

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 16, 2017**

CALL TO ORDER

President Petterle called the regular meeting of the Board of Directors of North Marin Water District to order at 7:00 p.m. at the District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Michael Joly, and Stephen Petterle. Also present were General Manager Drew McIntyre, District Secretary Katie Young, Chief Engineer Rocky Vogler and Auditor-Controller David Bentley. Director Schoonover was absent.

Novato Residents Toni Shroyer and family member and District employee Robert Clark (Operations/Maintenance Superintendent) was in the audience.

MINUTES

On motion of Director Baker, seconded by Director Fraites the Board approved the minutes from the previous meeting as presented by the following vote:

AYES: Director Baker, Fraites, Joly, and Petterle

NOES: None

ABSENT: Director Schoonover

PUBLIC HEARING – CONSIDER PROPOSED INCREASE IN WATER RATES FOR NOVATO SERVICE AREA AND RESULTING REVISIONS TO DISTRICT REGULATION 54, WATER RATES

Mr. McIntyre advised the Board the proposed increases in water rates for the Novato Service Area is a 5% increase effective June 1st. He stated that for the typical Novato resident the rate increase in the total cost of water (commodity charge plus bimonthly service charge) would add \$2.75 per month (\$5.50 per bimonthly bill) to the cost of water. Mr. McIntyre advised the Board that the District received 25 letters of protest and 13 phone calls regarding the proposed rate increase.

Mr. McIntyre advised the Board that the SCWA increase of 6.8% along with the replacing of aging infrastructure and maintaining financial viability has a major factor in the proposed rate increase. He provided the Board with FY18 Cost Structure vs Rate Structure graph showing that the Cost Structure is 30% variable and 70% fixed and Rate Structure is 75% variable and 25% fixed.

Director Fraites stated that one of the letters of protest was regarding pensions and asked how the District's pension plan looked. Mr. Bentley responded that our pension rate is going up but

is less than 1% and is \$1M in total pension cost. Director Fraites asked if it pension cost would increase in the future. Mr. Bentley responded yes.

President Petterle opened the public hearing at 7:19 p.m.

Novato resident Tony Shroyer addressed the Board and stated that she appreciated the presentation and that the District has great employees and great service and appreciates that the District spends money locally but does not agree with the rate increase. He stated that people cannot live without water but with a 5% proposed rate increase continuing to affect the middle class, people will be driven out of Novato. She expressed her concern on the District's pension plan and suggested an independent study to review its pension plan costs. Mr. Shroyer expressed her concern for the elderly and suggested the increase be 3%.

Seeing no further public comment, President Petterle closed the public hearing at 7:26 p.m.

Director Joly thanked Ms. Shroyer and her family member for attending the meeting and publically thanked the 25 people who took the time to write letters to the District. He stated that he hears what the letters say and will be mindful in all his decisions on the Board as he is a customer of this District as well.

Director Fraites reminded the Board of the projects that have been completed with rate increases including the Stafford Treatment Plant solar array and the recycled water projects which will help with not having to buy as much water in the future. He reminded the Board that in the future the District will save money by going with AMI meters and save money on leak adjustments. Director Fraites advised that he is a customer as well and that his bill will increase by only \$2 month with the 5% increase and it's not a bad investment considering what projects the District completed. He stated he will support this rate increase proposed by the staff.

President Petterle thanked the public for coming and stated that it is very difficult to raise rates and agreed with Director Joly that all of the Board members are affected by the increase as well.

On motion of Director Baker, seconded by Director Fraites, the Board approved Resolution 17-12 entitled: "Resolution Of The Board Of Directors Of North Marin Water District Amending Regulation 54 - Water Rates" amending Regulation 54 pertaining to Water Rates and Charges to reflect an increase of 5% for the customers in the Novato service Area effective June 1, 2017 by the following vote:

AYES: Director Baker, Fraites, Joly, and Petterle

NOES: None

ABSENT: Director Schoonover

Ms. Shroyer asked if the District would consider a program for seniors to apply to in order to get more relief on bills.

Mr. McIntyre stated that the State of California is looking into providing guidance on programs to help low income and senior customers but the District has not received any information.

GENERAL MANAGER'S REPORT

SMART Train Quiet Zone

Mr. McIntyre advised the Board of the SMART Train and the approved quiet zones. He stated that Robert Clark has been getting information out to all employees and provided additional training.

Tour of Novato

Mr. McIntyre stated that Ryan Grisso had a booth at the Tour of Novato Event and provided water conservation tips and giveaways.

U.S. Coast Guard Housing

Mr. McIntyre advised the Board that on Wednesday May 10th he met with Supervisor Rodoni regarding future right of way acquisition on the U.S. Coast Guard Housing Parcel and discussed participation in a working group of the various stakeholders early summer.

Eco-Friendly Garden Tour

Mr. McIntyre advised the Board that the District participated in the Sonoma Marin Saving Water Partnership Eco-Friendly Garden Tour and set up three different locations in Novato for outreach.

OPEN TIME

President Petterle 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 Petterle asked if staff or Directors wished to bring up an item not on the agenda and the following items were discussed:

Robert Clark advised the Board that Marin County Parks Sunseekers event will occur on Sunday and he will be doing an inspection assuring the correct amount of bathrooms are available. He noted that the event was from noon-7pm.

Mr. Bentley advised the Board that the District received a request from the Pt. Reyes Light for the MP3 recording of the meeting. He reminded the Board that the District is required by law to provide the recording but only has to keep the recordings for 30 days. He reminded the Board to watch the off-handed comments as they are on public record.

Rocky Vogler advised the Board that yesterday the contractor (Mountain Cascade) doing the Recycled Water Project on the east side of 101 near Vintage Oaks hit a 2" gas main with an excavator. He informed the Board that staff, the contractor and the construction manager are working together to figure out the extent of damages.

MONTHLY PROGRESS

Mr. McIntyre provided the Board with the Monthly Progress Report for April. He stated that water Production is down 4% compared to a year ago and at the end of April, Stafford Lake is 97% of capacity and Novato had received 42" of rainfall. He noted that on the Russian River, Lake Mendocino is 111% and Lake Sonoma is 102% of the target water supply levels. Mr. McIntyre informed the Board that customer service compliant numbers overall are down 16% from last year for this same period, although bill adjustments payments are \$130K compared to \$58K one year ago.

Mr. Bentley provided the Board with the Monthly Report of Investments. He stated that there is a cash balance of \$11.1M and the average weighted portfolio is 0.97%.

CONSENT CALENDAR

On the motion of Director Fraites, seconded by Director Baker the Board approved the following items on the consent calendar by the following vote:

AYES: Director Baker, Fraites, Joly, and Petterle

NOES: None

ABSENT: Director Schoonover

TEXT FOR SPRING 2017 NOVATO WATERLINE, VOLUME 18, ISSUE 38

The Board approved the text for the Spring 2017 Novato *WaterLine*.

TEXT FOR WEST MARIN SPRING WATERLINE, VOLUME 14

The Board approved the text for the Spring 2017 West Marin *WaterLine*.

TEMPORARY WATER SERVICE REQUEST – HAMILTON SMART RAIL STATION TEMPORARY RECYCLED WATER SERVICE AGREEMENT APN 157-860-05

The Board approved a request from the Sonoma Marin Area Rail Transit (SMART) for temporary recycled water service on Main Gate Rd and B Street, near the entrance to the SMART Hamilton Station. The temporary recycled water service agreement would be used to establish native friendly and tree restoration landscaping installed by a community volunteer group. SMART may need to use the temporary service for a period of up to 3-years, until such time that the landscaping is established. Pursuant to SMART's request, staff proposes to install a temporary 1-inch lateral and 5/8-inch meter off the 12-inch recycled water main located on Main Gate Rd.

The Board approved Resolution 17-13 entitled: "Authorization Of Execution Of Temporary Recycled Water Service Facilities Construction Agreement With Sonoma-Marin Area Rail Transit."

NOMINATION OF DAVID BENTLEY TO CONTINUE SERVING AS BOARD MEMBER OF ACWA REGION 1

The Board nominated Auditor-Controller David Bentley to fill a Board Member vacancy for the 2017-2018 (two year) term. The Region 1 Board meets four times per year, two of which meetings occur at the ACWA semi-annual general conference. David is willing to continue serving as a Board member, and as he already attends the meetings, there would be no additional cost to the District.

The Board approved Resolution 17-14 entitled: "A Resolution Of The Board Of Directors Of The North Marin Water District Placing In Nomination David Bentley As A Member Of The Association Of California Water Agencies Region 1 Board."

INFORMATION ITEMS

THIRD QUARTER PROGRESS REPORT – OPERATIONS/MAINTENANCE

Robert Clark provided the Board with the 3rd Quarter Progress Report for the Maintenance/Operations Department. He advised the Board that with over 27 inches of rain during the three month period Stafford Lake filled on January 9th and continued to spillover for 115 days. Operations staff brought the Stafford Lake Treatment Plant online on March 15th producing 120 AF for the period.

BAY AREA CHEMICAL CONSORTIUM BID PARTICIPATION SUMMARY

Robert Clark provided the Board information regarding the Bay Area Chemical Consortium Bid Participation that the District has been involved with for the past 4 years. He advised the Board that when the District commenced this consortium there were 30 water agencies involved and the group has grown to 58 agencies. He noted that it has helped considerably saving the District over \$80K in chemicals.

SECOND REVIEW – PROPOSED FY2017/18 NOVATO WATER EQUIPMENT BUDGET

Mr. Bentley advised the Board that since the April 18 review, no changes have been made to the proposed FY18 Equipment Budget of \$210K. He provided the Board with a chart showing ten years of equipment purchases history and a five year vehicle and equipment replacement plan.

Mr. Bentley informed the Board that a public hearing and approval of the Equipment Budget is scheduled for June 20, 2017.

SECOND REVIEW – PROPOSED FY18 & FY19 NOVATO CAPITAL IMPROVEMENT PROJECTS BUDGET

Mr. Bentley presented the second review of the proposed Capital Improvement Project (CIP) Budget for the Novato service area for fiscal years (FY18) and (FY19) (\$11.8 million FY18 & \$7.7 million FY19 Gross Expenditure). He advised that no changes have been made to the proposed budget since the Board's last review.

Mr. Bentley reminded the Board that at the May 2nd meeting, the Board got an estimated cost for the Office Renovation of \$14-\$18M and advised the Board that staff will be narrowing down that figure to a more realistic number and will be figuring out financing. He noted that staff is comparing options of borrowing the money now or waiting until the project is ready. He advised the Board he would come back with more financial options at a later date.

Mr. Bentley informed the Board that a public hearing and approval of the CIP Budget is scheduled for June 20, 2017.

SECOND REVIEW – FY17/18 PROPOSED NOVATO OPERATIONS BUDGET

Mr. Bentley provided the second review of the FY17/18 proposed Novato Operations Budget (\$24.2M). He advised the Board that there have been no changes made since the last review. He advised the Board that the budget is going more conservative on the water sales at 2.3BG and staffing level will be down 0.5 FTE. He noted that there is a spot adjustment of 3% proposed for the Operations/Maintenance Superintendent, the Water Conservation Coordinator and the District Secretary.

Mr. Bentley informed the Board that a public hearing and approval of the Novato Operations Budget is scheduled for June 20, 2017.

SECOND REVIEW – FY17/18 PROPOSED NOVATO RECYCLED WATER SYSTEM BUDGET

Mr. Bentley provided the Board with the second review of the FY17/18 Proposed Novato Recycled Water System Budget (\$7.8M). He advised the Board that there were no changes since the last review.

Mr. Bentley informed the Board that a public hearing and approval of the Novato Recycled Water System Budget is scheduled for June 20, 2017.

NBWA – MAY 5, 2017 MEETING MINUTES

Director Fraites stated that he and Mr. McIntyre attended the North Bay Watershed Association meeting on May 5th. He stated that there were three fisheries from Sonoma, Marin and Napa who gave a presentation on increasing the protection and habitat for the fisheries.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements, NBWA – May 22, 2017 Agenda, and Novato Leadership Graduation Ceremony.

Mr. McIntyre advised the Board that Sr. Accountant Nancy Holton graduated from Novato Leadership this week.

The Board received the following news articles: North Marin Water District general manager retires after 22 years, Highway 37: Bay Area officials eye future tolls to pay for upgrades, Tamalpais Valley could see higher sewer rates, Novato council opts for 100 percent renewable energy and Train quiet zone starts Friday.

The Board received the following news articles at the meeting: Water District restructures rate hike set for approval Tuesday and Marin Voice: Building a regional plan for the Bay Area's growth. The Board also received two letters of opposition to the rate increase.

Director Joly thanked Mrs. Young and staff for the wonderful retirement/Open House for Chris DeGabriele.

ADJOURNMENT

President Petterle adjourned the meeting at 8:30 p.m.

Submitted by

A handwritten signature in black ink, appearing to read "Katie Young", written in a cursive style.

Katie Young
District Secretary