

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 1, 2018**

CALL TO ORDER

President Fraites called the regular meeting of the Board of Directors of North Marin Water District to order at 6:00 p.m. at the District Headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Michael Joly, James Grossi, and Stephen Petterle. Also present were General Manager Drew McIntyre, District Secretary Terrie Kehoe, Auditor-Controller David Bentley and Chief Engineer Rocky Vogler.

District employees, Robert Clark (Maintenance/Operations Superintendent), and Julie Blue (incoming Auditor-Controller) were also in attendance. Carol Bentley, Chris DeGabriele, Martin Rauch, Supervisor Dennis Rodoni, and Frank Soriano were also in the audience.

MINUTES

On motion of Director Baker, seconded by Director Petterle the Board approved the minutes from the April 17, 2018 meeting as presented by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

GENERAL MANAGER'S REPORT

During the General Manager's report, Mr. McIntyre stated that Mr. Lemos and Mr. Bentley's retirement celebration on April 20th was well attended. Mr. McIntyre mentioned that on Saturday, May 5th there will be many local community activities with Water Conservation staff supporting the Garden Tour and Tour Novato and Mr. Clark and Mr. McIntyre participating in a residential evacuation drill exercise coordinated by the Novato Fire Protection District in select areas in town. Mr. McIntyre also reminded the Board of the Novato rate increase public hearing scheduled for the May 15 meeting. The General Manager also reported that there are several upcoming meetings, FCZ 1, SBWA Wetlands Tour and a WAC/TAC.

OPEN TIME

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

QUARTERLY FINANCIAL STATEMENT – March 31, 2018

Mr. Bentley presented the Novato, West Marin Oceana Marin, and Recycled Water budgets and net income review. For the first nine months, the District generated a net income of \$1.8M and saw a net cash increase of \$7.6M. He stated that Operating Revenue came in 11% over budget and Operating Expense can in 2% under budget. At month end, the ratio of total cash to budgeted annual operating expenses stood at 114%. He advised the Board that Novato water consumption was 14% more than the prior during the same period and total Operating Revenue for Novato water increased 19% due to the consumption increase and the 5% rate increase effective June 1, 2017. Director Joly commended Mr. Bentley for the Financial Statement format and accuracy.

STAFF/DIRECTORS REPORTS

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

Mr. Vogler announced major construction work will begin on May 14th for the Ridge Road Pipeline Replacement project. Director Baker inquired about the number of residents affected and Mr. Vogler responded that the Ridge Road Project is affecting 75-80 residents.

Director Fraites had a question in reference to whether or not a map of the District's Recycled Water distribution system is available on our website. Mr. McIntyre replied that the Recycled Water Map is available to view on our website.

Director Joly inquired about when North Marin Water District letterhead will be updated. District Secretary Kehoe stated that new letterhead will be available starting May 2nd and from now on we will be creating letterhead in house so that any changes can be made immediately without waste.

CONSENT CALENDAR

On the motion of Director Petterle, and seconded by Director Joly the Board approved the following items on the consent calendar by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

WATER AGREEMENT- 5300 REDWOOD HWY

The Board approved the water service agreement for 5300 Redwood Hwy. The project consists of lowering 60 feet of exiting parallel 2-inch size PVC main and 2-inch PVC conduit (120

feet total), and relocation of a 1-inch service located 14 feet from the existing 8,000 gallon Windhaven concrete tank to 130 feet west of the new home driveway entrance on Cloud Lane (Referred to as 5300 Old Redwood Hwy. South).

WATER AGREEMENT – COLLEGE OF MARIN (IVC) BUILDING NO. 11 FIRE SERVICE

The Board approved the water service agreement for College of Marin (IVC) Building No. 11 Fire Service. The Indian Valley Campus (IVC) anticipates five separate improvement projects requiring water facility improvement. The initial project, Building No 11 Renovation, requires installation of automatic fire protection systems requiring a dedicated 4-inch fire service.

MILLER PACIFIC ENGINEERING GROUP- CONSULTING SERVICES AGREEMENT

The Board authorized the General Manager to execute a new General Engineering Services agreement for Consulting Geotechnical Services between NMWD and Miller Pacific Engineering Group.

RATE INCREASE LETTER TO WEST MARIN WATER AND OCEANA MARIN SEWER CUSTOMERS

The Board approved the Rate Increase Letter to West Marin Water and Oceana Marin Sewer Customers. A public hearing is scheduled for Tuesday, June 26, 2018 at 6:00 at the Dance Palace in Point Reyes Station. The June 26 Public Hearing date requires that the notification letters be postmarked no later than May 13, 2018. A 4.5% rate increase is proposed West Marin Water customers and a 5% rate increase is proposed for Oceana Marin Sewer customers.

AUTHORIZED SIGNATORIES ON DISTRICT ACCOUNTS

The Board authorized the General Manager Drew McIntyre, Auditor-Controller Julie Blue and Senior Accountant Nancy Holton to be authorized to perform purchase and sale of financial securities for the District's investment portfolio.

AUDITOR-CONTROLLER APPOINTMENT

The Board authorized the appointment of Julie Blue as Auditor-Controller effective May 2, 2018.

ACTION CALENDAR

RESOLUTION OF APPRECIATION FOR KERRY LEMOS

Mr. McIntyre announced that after 31 years of employment with the North Marin Water District, Kerry Lemos was retiring. A resolution is recommended to convey appreciation to Mr. Lemos for his many years of service to the District. Drew McIntyre commented that Kerry provided

many years of dedicated service and his skills will be missed. Robert Clark provided the Board with a review staffing changes that have occurred over the last year in anticipation of Kerry's retirements. Chris DeGabriele, former NMWD General Manager was in the audience and stated that Kerry was a good man and the District was lucky to have him.

On the motion of Director Petterle, and seconded by Director Grossi, the Board approved the Resolution of Appreciation for Kerry Lemos by the following vote:

AYES: Director Baker, Fraitas, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

RESOLUTION OF APPRECIATION FOR DAVID BENTLEY

Mr. McIntyre announced today was Mr. Bentley's last year of service after 31 years of employment to the District. Mr. McIntyre read some of the resolution of appreciation, wished Mr. Bentley well and thanked him for his exemplary service. The Directors commented on Mr. Bentley's value to this District. Members of the audience, former General Manager Chris DeGabriele, and Frank Soriano also expressed their gratitude and wished him well. Also in the audience, Supervisor Rodoni thanked Mr. Bentley for his professional dedication and presented him with a resolution of appreciation from Marin County.

On the motion of Director Petterle, and seconded by Director Joly, the Board approved the Resolution of Appreciation for David Bentley by the following vote:

AYES: Director Baker, Fraitas, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

PRE TANK 4A REPLACEMENT PROJECT – REQUEST FOR AUTHORIZATION TO CONDUCT CEQA PUBLIC REVIEW

Mr. Vogler provided information supporting staff's request to receive authorization from the Board to initiate the CEQA 30-Day Public Review Period for the project and to schedule a public hearing for the June 26, 2018 Board Meeting at which time the Board will consider adoption of the Mitigated Negative Declaration (MND). Mr. Vogler provided a brief history of the PRE project and explained that this project will be to build a new concrete tank to replace an old redwood tank.

Director Grossi wanted to know if we had other redwood tanks, and Director Baker has concerns with fire. Mr. Vogler did confirm that we do have other redwood tanks, but that they are in good shape and we do not have plans to replace them in the next five years. Mr. Vogler also commented that we have the ability to cascade water from the upper to lower tanks in PRE for improved flexibility in the event of an emergency in any one zone.

On the motion of Director Joly, and seconded by Director Baker the Board approved the PRE Tank 4A Replacement Project –Request for Authorization to Conduct CEQA Public Review by the following vote:

AYES: Director Baker, Frites, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

REVISION OF BOARD POLICY 45 –FINANCIAL RESERVES

Mr. Bentley provided a review of the history behind the District’s Financial Reserves Policy and that it serves two purposes, one to comply with legal requirements and the other to provide reserves for extraordinary expenses such as disaster response, drought or a major liability claim. He then reviewed the various updates that staff is recommending to the Policy originally adopted in 2009. A discussion followed.

On the motion of Director Baker, and seconded by Director Joly, the Board approved the Revision of Board Policy 45- Financial Reserves by the following vote:

AYES: Director Baker, Frites, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

AMI OPT-OUT, BOARD POLICY No. 48

Ms. Blue reported that the AMI meter installation project is underway. Currently 25 customers have requested to opt-out of installing AMI meters. She stated that a survey was conducted by staff to learn how other agencies address this issue. Five of the seven agencies did not allow customers to opt-out, one agency had established an opt-out policy and one was considering a policy. Ms. Blue commented that per the proposed policy, those customers that wish to opt-out must submit an application and will be charged \$10 per billing cycle to pay for the Field

Services Representative to read the meter. The customer will be notified approximately 10 days prior to meter installation allowing sufficient time to call-in with questions or opt-out requests. Additionally, when an opt-out customer calls to discontinue service, at that time an AMI meter will be installed. Staff recommends that once a meter is installed there be no opt-out option.

On the motion of Director Petterle, and seconded by Director Grossi, the Board approved the AMI Opt-Out Policy by the following vote:

AYES: Director Baker, Fraitas, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

EXCEPTION TO CALPERS 180-DAY WAIT PERIOD REQUIREMENT FOR RETIRING EMPLOYEE

Mr. McIntyre explained that the retiring Auditor-Controller David Bentley is needed to perform a Cost of Service Study to ensure continued compliance of the District's water rates with California Constitution Article XIII D., Section 6 (commonly referred to as Proposition 218). The District would benefit in utilizing Mr. Bentley's expertise to complete the Draft Cost of Service Study. Additional tasks include support work related to negotiations of a new MOU with the Employee's Association. Due to CalPERS many restrictions pertaining to employment of retired employees, there is 180-day separation in service; unless an exception is made by resolution of the Board.

On the motion of Director Baker, and seconded by Director Joly, the Board approved the Resolution for Exception to CalPERS 180-Day Wait Period for Hiring Retiree David Bentley and authorized the General Manager to utilize Mr. Bentley on an as-needed basis by the following vote:

AYES: Director Baker, Fraitas, Grossi, Joly and Petterle

NOES: None

ABSENT: None

ABSTAIN: None

INFORMATION ITEMS

DRAFT 2018 STRATEGIC PLAN PRESENTATION BY RAUCH COMMUNICATIONS

Martin Rauch from Rauch Communications provided a presentation of the Draft 2018 Strategic Plan. Mr. Rauch stated that the Strategic Plan is the District's highest-level planning document, and represents the Board's direction for the future and the staff's work plan for

implementing it. The Plan identifies the District's mission, vision and values, while providing a set of goals and objectives that becomes the framework for all critical decision making. Staff worked with Mr. Rauch on preparation of the draft 2018 Strategic Plan based on the input from Board members and senior staff during two previous all day workshops conducted in February. Mr. McIntyre asked the Board to review the Plan and get back to him with any changes on or before May 15. A final version of the report will return to the Board for review at a subsequent meeting after incorporation of draft comments.

QUARTERLY PROGRESS REPORT – WATER CONSERVATION (JULY-MARCH 2017/2018)

Mr. Vogler presented the Quarterly Progress Report – Water Conservation (July-March 2017/2018) on behalf of Mr. Grisso. Water conservation participation has trended down this fiscal year in the post drought period and staff is planning on returning to the Board in the future with conservation program re-tooling and program adjustment options. Public outreach continues with publications and outreach events.

FY 17-18 THIRD QUARTER PROGRESS REPORT – ENGINEERING DEPARTMENT

Mr. Vogler presented the District's performance in completing budgeted FY 17-18 Capital Improvement Projects. Mr. Vogler stated the Capital Improvement Projects are on track. Director Baker wanted to know the sense of the housing market. Mr. Vogler commented that Novato is built out and most of what we currently see are Tenant Improvement projects. Director Grossi stated that there seems to be a new focus mixed use projects for future construction.

INITIAL REVIEW- INITIAL REVIEW FY 2018/19 PROPOSED NOVATO OPERATIONS BUDGET

Ms. Blue summarized the proposed Novato Operations Budget. A 4.5% rate increase was factored into the budget effective June 1, 2018. Water sales volume is budgeted at 2.6 BG, and other revenue including connection fees, MMWD wheeling charge and miscellaneous revenue was discussed. Staffing level includes 54 full-time equivalent employees and the temporary staffing budget is proposed to increase by 250 hours. In addition, a 3% cost-of-living salary increase was factored into the budget. Staff will return with further review at the May 15th meeting.

INITIAL REVIEW FY 2018/19 NOVATO RECYCLED WATER SYSTEM BUDGET

Ms. Blue summarized the Novato Recycled Water System Budget. The budget projects that demand is increasing by 25% due to the Recycled Water Central Expansion Project and operating expenses are budgeted to increase 11%. Staff will return with further review at the May 15th meeting.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements-Dated April 19, and April 26, 2018, Proof of Publication, and Notice of West Marin Salinity Intrusion 4/17/2018, Press Release-NMWD Water Quality Supervisor Recognized for Outstanding Service.

The Board also received the following news articles: Forums set on plans for housing, Hayward fault big threat to Marin, Crucial talks set for housing in West Marin, Scientists predict greater frequency of severe weather, New call for fusion of sewer agencies, North Bay Water Reuse Authority to Host Public Meetings to Review Phase 2 Recycled Water Projects.

ADJOURNMENT

President Fraites adjourned the meeting at 7:48 p.m.

Submitted by

A handwritten signature in cursive script, reading "Theresa Kehoe".

Theresa Kehoe
District Secretary