

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
April 15, 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 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, Susan Dove, Vincent Verissimo, Karen Clyde, Nancy Williamson, and Pablo Ramudo were also in the audience.

MINUTES

On motion of Director Petterle, seconded by Director Fraites, the Board approved the minutes from the April 1, 2025, 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 gave a brief Potter Valley Update. He said there have been many meetings among water contractors and Sonoma Water staff and attorneys. He said the focus is to get a water diversion agreement between ERPA and the Round Valley Indian Tribe some time in June or July. He said he will keep the Board updated as things progress.

Mr. Williams said that at a recent Board meeting the Oceana Marin (OM) enterprise and the 2022 Dillon Beach Village study conducted by the County was discussed. He said he submitted a letter to the county which he hopes conveys the wishes of the Board and that a copy of the letter is in the Miscellaneous section of the agenda. He said that he and Director Fraites attended a Marin Sonoma Water Managers meeting on April 3, here in NMWD's Board room. Attendees were Grant Davis, Ben Horenstein and Paul Sellier, of Marin Water, Chelsea Thompson from City of Petaluma, and Supervisor Dennis Rodoni. The focus of the meeting was discussion of Marin Water and Sonoma Water trying to renew two agreements and to merge them into one. It is possible that Ben Horenstein of Marin Water will be back at a future meeting to discuss.

Mr. Williams said that NMWD has been involved with the Novato Chamber's Leadership program, mentioning that Chris Kehoe is currently attending the program, and that one of the groups in the current class has developed a program to display art from artists that have either developmental or intellectual disabilities and that we currently have a painting from one of the artists

on display in our lobby. He said the piece is very nice and is actually for sale as well. We will have it on display until April 25. There are several businesses in Novato that have art on display as well and there is map that shows where they are all located. He also mentioned that there will be a Leadership Novato session here at the District tomorrow.

Director Baker joined the meeting.

President Joly asked about the status grant for Dillon Beach in regards to provisions in OM letter. Mr. Williams said that provision have not been met. He said we have received a reimbursement check but there is a an approximately 10% retention of the total grant still pending.

Director Baker asked in regards to a LAFCO meeting last fall in Inverness and if Mr. Williams has heard anything since. Mr. Williams said he did attend a LAFCO Commission meeting with Eric Miller last week and the application to adjust the boundary was approved. He said it will take several months before the state officially approves it.

OPEN TIME

President Joly asked if anyone in the audience wished to bring up an item not on the agenda. Director Baker noted that he attended the last NBWA meeting and that the topic was on golden mussels and the issues some lakes in California are having with them. Director Fraites noted that he can provide additional information during the NBWA item later in the Agenda.

STAFF/DIRECTORS REPORTS

President Joly asked if there were any staff or director's reports. Pablo Ramudo commented on the golden mussels and that we have no issues with the species in Stafford Lake and we have protocols for mitigating them. He said our operators are trained to keep an eye out for them.

ACTION CALENDAR

APPROVE: ACCEPT 2025 WEST MARIN WATER RATE STUDY DRAFT REPORT AND APPROVE WEST MARIN WATER RATE INCREASE NOTICE (PROP 218)

Mark Hildebrand, Hildebrand Consulting, gave a presentation to the Board on the West Marin Water Rate Study Draft Report. Mr. Hildebrand said the report covers the following points: rate studies overview & scope, review financial plan, proposed capital spending plan, rate design & structure topics, and project schedule. For rate studies, Mr. Hildebrand said the objective was to develop a multi-year financial plan and update the rates to make sure they comply with Prop. 218. He said there are three steps to the rate setting process: revenue requirements, also known as the financial plan, cost of service, and rate design. He said that in West Marin, 95.5% of the revenue is from water rates. The revenue totals \$1,103M and the operating expenses are \$1,109M, and debt service is about 17%. Mr. Hildebrand said that when the financial plan is developed, some cost escalation assumptions are made. It is being assumed that 5% per year for utilities, chemicals, and supplies, and 3% for other costs. He said the rate increase drivers are a significant increase in capital spending required by Caltrans and the County to relocate pipes on two bridges and also

construction of Gallagher Well No. 3. In addition, there will be the need for the major rehabilitation of the Water Treatment Plant. In addition to the increase in capital spending, operating and maintenance costs have increased by 39% since the 2021 rate study. Mr. Hildebrand said that for reserves, there are the minimum reserves, which are made up of the operating reserve and liability contingency reserve, and that the District has policies to maintain a certain amount of operating reserves. He said there are also the target reserves which are made up of the maintenance accrual fund.

Eric Miller then gave an overview of the proposed capital spending plan for West Marin. He said it is divided into three categories: near term, medium term, and long term projects. He said the near term projects are over a five year period and consist of the two bridge pipeline projects, the Gallagher Well No. 3 project, which is intended to replace Well No. 1, and some interim Water Treatment Plant rehab projects. He said we are assuming that these projects will be 100% debt financed. The medium term project is the full scale treatment plant rehabilitation. The long term projects are made up of other assets in the system that require significant repairs or replacement. The rate increases will generate enough revenue to have a \$700K long term pay go. President Joly asked if the Treatment Plant rehab project could be pushed out and Mr. Miller said there are pros and cons of that option. Director Baker asked in regards to Gallagher Well No. 1 if we want to keep it as long as possible and Mr. Miller said at least until we can get Well No. 3 up and running. He added that it has reached the end of its useful life.

Mr. Hildebrand showed a graph of the West Marin financial plan including the cash flow forecast out 20 years. He said the proposed rate increases will be 19% for 4 years, 15% for the 5th year, and then 3% thereafter to keep up with the cost of inflation. President Joly asked about a debt service ratio dropping below our policy level. Craig Hill from NHA Advisors was in attendance and answered at the request of Julie Blue. He said the debt assumptions were very conservative in the model but as the market moves, we can adjust accordingly and that it is assumed that the debt would be amortized over twenty years so a one year drop is not concerning. He said if the interest rates are low, the time can be shortened, if the rates are high then it can be adjusted.

Mr. Hildebrand went on to discuss the rate structure. He said the existing rates are a fixed service charge by meter size and quantity charge. The proposed rates will be tiered rates and that seasonal rates would be replaced with uniform rates for commercial accounts. He said the hydraulic zone charge will depend on electricity cost, the expense associated with delivering water. He showed a graph of a survey of different water providers and NMWD was 2nd from the lowest cost. Mr. Williams noted again, that infrastructure is a big factor in increasing rates for the comparable agencies in the region. Director Baker asked if Estero Mutual, one of the comparison agencies, is a private district and who it serves. Mr. Williams said they serve the northern half of Oceana Marin and only provide water, not sewer. Director Petterle asked if we have had any contact or comments from our West Marin customers regarding the rate increase. Mr. Williams noted that one of the

agenda attachments outlined the communications and outreach and that we have not heard from any of our customers to date. Director Eichstaedt noted that he has discussed the rate study with some Point Reyes customers and he will be attending the Point Reyes Village Association meeting to discuss further. He thanked Mr. Williams for the attachment showing the various outreach efforts. President Joly thanked Mr. Hildebrand and Mr. Hall and also Claire and Camille of Kiosk for support with outreach.

On the motion of Director Fraites, and seconded by Director Eichstaedt, the Board approved the 2025 West Marin Water Rate Study Draft Report and Approve West Marin Water Rate Increase Notice (Prop 218) by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

APPROVE: OCEANA MARIN SEWER RATE INCREASE NOTICE (PROP 218)

Julie Blue addressed the Board and said that the Oceana Marin Sewer Rate Increase Notice is similar to what has been sent out in previous years. She said there are a few assumptions built into the financial forecast, one of which is a rate increase. The rate increase of 8% is shown for five years. However, she said the proposed Prop. 218 notice is for only year, and she said that if we do a rate study in the future we may consider a longer term rate plan. Ms. Blue said the operating and maintenance expenses are forecasted to rise about 3% per year which is in line with historical inflation rates. She said the forecast also includes borrowing \$200,000 in FY27/28 to support the capital improvement plan and for operational expenses. For the upcoming year, there are no new connections projected. She said the five year financial forecast is similar to prior years' forecasts and budgets with a few changes, one being \$50,000 budgeted for a master plan in the next fiscal year. Inflow and Infiltration (I&I) repair that is scheduled annually is also included which is projected to cost about \$30,000-40,000 a year which helps to keep the system functioning. She said the Prop. 218 notice outlines what the increase is going to be and that the annual sewer service charge will be billed on property tax bills. President Joly asked is this is a one year notice and Ms. Blue confirmed it is. Director Eichstaedt asked if the I&I work is limited to investigations and Robert Clark said we do this work annually and the system is inspected with cameras to determine if there are any issues and needed repairs are then made.

On the motion of Director Eichstaedt, and seconded by Director Baker, the Board approved the Oceana Marin Sewer Rate Increase Notice (Prop 218) by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

APPROVE: DEVELOPMENT OF A 5-YEAR STRATEGIC PLAN – AUTHORIZE AN AGREEMENT WITH KIOSK CREATIVE LLC

Tony Williams gave a brief overview saying that there were interim planning efforts done with support from Kiosk in calendar year 2024. He said that significant data was collected from not only customers but also from staff at all levels and the Board. He said with the assistance from Kiosk, if the agreement is approved, they will develop a written strategic plan that will be our road map for the next five years. Claire Garvie, of Kiosk, gave a presentation that summarized the work done to date and the next steps. She said the first piece of the project was to identify the focus areas and themes. She said they did research looking at our previous strategic plans but also at other agencies' plans as well, reviewed organization charts, conducted interviews of staff and the Board, synthesized the results and now presenting the findings. She said the key themes are: infrastructure resilience, water supply and regional partnership, safety and regulatory compliance, organization structure review and leadership succession, workforce development and retention, financial sustainability and cost management, emergency preparedness and risk mitigation, public engagement and education, technology and operational efficiency, and governance and Board effectiveness. She said they are planning to complete a phase 2 between April and June, prepare the plan, and have the final phase ready between July and September of 2025 with the hope of including a new Operations department head. Director Petterle said that it seems like an aggressive schedule and Ms. Garvie said it is, however most of the work is done via the data gathering and research. Director Eichstaedt asked what was the engagement with other companies and she said that most of their plans and organizational charts are on their websites. He also asked how the plan won't 'gather dust' once completed and Mr. Williams said there is a commitment to provide periodic reports to the Board on actions, similar to the past plan. He added that the 2018 plan was more 'Board driven' with little employee input. Robert Clark added that he was very involved in 2018 plan. President Joly mentioned the possibility of having Board members more involved in the final planning process. President Joly thanked Claire and Camille.

On the motion of Director Petterle, and seconded by Director Joly, the Board approved the Development of a 5-Year Strategic Plan and Authorize an Agreement with Kiosk Creative LLC by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

INFORMATION ITEMS

WAC/TAC MEETING AGENDA – APRIL 7, 2025

Tony Williams said that the focus of the April meeting was the final Water Advisory Committee's approval of Sonoma Water's (SW) FY 2025-26 budget. He said there was unanimous

support of the budget. He also said that we will have a 6.3% rate increase from SW, and that it was a lower rate than what the other agencies are going to receive.

NBWA MEETING AGENDA – APRIL 4, 2025

Director Fraites and Director Baker attended the April 4 NBWA meeting. Director Fraites said the topic was on the prevention program for golden mussels at Lake Berryessa. He said the mussels are most likely being brought in on recreational boats going up the delta to the lake. He said they are very aggressive and hard to eradicate. They consume good algae and then spit out bad algae which then spreads. He said there seems to not be a lot of interest for water districts and agencies about getting rid of these mussels. The Board asked if they could get into Stafford Lake or in our pipes but Mr. Williams said that because our water comes from Sonoma Water and they don't draw their water from a lake, but a river, there is a very low chance of them getting into our system. And also, Stafford Lake is not a boating lake so there isn't an opportunity for them to get into the lake.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements – Dated April 3 and 10, 2025, Monthly Progress Report, Letter to County re Oceana Marin, and ASCE Report Card – Dams.

The Board received the following news articles: Marin IJ – Marin Oks \$9.39M more for rural housing plan, Marin IJ – Developer challenges county planners – POINT REYES, Pt. Reyes Light – NMWD West Marin Water Rate Study ad.

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

ADJOURNMENT

President Joly adjourned the meeting at 5:44 p.m.

Submitted by



Eileen Mulliner
District Secretary