

1 **NORTH MARIN WATER DISTRICT**
2 **MINUTES OF REGULAR MEETING**
3 **OF THE BOARD OF DIRECTORS**
4 June 4, 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 Assistant General Manager/Chief Engineer Eric Miller, District
10 Secretary Eileen Mulliner, and Auditor-Controller Julie Blue. General Manger Tony Williams was
11 absent.

12 District employees Chris Kehoe, Construction/Maintenance Superintendent, Robert Clark,
13 Operations/Maintenance Superintendent, and Ryan Grisso, Water Conservation and
14 Communications Manager, were also in attendance.

15 **MINUTES**

16 On the motion of Director Joly, and seconded by Director Fraites, the Board approved the
17 minutes from the May 21, 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 **OPEN TIME**

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

25 **STAFF/DIRECTORS REPORTS**

26 Eric Miller informed the Board that on May 22 a comment letter was sent to the County of
27 Marin regarding the Initial Study/Mitigated Negative Declaration for the County's Coast Guard
28 Housing project. Mr. Miller noted that the comment letter is in the Miscellaneous section of the
29 agenda packet.

30 Mr. Miller explained to the Board that on May 29, City of Novato department heads and key
31 staff from the three special districts met and discussed the local permitting process with the goal of
32 improving collaboration to improve the process. The stakeholders agreed to implement a pilot
33 project to host office hours twice a month at the City's offices, for 2 hours at a time, where a
34 representative of each department and special district, such as the water district, sanitary district
35 and fire district, will be available during that 2-hour timeframe to assist City residents applying for a
36 permit. The goal of the office hours is to provide further context to applicants about the permitting

1 process and have each stakeholder participate in the same discussion to minimize confusion. He
2 said that Lia Solar, Engineering Service Representative, will be attending for the Water District as
3 she is the permit contact for the District. President Baker said that he would like updates on the
4 efficacy of the office hours. Mr. Miller said these meetings will begin in August and that he plans to
5 attend the first two meetings with Ms. Solar. He said he will report back to the Board. Director Joly
6 asked if these meetings were once a month and Mr. Miller said the plan is to start with meetings
7 twice a month to gauge public participation and that adjustments to the schedule may be made.

8 Mr. Miller noted that the June 18 agenda will include an item related to the upcoming
9 General Election in November seeking Board approval of a Resolution that will be sent to the
10 County Registrar of Voters requesting consolidation of the General Election and the District's
11 election. He also noted that the terms of four directors are set to expire at the end of 2024 and
12 reminded the directors that the candidate filing window for the upcoming election opens on July 15
13 and closes on August 9. Ms. Mulliner noted to the Board that the Registrar of Voters will be sending
14 out a link to all those on the ballot, as well as her, with information and documents that they will need
15 to fill out and return. She will forward that link when she receives it just to make sure that they
16 receive the necessary information.

17 Director Petterle noted that Dr. L. Martin Griffin passed away on May 22, at age 103. He
18 said that Dr. Griffin was a renowned conservationist in Marin, he was known for his participation in
19 helping save the Bolinas Lagoon. Dr. Griffin wrote the book 'Saving the Marin-Sonoma Coast'.
20 Director Petterle said a large portion of the book was about water-related topics. It mentioned
21 NMWD, MMWD, and the Potter Valley Project, among others. Director Petterle said Dr. Griffin
22 served on the MMWD Board in 1977. He said he highly recommends the book. Director Eichstaedt
23 agreed and said it is a transformational book.

24 Director Eichstaedt mentioned the letter to the County that is in the Miscellaneous part of the
25 agenda and said it is an excellent letter. He did say that it is important to get everything in writing
26 and to have a 'wish list' for things we want to do in West Marin. He said he feels there will be a
27 significant change in the treatment system in the next 10 years. He thanked Mr. Miller for the letter.
28 Director Eichstaedt also mentioned that he took a tour of Stafford Treatment Plant with Robert Clark
29 and thanked him for that. He also thanked Jeff Corda for being the Operator there. He also
30 mentioned Western Weekend in Pt Reyes and appreciated the water stations that had been put out
31 and thanked Mr. Clark for all his work and time. Lastly, Director Eichstaedt informed the Board and
32 staff that he will be on vacation from June 5 through July 13 and will not be in attendance for the
33 June 18 Board meeting. Mr. Miller said if he was interested in attending via Zoom there are some
34 rules in relation to doing so.

35

1 **CONSENT CALENDAR**

2 On the motion of Director Petterle, and seconded by Director Joly, the Board approved the
3 consent calendar as presented by the following vote:

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

5 NOES: None

6 ABSENT: None

7 ABSTAIN: None

8 Director Petterle added that he has been pleased with Kiosk and also with Ryan Grisso's
9 interaction with them.

10 **AGREEMENT WITH KIOSK FOR COMMUNICATIONS AND PUBLIC OUTREACH**

11 Kiosk Creative LLC (Kiosk) has worked with the District since 2019 assisting us in
12 implementing public communications and outreach. In order to continue the communications and
13 outreach effort with Kiosk, a new agreement is needed. This agreement includes an increase to the
14 budget and scope this year to continue our communications expansion to include an effort to
15 transition our Waterline newsletter to a digital email form and also begin work on an educational
16 video campaign through social media.

17 **INFORMATION ITEMS**

18 **BUDGET REVIEW – PROPOSED FY 24/25 BUDGETS NOVATO AND WEST MARIN SERVICE**

19 **AREAS**

20 Julie Blue went through the presentation that had been prepared for the Proposed FY 24/25
21 Budgets for the Novato and West Marin Service Areas. The key points were Key Assumptions,
22 Historical Billed Water Consumption, Budget Summary, Financial Forecast, and Outstanding Debt.
23 Ms. Blue said, under the key assumptions, the water consumption estimate for Novato is 2.1 billion
24 gallons (BG) with a rate increase of 8.5%, 215 MG for Recycled Water with an 8.5% rate increase,
25 and 50.3MG with a 6% rate increase for West Marin Water, and a 6% rate increase for Oceana
26 Marin Sewer customers. She said the budget is set so all areas are independent, however the
27 Novato enterprise will at times loan money to the other enterprises. She noted that currently the
28 West Marin area owes approximately \$840,000 to the Novato service area. Additional assumptions
29 discussed included inflation between 3-6%, \$1.1M increase to salaries and benefits, a 7% assumed
30 increase in health insurance, a 29% increase to Workers Compensation insurance, and 31% of
31 employee earnings towards pension costs. She also noted that that the wholesale water rates from
32 Sonoma Water have increased by 11.74%, there will be an update to the Master Plan and
33 Emergency Operations Plan, memberships, software, and permit fees will increase by 4%, and
34 insurance premiums will increase approximately 21%.

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1 Ms. Blue went over the 10-year averages for Historical Billed Water Consumption. She said
2 the main driver in the decreased revenue is a reduction in water sales. For Novato, 2.3BG is the
3 consumption rate over a 10-year period. For Recycled Water, Ms. Blue said there was a spike in
4 FY20 & 21, but the consumption volume has leveled back out. She said it is difficult to predict the
5 needs of the high users, such as the golf courses. The 10-year average for Recycled was 86MG. In
6 West Marin, the 10-year average is 62MG. Sales dropped in FY 21/22 and has since flattened but
7 she said we are hoping for a rebound. She said it is challenging to predict with only 790 customers.

8 For the Budget Summary. Ms. Blue went over the slide that demonstrated the operating
9 revenue for each area. For the Novato area, total operating revenue is \$25.8M, Recycled Water
10 \$1.7M, West Marin Water is \$999K, and Oceana Marin Sewer \$347K. The total Operating Revenue
11 is \$28.9M. Operating Expenses total \$23.6M for FY 24/25. Ms. Blue said the operating expenses
12 are comprised of source of supply, pumping, operations, water treatment, transmission &
13 distribution, sewer operations, consumer accounting, water conservation, and general
14 administration.

15 Ms. Blue showed a slide that listed proposed costs of Capital Improvement Projects for each
16 of the areas. Novato has 27 proposed CIP projects for a net cash cost of \$3.5M, Recycled Water
17 projects will be fully offset by funds from the Capital Replacement and Expansion fund, West Marin
18 Water CIPs total \$400K, and Oceana Marin Sewer \$180K.

19 Ms. Blue said the Studies and Special Projects portion of the proposed budget totals \$860K.
20 President Baker asked about the Lagunitas Creek Bridge project in West Marin. Eric Miller
21 confirmed that the project is referring to Caltrans' planned replacement of the Green Bridge on State
22 Highway 1 just south of Point Reyes Station. Ms. Blue said that because the West Marin area has
23 aging infrastructure, additional projects may come up. Director Eichstaedt asked if the Master Plan
24 is done prior to the Rate Study. Mr. Miller said components of the Master Plan update will feed into
25 the Rate Study concurrently.

26 For the Financial Forecast and Debt Service part of the Budget, the Financial Forecast for all
27 service areas shows the budget will provide cash reserves above the minimum. During the
28 forecasted period, the debt service coverage ratio is at or above 1.5 (approximate). Ms. Blue said
29 that for Debt Service there is a balance \$38.2M in outstanding debt for all service areas.

30 In regards to the Budget Review and Rate Hearing Schedule, Ms. Blue said that the Prop.
31 218 notices have been sent out and that there have been several meetings since March 13 for the
32 budget review and rate hearing. Ms. Blue noted that four items are to be voted on at the June 18
33 Board meeting. Director Petterle asked if we have noticed the public and both Ryan Grisso and Ms.
34 Blue said that they have. An ad has run in the Marin Independent Journal and Pt. Reyes Light on
35 several occasions with the Budget Review and Rate Hearing Schedule as well as on our website.
36 Director Petterle also mentioned that Prop. 218 should be explained in more detail for the public. He

1 said that our consultant, Hildebrand Consulting, goes into great detail on the budget review and
2 rates however feels that, although it is important to be detailed, should be concise for the audience.
3 Ms. Blue said she will review the rate hearing presentation and that she has already begun to scale
4 it back some. Director Joly agreed with Director Petterle that Prop. 218 needs a general explanation
5 and that an explanation as to why we have to follow it. He said that we have tremendous
6 transparency and detail. Also, that we have annual audits and the information is providing to the
7 public and said this is a good thing to do.

8 Director Joly asked about the fire service replacements line item in the budget. Robert Clark
9 said that fire services exist at commercial buildings to help protect them via fire sprinklers in case of
10 a fire. He said that historically the fire service backflow devices have been owned by the District, but
11 that we are in the process of developing a plan to transition ownership of those devices to the
12 individual building owners. He said there are approximately 160 devices that need adjustments in
13 order to meet the current cross connection control testing standards and that we are in the process
14 of replacing them. Once replaced, ownership of the device will be transferred to the building owner.
15 Director Eichstaedt asked where delineation of ownership would be on the fire service. Mr. Clark
16 responded that we used to own the backflow devices but, with the change in ownership, the shut off
17 valve would be the new point of demarcation. Mr. Clark noted that we will be revising Regulation 36
18 to reflect the ownership changes for fire services.

19 Director Eichstaedt also asked Ms. Blue if we are looking ahead at the next 10 years and
20 have any projections for water revenue since it is about 75% of the budget and what could we be
21 doing to curtail the model. Ms. Blue said we have looked out 30 years and Ryan Grisso said we are
22 also looking at the previous 5 years. Ms. Blue noted that if we keep doing rate studies, we will stay
23 ahead of revenue decline.

24 Director Eichstaedt commented, in regard to West Marin, that the operating expenditures are
25 10% however the rate increase will be 6% and asked if that a placeholder for the next few years.
26 Ms. Blue said that it will be 6% increase this year, and a 7% increase next year. She said we will be
27 doing a rate study next year so the rate increase is a placeholder for now. She noted that there are
28 only 790 customers in West Marin and when unexpected projects come up, costs increase. Eric
29 Miller said we have to figure out other funding sources for capital projects, it's unsustainable to
30 continue borrowing from the Novato enterprise. Director Eichstaedt noted that 12% of the West
31 Marin CIP budget are from grants and asked if we think there will be more. Mr. Miller said he wasn't
32 aware of any grant opportunities at the moment, but that grant funding for projects that address
33 water supply resiliency are more likely than grant funding for infrastructure replacement projects, like
34 a new treatment plant. He noted that the District's pipeline replacement across the Green Bridge
35 was unsuccessful in securing grant funds and that the cost of the project will put a strain on the

1 West Marin budget. He said that grant funding will be key to West Marin being able to keep up with
2 deteriorating infrastructure.

3 Director Joly noted that staff did a very good job with the financials. Ms. Blue mentioned that
4 we are proposing to sell the West Marin house the District owns, it doesn't continue to serve us any
5 purpose. The value could be in the \$800,000 range.

6 Ms. Blue noted that the Board will see the budget again on June 18 for approval. Director
7 Eichstaedt asked if it will include a rate graph of other small size districts but Ms. Blue said she will
8 check with the rate consultant to see if he can provide an updated chart.

9 Ms. Blue also noted to the Board that we have received 14 rate protest letters to date, one
10 from West Marin, the others from Novato. She said she will forward them to the Directors at the end
11 of the comment period.

12 Director Joly commented that it is good we are transparent to the public. Ms. Blue also noted
13 that Kiosk has done a good job as well in pushing out information to the public.

14 Director Eichstaedt asked about the Lynwood Pump Station project. Mr. Miller said that staff
15 is planning to bring a project update at the July 16 meeting. Mr. Miller said the project update will
16 include discussion of additional sites for consideration and that staff will be seeking direction from
17 the Board on how to proceed.

18 **MISCELLANEOUS**

19 The Board received the following miscellaneous items: Disbursements – May 23 and 30,
20 2024, Auditor-Controller's Monthly Report of Investments for April 2024, FY 24/25 Insurance
21 Renewal, and Comment Letter to County of Marin re PRS USCG Coastal Permit and Conditional
22 Use Permit: Draft Initial Study/MND. The Board received the following news article: Point Reyes
23 Light – Notice of Public Hearing.

24 Director Joly noted that Nancy Williamson's item on the insurance renewal is very helpful
25 and asked Ms. Blue to thank her. Ms. Blue also said that Ms. Williamson is very helpful in putting
26 this information together.

27 **ADJOURNMENT**

28 President Baker adjourned the meeting at 5:07 p.m.

29 Submitted by

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32 Eileen Mulliner
33 District Secretary
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