe Drinking Water Act requires water suppliers to publish and distribute a report of water quality information to its customers annually.

**ANNUAL WATER QUALITY REPORT – POINT REYES AREA**

The Board approved the text for the annual Water Quality Report for the Point Reyes area. The Safe Drinking Water Act requires water suppliers to publish and distribute a report of water quality information to its customers annually.

**AMENDMENT 1 TO UTILITY AGREEMENT BETWEEN THE STATE OF CALIFORNIA AND NORTH MARIN WATER DISTRICT FOR CALTRANS' MSN B2**

The Board authorized the General Manger to execute the First Amendment to Utility Agreement No. 1779.5 between the State of California and North Marin Water District for the MSN B2 Caltrans project with a \$110,000 cost share reimbursement. This amendment to the Utility Agreement is for an additional Caltrans cost share amount of \$110,000 that will allow the District to invoice Caltrans for related expenses incurred by NMWD. These expenses include design review, field inspection, construction support and additional easement reviews incurred during the project, including the closeout process over the last several years.

**ACTION ITEMS**

**NOVATO AND WEST MARIN SERVICE AREAS FY 22/23 BUDGETS**

Ms. Blue provided a presentation on the Fiscal Year 22/23 budget review for the Novato and West Marin service areas. She apprised that the Board on key assumptions; consolidated budget, capital improvement projects, the equipment budget, studies and special projects, outstanding debt and a Novato water summary. Ms. Blue stated that key assumptions included water sales; rate increases, Stafford Treatment Plant water production, SCWA cost to purchase water and personnel costs. She reviewed the budget sources (revenue and reserves) and budget uses (expenditures). Ms. Blue provided a list of two-year Capital Improvement Projects, an equipment budget, a breakdown of studies and special projects. Additionally, she reported on

the District's total outstanding debt as of June 30, 2022. Ms. Blue provided a Novato Water Financial Forecast Chart that provided estimates through FY 2026/27. Lastly, she reviewed the budget and rate hearing schedule.

President Petterle asked if any Directors had any questions or comments.

Director Joly thanked Ms. Blue for the wonderfully detailed report. He asked if the reserve tap next year is at 7% and if that was inline or higher than normal. Ms. Blue replied that last year is was lower at around 4%, noting it depends on the capital plan and funding provided any given year. Director Joly stated that the grant money is very meaningful to the budget, and thanked staff again for their good work.

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

On the motion of Director Baker, and seconded by Director Joly the Board approved the Novato and West Marin service areas FY 22/23 Budgets by the following vote:

AYES: Director Baker, Fraitas, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: Director Grossi

### **MISCELLANEOUS**

The Board received the following miscellaneous item: Disbursements – Dated June 23, 2022.

President Petterle asked if the Directors had any questions or comment and there was no response.

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

### **ADJOURNMENT**

President Petterle adjourned the meeting at 7:00 p.m.

Submitted by



Theresa Kehoe  
District Secretary