

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
June 17, 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, Karen Clyde, Vincent Verissimo, and Pablo Ramudo were also in the audience.

Craig Judson, District counsel, was also in the audience.

MINUTES

On the motion of Director Fraites, seconded by Director Petterle, the Board approved the minutes of the June 3, 2025, meeting by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: Director Eichstaedt

GENERAL MANAGER'S REPORT

Tony Williams noted that there is an item Miscellaneous that is a recent informational flyer from ERPA that has some good information on the Potter Valley Project.

Mr. Williams gave a brief update on the recruitment for Robert Clark's job. He said a job offer has been extended to one of the candidates and that once he has gone through all the steps to accept the job, Mr. Williams will have more detailed information on the person at the next meeting.

Mr. Williams said that he will bring an update on the Strategic Plan at the July 15 meeting. He said staff will be recommending a Board workshop to get feedback on goals and actions from the Board. He said that one goal would be public education and engagement.

Mr. Williams informed the Board that we have staff volunteers for the July 4th parade. He said that we are hoping to get an order of novelty ducks in time for the parade.

Mr. Williams noted that there are three public hearings tonight, and for the latter two the action for approval will be at the close of each hearing. He also reminded the Board that there is a closed session at the end of the meeting. Director Fraites asked about the ducks and Mr. Williams

said they are very popular. He said that if we don't get the ducks in time for the parade, we can pass out candy instead. President Joly said he is grateful for the volunteers and thanked Mr. Williams.

OPEN TIME

President Joly asked if anyone in the audience wished to bring up an item not on the agenda. Rhonda Kutter, Pt. Reyes Station resident, spoke to the Board about Western Weekend in Pt. Reyes. She thanked Robert Clark for his participation. She suggested the Board may want to be a part of the parade out there next year.

Director Baker joined the meeting.

STAFF/DIRECTORS REPORTS

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

Pablo Ramudo gave a brief update on the lab certification. He said that it is a long process to get state certified. He said because we weren't able to move in sooner to the new lab, we still have certification at the Buck Center, but hope to get the new lab certified by July 31. He said we have had an assessment and the report had 18 findings, however that is a low number and most issues were very minor. We have 30 days to respond and he hopes to submit a formal response by the end of this week. He said that once we are approved, we can apply for the certification. Mr. Ramudo feels like we are in a good position to get the certification by July 31. He said he is very happy and will be more so when lab staff no longer has to up to the Buck Center lab. President Joly said he was glad to get an update.

PUBLIC HEARING/APPROVE: STATUS OF VACANCIES, RECRUITMENT, AND RETENTION

The public hearing to consider the Status of Vacancies, Recruitment, and Retention was opened at 4:12 p.m.

Julie Blue said that this is a new state requirement, and a similar item will be on the agenda every year moving forward. California State Assembly Bill (AB) 2561 states that we have to conduct a public hearing related to the status of vacancies, recruitments, and retention. As of June 1, 2025, there is one Employee Association (represented) vacancy, which is a 2% vacancy rate. For the unrepresented employees, there are no vacancies and therefore there is 0% vacancy rate. To comply with AB 2561 the District must also identify changes to policies or procedures that have an impact on the hiring process. She mentioned that the District recently implemented background checks for new hires. Additionally, there was a Board policy approved in October 2024 related to succession planning which allows overlap for new hires when replacing key positions due to retirements.

There was no public comment, and the public hearing was closed at 4:15 p.m.

PUBLIC HEARING/APPROVE: PROPOSED WEST MARIN SERVICE AREA WATER RATE INCREASE

The public hearing to consider the proposed West Marin Service Area Water Rate Increase was opened at 4:15 p.m.

Tony Williams gave a presentation to the Board. He said the rate increase process started with a rate study prepared by Hildebrand Consulting in April of this year. He said it is a multi-year financial plan and a primary goal was to be in compliance with Prop. 218. He said the financial plan includes increases to the costs of utilities, chemicals, and supplies. He said we are asking the Board to approve an annual 19% rate revenue increase for four years, and a 15% rate increase for the 5th year. The recommendation is to reduce the commodity charge from 3 tiers to 2 tiers, as well as make changes to the hydraulic zone charge and service charge adjustments. He said it won't be an across the board 19% increase in year 1 due to rate structure changes so some customers will have slightly lower and some slightly higher than 19%. He said there were several rate increase notifications with presentations at Board meetings starting back in March, in addition to notices sent out to customers, spots on the local radio station, a dedicated web page, social media pushes, information in the newsletter, and ads in the Pt. Reyes Light. Mr. Williams highlighted the aging infrastructure in West Marin: 27 miles of pipeline, 4 wells, 13 tanks, 6 pump stations, 175+ fire hydrants, one treatment plant, and water mains on Caltrans and Marin County bridges. Mr. Williams went through the long-term CIP projects, the funding plan, and the costs of the CIP projects to fiscal year 2030 and beyond. Mr. Williams presented a slide with a map highlighting the planned projects for the next 5 years. Another slide demonstrated the regional comparison for water bills for different agencies, showing that NMWD's are second to the lowest in cost. Mr. Williams said we have not received any rate protests from West Marin. He said that at the last meeting we had received one protest letter, but it was found to be a protest for the Oceana Marin sewer service area.

President Joly asked about loans in regard to the bridge projects. Director Eichstaedt asked if rates could be adjusted again, that he is concerned about down the road and impact from natural disasters. Mr. Williams said we could amend the proposed resolution to adjust the rates but said if they would be increasing we would need to do another Prop. 218 notification. He said we have a 5-year period to demonstrate to a bank that we will generate revenue to pay the loans which is one reason to adopt a 5-year rate plan. Director Eichstaedt asked if rates are connected to the CIP projects and Mr. Williams said that they are primarily. Director Eichstaedt also asked about the recent line break on Hwy 1 and asked if it cut into funds that are allocated for basic maintenance/emergency repair. Mr. Williams said it did, and that we will fix a leak or break no

matter what the budget has available but West Marin is such a small enterprise. We do have a Maintenance of Mains budget line item that is less than \$10K in West Marin currently.

President Joly opened up the hearing for public comment. Rhonda Kutter spoke to the Board. She said the rate increase is very complex and she learned some new information from being at this hearing. She said she feels it is important to have a Board meeting in West Marin occasionally and possibly at a different time and that Zoom meetings would be good. She said that we did a great job with public outreach and using traditional media, but that West Marin is not traditional. She said they pay more attention to the post office billboard than to the local radio. She said it's easy to miss radio spots and notices in the paper. Mr. Williams noted that in the last 20 years, that we have had an average of 2 people per meeting at the West Marin meetings, many times there was only one person attending. He said we are sensitive to the budget and we went over budget on public outreach so there is a cost in holding a meeting out there. He said we built this building and boardroom and we are hoping to be able to do Zoom meetings in the future. President Joly acknowledged that we did do a great deal of public outreach.

The public hearing was closed at 4:39 p.m.

On the motion of Director Eichstaedt, and seconded by Director Baker, the Board approved the Resolution that approves the changes to Regulation 54 for the West Marin service area water rate increase by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

PUBLIC HEARING/APPROVE: PROPOSED OCEANA MARIN SERVICE AREA WATER RATE INCREASE

The public hearing to consider the proposed Oceana Marin Sewer Rate Increase was opened at 4:41 p.m.

Tony Williams said the proposed rate increase for the Oceana Marin Service Area (OM) is 8%, which will bring in approximately \$30,000 in additional revenue for the next fiscal year. He said that 8% is needed to cover inflationary costs for OM, and that this aligns with the prior budget and keeps us status quo. He noted that the Operations group performs I&I (infiltration and inflow) work as needed on the system but there are no large capital projects planned. He said that it is important to note that we will run out of money in OM in the near future at the current rate and will need to borrow from the Novato enterprise. President Joly asked about the \$200K loan noted, and if that is a placeholder for now, and Mr. Williams confirmed that it is. Director Eichstaedt asked if the master plan will be next year and Mr. Williams said that it is in the next budget and that it will be an update

to the 2015 plan. President asked any comments were received. Mr. Williams said we did receive one letter; however it was a bit confusing as it opposed sewer property taxes but also mentioned a water charge, which we do not provide (only sewer), and the letter also mentioned Marin Water, but the letter did come from a homeowner in OM.

The was no public comment; and the public hearing was closed at 4:48 p.m.

On the motion of Director Eichstaedt, and seconded by Director Fraites, the Board approved the Oceana Marin Sewer Rate Increase and Ordinance 109 by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

ACTION CALENDAR

APPROVE: NOVATO SERVICE AREA RATE INCREASE

Tony Williams said this item was to approve changes to Regulation 54 but noted that last year a 4-year rate increase was approved by the Board with Resolution 24-04 which established the 4-year rate period, a pass-through increase from Sonoma Water. The changes also capture a 6.5% increase from Sonoma Water as a pass-through for Tier 1. President Joly noted that last year was an 8% rate increase for Novato and this is the first year of the pass through at 6.3%. President Joly asked Julie Blue to give an overview of water use. Ms. Blue gave a brief history of the past several years and said that we are in the 2nd year of the 3-year Prop. 218 approval. Director Petterle commented that this is his 24th year on the Board and this is the first year of not having people come to the public hearing meeting to complain or comment, noting that we have taken the steps to improve public outreach. He said he feels the information is very detailed and credited Ms. Blue and her staff as well as Mr. Williams and his staff. President Joly said that they don't like having to increase rates but they have to ensure that they meet the expectations of customers and so that water infrastructure remains intact. He said he has heard little negative response, customers seem to understand.

On the motion of Director Petterle, and seconded by Director Fraites, the Board approved the Resolution that approves the changes to Regulation 54 for the Novato and Recycled Water Service Areas Rate Increase by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

APPROVE: FY 25/26 BUDGETS NOVATO & WEST MARIN SERVICE AREAS

Julie Blue gave a presentation outlining the fiscal year (FY) 2025/26 budgets for the Novato and West Marin Service Areas and said that the budget is essentially the same as what was presented at the June 3rd meeting. She briefly covered the Key Assumptions, Historical Billed Water Consumption, Budget Summary, Financial Forecast, Outstanding Debt, and Budget Review. She said the budgeted consumption volume for Novato Water is 2.2BG (billion gallons) with a projected rate increase of 6%, Recycled Water is 215MG (million gallons) with a 6% projected rate increase, and West Marin consumption is budgeted at 55MG, with a projected 19% rate increase. She added that Oceana Marin Sewer includes an 8% projected rate increase.

She said the total Operating Revenue is budgeted at \$31.4M, and that 83% of that revenue is from water sales. Ms. Blue said the Operating Expenses are shown at \$25.3M and that source of supply, that is purchased water from Sonoma Water, is the second largest expense at 21% of the budget. The largest expense is Operations and Maintenance (O&M), which is 36% of the total budget. Included in the expenses is an increase of \$180,000 to account for the Board approved cost-of-living adjustment to employee wages. While this is offset by a decrease in Workers' Compensation insurance, pension expenses remain greater than 30% of employee earnings. Ms. Blue said memberships to organizations, software, and regulatory fees have increased by 11% and we are also seeing PG&E rates increase every year. The planned Studies and Special Projects are budgeted at \$632K.

Ms. Blue reviewed the overall financial forecast, cash reserves, and debt service. She explained that the budget, and proposed rate increases provide cash reserves above the minimum required and an estimated debt service coverage ratio of 1.73 for FY 25/26. The debt service slide summarized the outstanding debt balance of \$34.4M with an annual debt service of \$4.5M. President Joly noted the electric utility charges of 23% dwarf the water rate increases. He also asked Mr. Williams if the consultants we are using for the Emergency Response Plan will be looking into landslides. Mr. Williams said the Novato Water Master Plan will address vulnerability of natural hazards such as landslides. He added that, as part of the Emergency Response Plan and updates to the Master Plan, we have had successful outreach with the Fire District and the Chamber of Commerce.

On the motion of Director Joly, and seconded by Director Petterle, the Board approved the FY 25/26 Budgets Novato & West Marin Service Areas by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

INFORMATION ITEMS

NBWA MEETING AGENDA, JUNE 6, 2025

Director Fraites reported on the June 6 NBWA meeting. He said that Director Baker also attended and that the group met here at NMWD headquarters. He said the meeting included a tour of the new building and lab, and said he was very impressed. He said that Pablo Ramudo was very informative about the new lab which was part of the tour.

Director Fraites said the meeting also included a presentation on sea level rise around the bay area. He said that southern Marin County will do a separate analysis than northern Marin County because of the different communities that front the bay and the requirement for different strategies. He said he feels the best system is horizontal levee. He also said that the prediction is that by 2050, there will be an 8/10th of a foot of seal level rise. He reported that inland lands also absorb water and groundwater increases more flooding and less stability along the coast line. SB272 provides \$100M to get the program going. He said that most of the communities in the bay area are on board.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements – Dated June 5 and 12, 2025, Monthly Progress Report, Eel-Russian River Project Authority – Project Overview, ACWA Update on Priority Issues, June 2025.

The Board also received the following articles: Marin IJ – Public Hearing Notices (run June 3 & 10, 2025), Marin IJ - \$1.25M allotted to study pipeline – MMWD, Pt. Reyes Light – West Marin Rate Study Notice (run June 12, 2025).

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

Regular Board meeting recessed at 5:24 p.m. before entering closed session.

CLOSED SESSION

President Joly President Joly convened the Board into closed session at 5:30 p.m. to meet with Real Property Negotiators as allowed under Government Code Section 54956.8 regarding property at 500 Country Club Drive, Novato, CA 94949. In addition to the five Board Directors, Tony Williams, General Manager and Julie Blue, Auditor-Controller were present along with District Counsel Craig Judson and Attorney Ari Lauer.

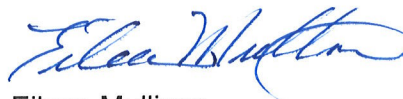
OPEN SESSION

Upon returning to regular session at 5:54 p.m., President Joly stated that no reportable action had been taken during closed session.

ADJOURNMENT

President Joly adjourned the meeting at 5:55 p.m.

Submitted by

A handwritten signature in blue ink, appearing to read "Eileen Mulliner", is written over the printed name.

Eileen Mulliner
District Secretary