

1 **NORTH MARIN WATER DISTRICT**
2 **MINUTES OF REGULAR MEETING**
3 **OF THE BOARD OF DIRECTORS**
4 June 20, 2023

5 **CALL TO ORDER**

6 President Fraites called the regular meeting of the Board of Directors of North Marin Water
7 District to order at 4:00 p.m. at the District Headquarters and the agenda was accepted as
8 presented. Present were Directors Jack Baker, Ken Eichstaedt, Rick Fraites, Michael Joly, and
9 Stephen Petterle. Also present were General Manager Tony Williams, District Secretary Eileen
10 Mulliner, Auditor-Controller Julie Blue and AGM/Chief Engineer Eric Miller.

11 District employee Chris Kehoe (Construction Superintendent) was also in attendance.

12 **MINUTES**

13 On motion of Director Joly, seconded by Director Petterle, the Board approved the minutes
14 from the May 16, 2023 meeting as presented by the following vote:

15 AYES: Director(s) Baker, Fraites, Joly and Petterle

16 NOES: None

17 ABSENT: Director Eichstaedt

18 ABSTAIN: None

19 On motion of Director Petterle, seconded by Director Joly, the Board approved the minutes
20 from the June 6, 2023 meeting as presented by the following vote:

21 AYES: Director(s) Eichstaedt, Fraites, Joly and Petterle

22 NOES: None

23 ABSENT: Director Baker

24 ABSTAIN: None

25 **GENERAL MANAGER'S REPORT**

26 The General Manager had nothing to report.

27 **OPEN TIME**

28 President Fraites asked if anyone in the audience wished to bring up an item not on the
29 agenda and there was no response.

30 **STAFF/DIRECTORS REPORTS**

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

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

35

1 Tony Williams gave a presentation on the Novato Service Area Water Rate Increase. Prior
2 to his presentation he noted that he is also a rate payer. He said there are three key elements why
3 the rate increase deviates from the 2020 rate study for Novato Service Area and that are some key
4 assumptions that are no longer valid: 1. there is a significant purchased water cost increase of
5 12.5% from Sonoma Water, our main water supplier; 2. the rate study done in 2020 assumed a 3%
6 inflation rate and we are now seeing much higher numbers; and 3. water consumption was much
7 lower than forecast in the report. One of the fundamental elements of the budget is continued
8 investment in the District's capital program as well as maintaining a healthy financial picture.

9 Mr. Williams said that the District continues to invest in our Capital Improvement Projects.
10 He also noted that insurance costs have increased 37% and chemical costs have gone up 10%.
11 The District tries to achieve approximately \$4M annually for capital spending. He noted that lower
12 water deliveries resulted in lower revenue. He also said the regulatory environment has become
13 increasingly more complex and affects the cost of operations. Mr. Williams mentioned the LIRA
14 (Low Income Rate Assistance) program the District has available for residents on fixed and low
15 incomes which reduces their bi-monthly bill for those who qualify. He stressed that the District
16 continually evaluates areas in the service territory that need attention and replace aging facilities
17 before failures. Mr. Williams also noted that we have received 43 rate increase protest letters as of
18 June 20, 2023. Director Joly noted that this increase from Sonoma Water is currently 12.5% but
19 they will likely be raising future rates anywhere from 7.5% to 11.5%.

20 The public hearing to consider the proposed Novato Service Area Water Rate Increase was
21 opened by President Fraites at 4:23 p.m.

22 Andrew Efstratis, a Novato resident, addressed the Board saying he was speaking for the
23 "little guys and families". He said that he believes the budget is not good and has many issues. The
24 Board thanked Mr. Efstratis for his comments.

25 Toni Shroyer, Novato resident, spoke to the Board and thanked staff for their work. She
26 mentioned Binford Road and people living there stealing water from a hydrant. She contacted the
27 District and said someone came out and dealt with the situation in a timely manner and she thanked
28 the District for that. She did, however, stress how this rate increase will affect so many residents.
29 She said that the residents who lower their consumption were, in her opinion, continually getting
30 'financially assaulted'. She asked the Board to consider a lower rate increase. The Board thanked
31 Ms. Shroyer.

32 Another Novato resident attending the meeting asked the Board how the residents found
33 about the increase. Mr. Williams responded that the District has been discussing the potential
34 increase at several prior Board meetings and referred back to slide #2 of the presentation; the letter
35 notifying residents of the rate increase was sent out in May; and there have been posts on social
36 media. She was surprised that more people did not attend the meeting to raise their concerns. She

1 did say that she was grateful that people in Novato have clean water. Julie Blue added that notice
2 of the rate increase public hearing had been put on the water bills as well and Mr. Williams
3 mentioned that there was a story on Channel 5 News. The Board thanked the resident for her
4 comments.

5 Don Scioli, Novato resident, addressed the Board. He said that he was surprised how few
6 rate protest letters were received by NMWD. He asked what the service charge is that is on the
7 water bills. Mr. Williams responded that the service charge is for operations and maintenance of the
8 transmission and distribution system as well as customer service to ensure that water is always
9 available no matter how much is used by customers. The Board thanked Mr. Scioli.

10 Director Petterle thanked the residents that attended the meeting. He said that the Board
11 likes it when the public attends and wished that the public would attend more often. He explained
12 that financial information is provided throughout the year and by attending meetings more often he
13 feels their questions would be answered. He stressed that the District is not a for-profit agency and
14 does not raise rates to make more money. We raise rates to be able to continue to produce quality
15 water and provide reliable service.

16 Director Joly noted that Sonoma Water is raising our rates by 12.5% and likely future rate
17 increases will be up to 11.5%. He also noted that Marin Water (MMWD) raised their rates by 20%.
18 He thanked the residents that came to the meeting.

19 Mr. Williams provided a brief overview of Regulation 54 which contains the water rates and
20 the action under this item would be specific to the Novato and Recycled Water portions of the
21 proposed changes.

22 The public hearing was closed at 4:51 p.m.

23 On the motion of Director Joly, and seconded by Director Baker, the Board approved the
24 Resolution that approves the changes to Regulation 54 for the Novato and Recycled service areas
25 water rate increase by the following vote:

26 AYES: Director(s) Baker, Eichstaedt, Fraites, Joly and Petterle

27 NOES: None

28 ABSENT: None

29 ABSTAIN: None

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

31 Tony Williams gave a presentation that was similar to the one for the Novato service area
32 but specific to the West Marin Service Area. He noted that the District is following the
33 recommendations in the 2021 West Marin Rate Study. Since the water in West Marin is from wells
34 and not from Sonoma Water, this service area is not affected by their rate increase. The 6%
35 increase recommended in the rate study, although slightly lower than inflation, has been determined

1 to be adequate. He noted that we did not receive any rate protest letters for the West Marin rate
2 increase.

3 The public hearing to consider the proposed West Marin service area water rate increase
4 was opened at 5:04 p.m. There was no public in attendance.

5 Director Eichstaedt asked about the Capital Improvement Projects (CIP), specifically about
6 the Point Reyes Treatment Plant. Mr. Williams responded that Julie Blue will cover this in a later
7 item related to the budget. He noted that the District is hoping for a funding match from the County
8 of Marin to continue evaluating long term options and that the District is looking at 2030 to replace
9 the treatment plant. Director Joly asked if we are actively looking at the cost parameters and Mr.
10 Williams confirmed.

11 The public hearing was closed at 5:07 p.m.

12 On the motion of Director Joly, and seconded by Director Baker, the Board approved the
13 West Marin water rate increase by the following vote:

14 AYES: Director(s) Baker, Eichstaedt, Frites, Joly and Petterle

15 NOES: None

16 ABSENT: None

17 ABSTAIN: None

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

20 Tony Williams spoke on the notice that was mailed to customers in Oceana Marin. He noted
21 we have a robust CIP program in Oceana Marin however we have successfully received a FEMA
22 grant to help offset the costs of the treatment pond rehabilitation pond which will be going out to bid
23 in the near future. He said that the District did not receive any rate protest letters.

24 The public hearing to consider the proposed Oceana Marin Sewer Rate Increase was
25 opened at 5:18 p.m. There were no public in attendance.

26 The public hearing was closed at 5:19 p.m.

27 On the motion of Director Joly, and seconded by Director Baker, the Board approved the
28 Oceana Marin sewer rate increase by the following vote:

29 AYES: Director(s) Baker, Eichstaedt, Frites, Joly and Petterle

30 NOES: None

31 ABSENT: None

32 ABSTAIN: None

33 **CONSENT CALENDAR**

34 Director Joly asked that the Hamilton Homeward Bound of Marin item be removed from the
35 consent calendar and moved to the Action Calendar. The rest of the Board approved his request.

1 On the motion of Director Petterle, and seconded by Director Joly, the Board approved the
2 following item on the consent calendar by the following vote:

3 AYES: Director(s) Baker, Eichstaedt, Fraites, Joly and Petterle

4 NOES: None

5 ABSENT: None

6 ABSTAIN: None

7 **APPROVE WATER SERVICE FACILITIES CONSTRUCTION AGREEMENT: NORTH BAY**
8 **CHILDREN'S CENTER, 932 C STREET**

9 The project, as approved by the City of Novato is located at 932 C Street in Novato, allows
10 for the reconstruction, expansion and continued operations of the childcare facility known as the
11 North Bay Children's Center. The project includes full reconstruction of all aspects of the campus
12 with new facilities including; parking areas, accessibility upgrades, playground area, site
13 landscaping, and a new building with a projected occupancy of 147, including both staff and
14 students.

15 **ACTION CALENDAR**

16 **APPROVE WATER SERVICE FACILITIES CONSTRUCTION AGREEMENT: HAMILTON**
17 **HOMEWARD BOUND OF MARIN – VETERAN'S HOUSING, 826 STATE ACCESS ROAD**

18 This item was moved off consent as noted above. The Hamilton Homeward Bound of Marin
19 – Veteran's Housing project site is located on a lot between State Access Road and Hamilton
20 Parkway. The project includes the construction of 50 low-income apartments (in two two-story
21 buildings) and a commercial building to be used as a commercial kitchen for food and events. The
22 apartments will also have common areas and offices.

23 On the motion of Director Joly, and seconded by Director Eichstaedt, the Board approved by
24 the following vote:

25 AYES: Director(s) Baker, Eichstaedt, Fraites, Joly and Petterle

26 NOES: None

27 ABSENT: None

28 ABSTAIN: None

29 **FY 23/24 BUDGETS NOVATO & WEST MARIN SERVICE AREAS**

30 Julie Blue gave a presentation on the FY 23/24 Budgets for the Novato and West Marin
31 Service Areas. She said that they are essentially the same as what was presented at the June 6
32 meeting with some minor updates. She said that the key assumptions were water consumption
33 (assuming flat water sales), the rate increase from Sonoma Water, and increases in operating costs.
34 She went over a summary of the budget sources and uses. She emphasized that much of the
35 District's costs are fixed although revenues are highly variable. Ms. Blue reviewed the upcoming

1 major CIP projects as well as the key special studies planned for next year, including the West Marin
2 water supply resiliency study mentioned during the rate hearing. Director Joly asked about the
3 recycled water transfers from the Novato connection fees. Ms. Blue responded that overall process
4 will be looked at closely in the beginning of the new fiscal year to evaluate if changes are needed.

5 Director Eichstaedt said that asset maintenance is very important as it saves money in the
6 long run. Director Joly mentioned a case he had read about that, due to severely deferred
7 maintenance, a customer's house slid off its foundation due to water main breaks. He agreed with
8 what Director Eichstaedt had said.

9 On the motion of Director Joly, and seconded by Director Petterle, the Board approved by
10 the following vote:

11 AYES: Director(s) Baker, Eichstaedt, Fraites, Joly and Petterle

12 NOES: None

13 ABSENT: None

14 ABSTAIN: None

15 **MISCELLANEOUS**

16 The Board received the following miscellaneous items: Disbursements Dated June 8 and
17 June 15, 2023, Monthly Progress Report, Coast Guard Housing Conditional Use Permit Application
18 Response Letter.

19 The Board also received the following news articles: Marin IJ – State bills seek broad
20 reforms on water rights – SACRAMENTO, What does El Nino mean for this overheated state? –
21 CALIFORNIA VIEW, District plans to add water, boost reservoir efficiency – MARIN MUNICIPAL,
22 Pt. Reyes Light - North Marin Water District Notice of Public Hearing, Western weekend thanks.

23 **ADJOURNMENT**

24 President Fraites adjourned the meeting at 5:52 p.m.

25 Submitted by

26 

27 Eileen Mulliner
28 District Secretary
29
30
31