

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
DECEMBER 3, 2024**

CALL TO ORDER

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

District employees Chris Kehoe, Construction Superintendent, and Robert Clark, Operations and Maintenance Superintendent, Susan Dove, Avram Pearlman, Lia Solar, Tim Fuelle, Corey Reed, Rebecca Sylvester, Sebastian Rubio-Gomez, Nancy Williamson, Ling Reilly, and Vincent Verissimo were also in attendance. Chris Brown, of C.J. Brown and Co., the District's outside auditor, was also in attendance.

MINUTES

On motion of Director Fraites, seconded by Director Petterle, the Board approved the minutes from the November 5, 2024 meeting by the following vote:

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

NOES: None

ABSENT: Director Baker

ABSTAIN: None

GENERAL MANAGER'S REPORT

Tony Williams said that he did not have a Potter Valley Project update, but noted that PG&E is slated to have their decommissioning and surrender plan completed next month.

Mr. Williams said that Kent Gylfe, Director of Engineering at Sonoma County Water Agency (Sonoma Water / SW), will be attending the January 21, 2025 Board meeting to present SW's Capital Improvements Program status. He said that SW is using the templates Eric Miller's created for both CIP budget as well as the table listing the projects and the status for each.

Mr. Williams said that SW reported that there was an over 35,000 acre-feet increase in Lake Sonoma storage in 4 days from the atmospheric river in late November. He said it made up for all the releases from the lake from May through November and they were still gaining storage due to runoff.

Mr. Williams reported that he met with Derek Johnson, the new Marin County Executive (formerly called the County Administrator), on November 18 and, among other things, discussed the Coast Guard housing project in Pt. Reyes Station.

Mr. Williams said that he, Robert Clark and Eric Miller met with Jason Fried, Executive Office from Marin LAFCo, and the City of Petaluma to discuss the District's Sonoma County customers that are outside the Novato Service Area and the possible outcome is that some of these customers will get transferred back to the City of Petaluma. Mr. Williams noted that these discussions will continue for several months.

Mr. Williams noted that in the Miscellaneous section of the agenda, there is an item from ACWA, "Update on Priority Issues", that is sent out monthly which includes regulation updates. He said he will include these in Miscellaneous when there is a regulation update that would be relevant.

He also reported that Ben Horenstein of Marin Water will be attending the February 18 Board meeting to give an update on their water supply improvements they are undertaking.

Lastly, Mr. Williams said we received the formal certification the election results from the County and the Board will remain as it is and he congratulated Directors Eichstaedt and Joly.

Vice President Joly asked in order to confirm that the December 17 Board meeting will be when the reorganization of the Board will occur and Mr. Williams said that was correct.

OPEN TIME

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

STAFF/DIRECTORS REPORTS

Vice President Joly asked if there were any staff or director's reports.

Eric Miller reported that although quarterly updates have been brought to the Board on the Admin & Lab Building project, because completion is projected for early 2025, that he will skip the Fall 2024 project update and that his next presentation will be a project completion report and is tentatively scheduled for Quarter 1, 2025.

Vice President Joly asked Mr. Miller if a Lynwood Pump Station update will be on the agenda for the January 21, 2025 meeting. Mr. Miller said there is nothing new to report at this point but once there is more information regarding additional sites for the project he will bring an update to the Board. He noted that the project website is being updated periodically to keep customers informed and Vice President Joly said this was good.

ACTION CALENDAR

APPROVE: ACCEPT FY 23/24 ANNUAL COMPREHENSIVE FINANCIAL REPORT AND MANAGEMENT REPORT

Julie Blue said that Chris Brown of C.J. Brown & Company CPAs would be giving a presentation to the Board on the Annual Comprehensive Financial Report and Management Report for FY 23/24. Before turning it over to Mr. Brown, Ms. Blue first introduced and thanked Nancy Williamson, Ling Reilly, and Vincent Verissimo, the District's accounting staff, for their assistance

and said they were instrumental in working with C.J. Brown & Company to get the audit completed. Mr. Brown then proceed with the presentation. He said the audit was broken into several parts, and the audit that was performed in accordance with the auditing standards generally accepted in the U.S., the reports, which include the auditor's report and the unmodified opinion, the District award, which is the Certificate of Achievement for Excellence in Financial Report for 2023, and the Management Report. He said the District will very likely receive the 2024 Certificate of Achievement as well. Mr. Brown outlined the Management Report which consists of the Auditor's responsibility under U.S. GAAS, the scope of the audit, the District's Accounting Practices, corrected and/or uncorrected adjustments, difficulties encountered in performing the audit, which none were noted, and any disagreements with management, again, none were noted. He then went on to go through the financial highlights. He said the total assets increased \$1.6M and liabilities have decreased by \$1.2M, with the total net position up by \$3.8M. Total revenues increased by \$3.5M, total expenses have increased \$5.9M, operating expense is up by \$6.4M, and non-operating expenses have decreased \$54,000. The net position at the end of the fiscal year is \$130,043,353.

Vice President Joly asked, in relation to GASB 68 (Governmental Accounting Standards Board – Pension Liability), if Mr. Brown had seen anything that should be relayed to the Board. Mr. Brown said that the District's liability balances are fairly high but nothing concerning. Vice President Joly also asked about interfund loans and recycled water transfers and if there was anything unusual, and, again, Mr. Brown said he did not have any concerns that came out of the audit. Both Vice President Joly and Petterle congratulated Julie and her team on their work on the audit.

On the motion of Director Petterle, and seconded by Director Fraites, the Board approved the FY 23/24 Annual Comprehensive Financial Report and Management Report by the following vote:

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

NOES: None

ABSENT: Director Baker

ABSTAIN: None

APPROVE: DISTRICT LEGAL COUNSEL SERVICES COMPENSATION INCREASES

Tony Williams noted to the Board that the District has been using the legal services of Bold, Polisner, Maddow, Nelson, & Judson since 1959 and they have provided us with very good service. He said that Craig Nelson had reached out to him to discuss their rate and that they have been charging the District a far lower rate than what is charged to other agency clients. Mr. Williams said that one of the attorneys, Kevin Moore, has been the lead for the Administration & Lab Building Upgrade project and his fee has been negotiated to a lower increase to \$300 from January 1, 2025 to July 1, 2025. A blended rate of \$325, an increase from the current \$225, will be used for the rest of the firm for an hourly rate beginning on January 1. He noted that Craig Judson and Sharon Nagle

will be attending the February 4, 2025 meeting to give a refresher on the Brown Act and other legal requirements. Vice President Joly noted that the increase reflects an inflation rate of 8.5% a year and feels this is a good deal, and Director Eichstaedt concurred.

On the motion of Director Eichstaedt, and seconded by Vice President Joly, the Board approved the District Legal Counsel Services Compensation Increases by the following vote:

AYES: Director(s), Eichstaedt, Fraitcs, Joly, and Petterle

NOES: None

ABSENT: Director Baker

ABSTAIN: None

INFORMATION ITEMS

FY 2024/25 1ST QUARTER FINANCIAL STATEMENT

Julie Blue addressed the Board and went over the FY 2024/25 1st Quarter Financial Statement. She said that the consolidated revenue was 34% of budget and operating expenses were 30% of the budget. Fiscal year to date \$3.3M has been spent on capital projects. She stated that the two main capital projects are the Admin & Lab Upgrade project and the Oceana Marin Treatment Ponds Rehab project. She noted that Novato year-to-date has 10% higher revenue due to an increase in water sales and that operating expenses are higher due to Sonoma Water purchases. Ms. Blue said that we have collected about \$64,000 in Facility Reserve Charges (FRCs). She said that, in Novato, fiscal year to date 767 million gallons of water have been consumed which is 5% higher than in FY24. For Recycled Water (RW) 115 million was consumed which is 35% higher than in FY24. In West Marin 20.8M gallons was consumed, 24% higher than the prior fiscal year, which represents an increase in revenue of about \$56,000. She noted that Oceana Marin has 239 accounts, with an increase of \$11,000 in revenue. Ms. Blue thanked her staff, Nancy Williamson, Ling Reilly, and Vincent Verissimo, for their assistance in producing the financial statements. Vice President Joly asked Robert Clark when Stafford Treatment Plant will be starting up again and Mr. Clark responded that it will not be before the end of the calendar year, hoping it will be in January. He said we have had issues with the media supplier. However, he said that during the time it has been down, a little over a year, we have been able to take care of some issues and complete some capital improvement projects.

PROJECT COMPLETION PRESENTATION – ARTHUR STREET

Tim Fuelle began the presentation giving the background on the project. He noted that Corey Reed was very instrumental in the project. He said the project had a pipeline conflict in the intersection of Arthur and Cambridge. There were also design discrepancies that were noticed by the contractor, W.R. Forde, and a new design was done to relocate the water main and abandon the existing one in the intersection. Corey Reed then took over and gave an overview of the

construction phase. He explained the various stages and challenges of the project. He noted that Engineering, Construction and the Maintenance departments were all involved. He thanked all the people in Engineering who assisted on the project for their work and support. Director Eichstaedt said it was great that we worked with the public and other agencies and there were no complaints. Corey also thanked Shawn Kane, the Warehouseman, for all his help in procuring parts for the job. Director Petterle noted that he hears from the public on occasion and they always say how outstanding the District and crews are and said he is very proud to be part of the District. Director Fraites said they did a great job and congratulated everyone involved. Mr. Williams noted that the crew that worked on this project is a very young crew, the longest tenured member of this crew was 5 years working at the District.

PRELIMINARY BOARD MEETING CALENDAR FOR 2025

Tony Williams said this item was in draft form so that he could get input from the Board. He said there are a couple of months that we are asking to have only Board meeting. He said that preparing for Board meetings takes a great deal of time for preparation and because of this we often aren't able to get to some other tasks completed. He mentioned, for example, that the Board Policies are generally supposed to be reviewed annually but the majority of them have not been reviewed since 2013. He said that there are several comparable agencies that meet once a month. He also noted that the number of meetings is not a requirement in the Water Code. Director Petterle said that he is ok with the draft 2025 meeting calendar as a trial and mentioned the consideration of standing committees. Vice President Joly did ask that the second meeting date in November, the 18th, be put back on the calendar but he is ok with it being noted as tentative.

WAC/TAC MEETING MINUTES – AUGUST 5, 2024 AND TAC MEETING MINUTES – OCTOBER 7, 2024

Tony Williams noted that Sonoma Water had been downgraded in their bond rating but that was not a concern with our rates or their ability to get future funding. Regarding the TAC meeting minutes, he noted that SW's Operations Director, Pam Jeane, has retired and that she will be missed.

NBWA MEETING – NOVEMBER 8, 2024

Director Fraites reported that the November 8, 2024 meeting was held at the Ross Valley Sanitary District's office. He said the group got to tour their offices. He said the main topic was on reforesting the Napa Valley. He said that because of the wineries removing oaks over the years to make way for the vineyards, the Napa Valley Forest Hill group is working with the wineries to replant the valley with oaks.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements - Dated November 7, 14, 21, and 27, 2024, Monthly Progress Report, Auditor-Controller's Monthly Report of Investments for September 2024, ACWA Update on Priority Issues, NOAA Three Month Outlook Precipitation Probability, and NOAA Seasonal Outlook Drought Probability.

The Board received the following newspaper articles: Marin IJ – Caltrans set back on work at bridge – WEST MARIN, Point Reyes Light – Caltrans told to scour options before removing redwood tree.

ADJOURNMENT

Vice President Joly adjourned the meeting at 5:21 p.m.

Submitted by



Eileen Mulliner
District Secretary