

1 **NORTH MARIN WATER DISTRICT**
2 **MINUTES OF REGULAR MEETING**
3 **OF THE BOARD OF DIRECTORS**
4 April 2, 2024

5 **CALL TO ORDER**

6 President Baker 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, Assistant General Manager/Chief Engineer Eric Miller, and Auditor-Controller Julie Blue.

11 District employees Chris Kehoe, Construction/Maintenance Superintendent, Robert Clark,
12 Operations/Maintenance Superintendent, and Tim Fuelle, Senior Engineer, were also in attendance.

13 Mark Hildebrand of Hildebrand Consulting also attended the meeting.

14 District customers Bruce Webster and Mary Stompe were also in the audience.

15 **MINUTES**

16 On the motion of Director Joly, and seconded by Director Petterle, the Board approved the
17 minutes from the March 19, 2024 regular meeting as presented by the following vote:

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

19 NOES: None

20 ABSENT: None

21 ABSTAIN: None

22 **GENERAL MANAGER'S REPORT**

23 Tony Williams gave a brief report on the Potter Valley Project. He said the Eel Russian
24 Project Authority (ERPA) Board met on March 19. At the meeting, the ERPA Board reviewed two
25 primary alternatives for a future diversion and the highest ranked alternative is the pump back
26 facility, which was selected by the Board. This alternative would utilize the existing diversion tunnel
27 into Potter Valley.

28 Mr. Williams mentioned that staff had received a draft technical memorandum from Marin
29 Water regarding their planned water conveyance projects. Three alternatives were ranked highest,
30 two of which use some or all of the North Marin Aqueduct pipeline. Once the report is finalized, Mr.
31 Williams will come back to the Board with updates or perhaps invite their General Manager, Ben
32 Horenstein to return to speak to the Board. Director Petterle asked if these alternatives could affect
33 North Marin Water District's supply and Mr. Williams said no, that only operations are potentially
34 impacted.

35 Mr. Williams gave an update on the Aqueduct – Marin-Sonoma Narrows Widening project
36 with Caltrans and noted that our pipeline easements that cross Hwy 101 have been finalized. There

1 is a total of 7 crossings. He said that he hopes the remaining project easements will be completed
2 next.

3 Mr. Williams mentioned that in Miscellaneous section of the agenda is the NMWD Budget
4 Review and Rate Hearing schedule that was posted in the Pt. Reyes Light. The item has been in
5 the Marin Independent Journal as well.

6 Director Baker asked in regards to the North Marin Aqueduct pipeline if recently Petaluma
7 has expressed interest in taking over the out of boundary customers in Sonoma County. Mr.
8 Williams said nothing new has come up but reminded the Board that Marin LAFCo was working on
9 their Municipal Service Review.

10 Director Joly asked about the status of the Stafford Dam raising project. Mr. Williams said
11 that staff meet monthly with Marin County Flood Control District which partnered with NMWD to
12 perform hydrologic and hydraulic (H&H) analysis of Novato Creek above the dam. The next step is
13 to review the H&H methodology with the state's Division of Safety of Dams (DSOD) to make sure
14 the analysis is acceptable and noted that a similar action was done for the ongoing geotechnical
15 analysis for the project. Mr. Williams said the analysis is very detailed and is need to make sure the
16 methodology is correct and the results indicate no change in dam safety. Staff hopes to bring
17 something back to the Board in the summer.

18 Director Joly asked for a short update on the Lynwood Pump Station project. Eric Miller gave
19 a brief update saying staff is working with the consultant on the project to look for additional primary
20 sites. He said the current engineering and environmental documents will be made available at the
21 Novato Library branch in Hamilton, near one of the proposed project sites. Mr. Miller also said an
22 FAQ will be on the website soon. Director Joly thanked Mr. Miller.

23 **OPEN TIME**

24 President Baker asked if anyone in the audience wished to bring up an item not on the
25 agenda and there was no response.

26 **STAFF/DIRECTORS REPORTS**

27 President Baker asked if there were any staff or director's reports and there were none.

28 **ACTION CALENDAR**

29 **APPROVE: ACCEPT 2024 NOVATO AND RECYCLED WATER RATE STUDY DRAFT REPORT** 30 **AND DIRECT STAFF TO PREPARE A PROPOSITION 218 NOTICE OF PUBLIC HEARING**

31 Mark Hildebrand, of Hildebrand Consulting, presented the 2024 Novato and Recycled Water
32 Rate Study Draft Report. The presentation was very similar to what he had presented at the
33 previous meeting, but noted a few updates since the previous draft such as revised future year
34 revenue increases, an adjustment of one percent. He noted that the rate drivers were primarily
35 raising operational expenses and needed capital spending and that the effect of cost escalations for

1 supplies, chemical and utilities varied despite a general inflation increase. He also noted that in
2 future years, beginning with fiscal year 2025-2026, a pass-through provision is being proposed for
3 Sonoma Water's wholesale rates. The Board asked questions about the pass-through including
4 what other agencies use it and was it common in general in the state. Mr. Hildebrand replied that it is
5 becoming more common and is legally allowed for wholesale water costs. Mr. Williams noted that at
6 least three water contractors have used it or plan to use it. Mr. Williams also noted that Kiosk was
7 working on simple graphics to explain the pass-through as well as other aspects of the rates.
8 Director Eichstaedt asked if we were to move an existing pump station to a location that is not ideal
9 engineering wise, will it affect our pumping costs. Mr. Williams said, yes, in addition to construction
10 costs, pumping has costs as well as previously noted in Mr. Hildebrand's presentation. Mr. Williams
11 said a pump station needs to be in an ideal hydraulic location to reduce the pumping costs. Eric
12 Miller said a pump station has to pump longer when it is not located well which means increased
13 pumping costs. Mr. Williams clarified that the Board's action tonight was not an approval of the
14 proposed rates. Director Baker asks if any members of the public would like to speak to this item.

15 Mary Stompe addressed the Board with a few questions regarding the rate study. She
16 asked if, as a Novato ratepayer, does Novato's rate revenue fund the West Marin and Oceana Marin
17 enterprises. Mr. Williams said that, when necessary, the Novato enterprise will loan funds to either
18 of the other two enterprises but it has to be paid back and there is an allocation of overhead to those
19 enterprises. Julie Blue added that the loans are not interest free. Ms. Stompe asked when was the
20 last time the rate methodology was reviewed and Ms. Blue said we try to review every 5 years. She
21 said that we keep the money for each enterprise separate. Ms. Stompe also said she was
22 concerned about the equity between the different types of customer and that it appears residential
23 customers are paying a higher rate. Mr. Hildebrand went over the information he had presented
24 showing the bill impacts for average users. He said the cost of service is the driver and no one
25 class (type or usage Tier) is being penalized. He also noted that the proposed 8.5% is a revenue
26 increase and affects the various rate structure components differently resulting in some individual
27 items with a percentage above or below the 8.5%. Director Petterle mentioned that the fixed rate on
28 is bill is now more than his usage. Mr. Williams said that the fixed charge is needed to ensure that
29 the water distribution system can deliver the water to each customer no matter how much is actually
30 consumed. Director Eichstaedt noted that the Low-Income Rate Assistance (LIRA) program is a
31 very important part of the overall picture. Mr. Williams noted that the LIRA program does not use
32 rate revenue and therefore is not subsidized by other customers; the funds come from limited
33 property taxes in Novato (0.1% of all property taxes collected).

34 On the motion of Director Petterle, and seconded by Director Joly, the Board approved the
35 item by the following vote:

36

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

2 NOES: None

3 ABSENT: None

4 ABSTAIN: None

5 **APPROVE: WEST MARIN WATER SYSTEM FINANCIAL PLAN UPDATE FY 24/25**

6 Julie Blue addressed the Board and went over the West Marin Water System Financial Plan
7 Update for 2024/25. She said that since the FY20/21 Rate Study some variables have changed
8 such as low water sales so a new rate study is recommended a year early. Ms. Blue noted that
9 despite decrease in water sales, there will be a 6% rate increase for the next fiscal year per the
10 2021 Rate Study, which is approximately \$7.70 per bi-monthly bill for the typical residential
11 customer. Tony Williams said that the long-term capital improvement plan is being looked at more
12 closely and is another reason to do a new rate study early. He said there are two key bridges in
13 West Marin that have our pipelines connected to them and since the bridges will be replaced our
14 pipelines will need to be temporarily moved and replaced and the costs will likely be more than
15 expected. Ms. Blue said that the District will be able to borrow funds in the future because much of
16 the previous debt will have been paid off. Ms. Blue also said that water sales are 19% below the
17 recent 5-year average. Director Eichstaedt, referring to the 5-year financial plan attachment, said he
18 is concerned with the lack of reserves in the bank over time. Ms. Blue said that it is due to the lack
19 of water sales and that is another reason to perform a new study early. Director Eichstaedt said that
20 the culture in West Marin is to conserve which in turn equates to lower water sales and questioned
21 how will we fund a new treatment plant in future years. Tony Williams said that staff have met with
22 Congressman Huffman last year, Assemblymember Connolly has visited the Novato Water System
23 and next year hopes to have him visit the Pt. Reyes Treatment Plant with the hope of identifying
24 future funding opportunities. He also said we may need to evaluate the type of water source in West
25 Marin and look at other options. Director Joly said it will challenge us to have new out of the box
26 thinking.

27 On the motion of Director Eichstaedt, and seconded by Director Fraites, the Board approved
28 the item by the following vote:

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

30 NOES: None

31 ABSENT: None

32 ABSTAIN: None

33 **APPROVE: OCEANA MARIN SEWER SYSTEM FINANCIAL PLAN UPDATE FY 24/25**

34 Julie Blue addressed the Board and said that many assumptions in the forecast are based
35 on the 2015 Ocean Marin Master Plan. The proposed 6% rate increase is projected for next fiscal
36 year and subsequent years. However, capital projects that were slated for next fiscal year that may

1 still need loans from the Novato water enterprise to fund them. Ms. Blue noted that the forecast
2 assumes revenue from new sewer connection fees every other year and that a total of \$75,000 has
3 been collected in the current year. Director Joly asked if there are substantive projects in the
4 coming years and Mr. Williams said the Tahiti Way Pump Station will need an upgrade soon.
5 Director Joly asked when the next Oceana Marin Maser Plan draft will be ready and Eric Miller said
6 sometime in 2026.

7 On the motion of Director Petterle, and seconded by Director Joly, the Board approved the
8 item by the following vote:

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

10 NOES: None

11 ABSENT: None

12 ABSTAIN: None

13 **INFORMATION ITEMS**

14 **TAC MEETING – JANUARY 8, 2024**

15 Tony Williams told the Board that if anyone is interested in touring the Sonoma Water
16 facilities, there are tours for the WAC/TAC members and to let him know. Director Baker highly
17 recommended taking the tours.

18 **MISCELLANEOUS**

19 The Board received the following miscellaneous items: Disbursements – March 21 and 28,
20 2024, Auditor-Controller's Monthly Report of Investments for February 2024, NOAA Three-Month
21 Outlook Precipitation Probability – March 21, 2024, NOAA Seasonal Drought Outlook – March 21,
22 2024.

23 The Board received the following news articles: Marin IJ – California proposes delaying rules
24 aimed at reducing water on lawns – PLAN QUESTIONED, Marin IJ – District faces opposition over
25 water pump – NOVATO, Marin IJ – Utility declines to rule out site for pump station – NOVATO,
26 Marin IJ – The science of weather will be key for supply – EDITORIAL, Marin IJ – Water storage
27 expansion sought – MARIN MUNICIPAL, Pt. Reyes Light – NMWD Budget Review Schedule,
28 Redheaded Blackbelt News – New plan afoot to divert water from the Eel River into the Russian
29 River after dams removed during high flows.

30 **ADJOURNMENT**

31 President Baker adjourned the meeting at 6:28 p.m.

32 Submitted by
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34 Eileen Mulliner
35 District Secretary
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