

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
March 18, 2025**

**CALL TO ORDER**

President 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 Jack Baker, 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, Robert Clark, Operations and Maintenance Superintendent, Ryan Grisso, Tim Fuelle, Sebastian Rubio-Gomez, Blake Hall, Susan Dove, Lia Solar, Vincent Verissimo, Avram Pearlman, Karen Clyde, Jose Ochoa, Nancy Williamson, Stacie Goodpaster, Connie Filippi, and Pablo Ramudo, were also in attendance.

Joe Kauwe and his family, and Chris DeGabriele were also in the audience.

**APPROVE: RESOLUTION OF APPRECIATION – JOE KAUWE**

President Joly read aloud the Resolution of Appreciation for Joe Kauwe and Tony Williams presented the framed resolution to Joe. The audience clapped and gave Joe a standing ovation. Director Petterle spoke and said Joe is one of the most remarkable humans he has met. He said he had a wonderful outlook on life and wished him the best in his retirement. Director Baker said he knew Joe from his days at the County of Marin and that he was a pleasure to work with. Mr. Kauwe thanked the Directors for their kind words. Mr. Kauwe's daughter and sister both thanked everyone for organizing this day for Joe. Former General Manager Chris DeGabriele spoke and said he could always count on Joe to be able to find information for him no matter how old the project was and that he was great to work with and wished him the best. Director Joly stated how remarkable it is the Joe served the District for 44 years. The audience again clapped for Joe. Joe and his family left the meeting.

On the motion of Director Baker, and seconded by Director Petterle, the Board approved the Resolution of Appreciation for Joe Kauwe by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

**MINUTES**

On motion of Director Petterle, seconded by Director Baker, the Board approved the minutes from the March 4, 2025, meeting by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

### **GENERAL MANAGER'S REPORT**

Tony Williams said he is expecting to advertise Robert Clark's position next week. The goal is to have several months of overlap for the new person. It was noted that Robert has been working at NMWD for 25.5 years.

Mr. Williams said he will be meeting Claire Garvie of Kiosk soon. He said she will attend a Board meeting April to give an overview of the strategic planning efforts to date and the next steps.

### **OPEN TIME**

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**

President Joly asked if there were any staff or director's reports and there was no response.

### **ACTION CALENDAR**

### **APPROVE: BID ADVERTISEMENT FOR SAN MATEO TANK 24-INCH TRANSMISSION MAIN PROJECT**

Eric Miller spoke to the Board and said that at the last Board meeting he brought an item for a consultant agreement in regards to the San Mateo Tank project. He said this item was seeking approval to advertise for construction of the project. He said the estimated cost estimate for the project is \$1.3M. Mr. Miller said that the neighborhood will be notified of the project when it is time. He said the bid will be on the District's bidding website but it is actually connected to a larger local plan room. The project will be advertised in the Marin IJ as well. President Joly asked how long the bid process is and Mr. Miller said about 5 weeks. He noted that around the 3-week mark, staff will host a mandatory pre-bid meeting. Director Baker cautioned to thoroughly check the references of the low bidder. President Joly said Mr. Miller is in a good position to ascertain the best bidder. He also asked how many tanks are in this particular area. Mr. Miller said the San Mateo Tank is one of the larger tanks and that there are several other Zone 2 tanks that serve the area.

On the motion of Director Eichstaedt, and seconded by Director Baker, the Board approved the Bid Advertisement for the San Mateo Tank 24-Inch Transmission Main Project by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

### **INFORMATION ITEMS**

#### **DRAFT 2025 WEST MARIN WATER RATE STUDY**

Tony Williams introduced Mark Hildebrand of Hildebrand Consulting. He said there has been two West Marin Services Ad hoc Committee meetings with Mr. Hildebrand, staff and Directors Eichstaedt and Fraites. Mr. Hildebrand spoke to the Board and went through his presentation, the 2025 West Marin Water Rate Study – Draft Recommendation. The key points were rate studies overview, financial plan, rate design, and project schedule. He said the rate study objective is to make sure the rate structure complies with Proposition 218 and that the rate setting process includes three general steps: revenue requirements, cost of service, and rate design. Mr. Hildebrand explained the financial plan and said that the West Marin Enterprise has cash reserves of \$492,000 as of the beginning of the fiscal year and anticipated revenue of \$1,103,000 for fiscal year 24/25. He noted that approximately 95% of revenue is from water sales. Mr. Hildebrand said the estimated operating expenses and debt service totaled \$1,109,000, which does not include capital spending. For proposed rates, the cost escalation assumptions include a 5% per year for utilities, chemicals, and supply and 3% for all other costs. President Joly said he would like a sensitivity analysis to see what impacts higher inflationary values have on the rates. Mr. Hildebrand then went over the primary rate increase drivers which include two upcoming bridge projects, Gallagher Well No. 3, as well as rehabilitation of the treatment plant. Mr. Hildebrand said inflation and revenue were also factors. Julie Blue added that the Employee Association MOU salary increases were impacting the rates and were not included in the 2021 rate study. Mr. Hildebrand said there are two categories for reserves, minimum which is made of operating reserve and liability contingency reserve, and target reserves which is the maintenance accrual fund. He then showed a chart that detailed the capital spending for projects through 2035 with some projects using loan and grant funds. Director Eichstaedt asked what is the largest grant we have received and Mr. Williams said we received \$17M in total grants for the recycled water system. Mr. Williams noted that the District doesn't have a grant writer and that we generally use consultants to apply for our grants although staff prepared the Gallagher Well No. 2 grant. Mr. Hildebrand went on to show one scenario for Capital Spending that listed the 2 bridges, Gallagher Well No. 3 and the treatment plant rehab, then all other projects deferred until FY30. Director Fraites asked about federal funding and Mr. Williams said that currently only FEMA is being considered which has an uncertain future. Director Eichstaedt asked if there is a strategy in going after the grants. Mr. Miller answered that hasn't really been discussed in depth yet and Mr. Williams added that there have been some preliminary talks with other West Marin water providers. Mr. Hildebrand then showed a financial forecast over 20 years that showed a 19% rate increase over 4 years, then dropped to 15% for the

5th year, then dropping to 3% in 2031. He then went on to show Scenario 2 that has the 2 bridges, Gallagher Well No. 3, all debt funded, and the treatment plant rehab being deferred to 2040 and would be cash funded and partially grant funded. He then went on to discuss the cost of service study and rate structure design. He said the existing rates consist of fixed services charge and quantity charges. He explained what the basis was for the current three-tiered rates and recommended to change to 2 tiers. He also recommended to change to a uniform rate for commercial accounts, which currently include a seasonal rate. Mr. Hildebrand said the fixed vs variable revenue show that approximately 11.2% of operating costs and 5.8% of all costs are variable and yet 73% of rate revenue is currently variable. The proposal is to slowly increase the amount of revenue that is fixed, which would minimize the impact on rate payers. He also showed the changes to the hydraulic zones charges and that Zone 3 (Olema) is decreasing. Mr. Hildebrand then showed proposed rates for year 1 that illustrated the proposed vs current rates and also showed the bill impacts by customer type. A survey of single family residential bills from the other regional water providers showed NMWD's cost to be the lowest for current rates and second lowest for proposed rates. Mr. Williams added that in talking with other General Managers in West Marin, they have started increasing their rates as well due primarily to capital needs. Director Petterle asked if we are billing monthly in West Marin and Ms. Blue said we are still billing bi-monthly and that the bill impacts are per bill and the survey period was a month. Mr. Hildebrand ended with showing the rate study timeline which started in January and will end with the implementation of new water rates effective July 1, 2025. Director Fraites asked if there is press coverage in West Marin and Mr. Williams said we are getting the message out, that he has done a radio interview and we have notified customers of scheduled public meetings through the newsletter that was mailed out to each customer. He also said we have a dedicated web page and are pushing out information via social media, and will publish in the Pt. Reyes Light as well. Director Petterle said putting an article in the Pt. Reyes Light would be good and Director Eichstaedt agreed. Robert Clark said there is the opportunity to talk to the community once a month at the Rotary Club meeting. Director Eichstaedt said it would be good if Mr. Clark could do that. President Joly said he wants us to take the initiative and get the message out. President Joly told Mr. Hildebrand it was a good presentation and the Board thanked Mr. Hildebrand. Director Petterle said for the Board meeting on April 15, he should try to keep the presentation to 20-25 minutes, President Joly said to keep it simpler, maybe not so much detail. Director Eichstaedt said that the capital spending and projects are important and that should be highlighted in our communications to customers.

### **POTTER VALLEY PROJECT – NEW EEL-RUSSIAN FACILITY UPDATE**

Tony Williams said there will be more detailed information in the closed session but that he did include the NERF MOU again, which is a critical juncture in the future of Potter Valley diversions. He said it's complicated. He also said that the TAC members are getting briefed by Sonoma Water

staff on how the hydrology supports future diversions. The good news is there is an MOU that the Eel River interests have signed with the Russian River interests to come up with a final agreement to develop a water diversion strategy and water could be available to transfer from the Eel. He said there is a lot of money that's being committed to the two rivers systems and there's concern of who is going pay for all of this. He said the \$18M pledge from the state was extremely helpful. He also said there's potential federal for another \$15M through the Bureau of Reclamation but the funds are uncertain. Director Fraites asked what the acronym was and Mr. Williams confirmed it is NERF. He said they can discuss this more in closed session. President Joly thanked him for including the MOU in the packet again.

### **TAC MEETING AGENDA – MARCH 3, 2025**

Tony Williams said that on Item #9, SCWA Government Affairs Update, on the TAC Meeting Agenda, that Sonoma Water staff are tracking FEMA funding, Bureau of Reclamation funding, and State funding. He said that he stays in touch with Brad Sherwood, who oversees Sonoma Water's Community and Government Affairs Division to make sure we don't miss anything.

### **NBWA MEETING AGENDA – MARCH 7, 2025**

Director Fraites said the NBWA meeting met at Novato Sanitary District's offices. He noted that Director Baker and Mr. Williams attended as well. He said there wasn't a speaker at this meeting and, instead, the directors asked each participant what work programs would be in the next fiscal year and each District gave a report. Tony Williams noted that NMWD will be hosting NBWA's May 2<sup>nd</sup> meeting.

President Joly asked Robert Clark how the treatment plant was going. Mr. Clark said he would like to say smoothly but it has some growing pains. He said the filter run times are much shorter than we would like. He said they would like to see 21 hours but seeing more like 8-10 and they are trying to figure out why. He said they are only running Monday – Friday, 8-12 hours a day. President Joly asked if they will continue to run it and Mr. Clark said it depends on the weather.

### **MISCELLANEOUS**

The Board received the following miscellaneous items: Disbursements – Dated March 6 and 13, 2025, Monthly Progress Report, Auditor-Controller's Monthly Report of Investments for January 2025, News Release – Natural Resources Agency Thanks Tribal Leaders, No. California Counties and Conservation Groups for their Leadership as Historic Agreement Announced to Secure Water Reliability in the Russian River, Benefit Salmon on the Eel River, SF GATE- A California reservoir could disappear if PG&E gets their way, Sonoma Water - Water Transmission System Draft Budget Overview.

The Board received the following news articles: Marin IJ – Regional water pipeline advances – MARIN MUNICIPAL, MMWD board VP shares resiliency plan - MARIN VOICE, Pt. Reyes Light – Letter to the Editor - Planning ahead for water.

The Board also received the NMWD Web and Social Media Report – January 2025.

President Joly recessed the Board at 5:45 and took a ten-minute recess.

### **CLOSED SESSION**

President Joly President Joly convened the Board into closed session at 5:55 p.m. to discuss the Potter Valley Hydroelectric Project and PG&E Draft Application for Surrender of License and Application for Non-Project Use of Project Lands. Robert Maddow, of Bold, Polisner, Maddow, Nelson, and Judson, was also present via telephone.

### **OPEN SESSION**

Upon returning to regular session at 6:39 p.m., President Joly stated that no reportable action had been taken during Closed Session.

### **ADJOURNMENT**

President Joly adjourned the meeting at 6:40 p.m.

Submitted by



Eileen Mulliner  
District Secretary