

**NORTH MARIN WATER DISTRICT**  
**MINUTES OF REGULAR MEETING**  
**OF THE BOARD OF DIRECTORS**  
June 3, 2014

**CALL TO ORDER**

President Rodoni called the regular meeting of the Board of Directors of North Marin Water District to order at 7:30 p.m. at the District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Stephen Petterle, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, District Secretary Katie Young and Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Novato Residents, Julia Lucchesi and Addison Baccei, District employees Mike Baccei (Electrical/Mechanical Technician), Sarah Lucchesi (Chemist II), Pablo Ramudo (Water Quality Supervisor), Ryan Grisso (Water Conservation Coordinator), Robert Clark (Operations/Maintenance Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

**MINUTES**

Director Baker provided the District Secretary with some minor corrections to the draft minutes from the May 20, 2014 meeting.

On motion of Director Petterle, seconded by Director Schoonover and unanimously carried the Board approved the minutes from the previous meeting as amended.

**GENERAL MANAGER'S REPORT**

**Groundwater Management Plan**

Mr. DeGabriele informed the Board he attended the meeting in Rohnert Park about the Santa Rosa Plain Groundwater Management Plan. He said that it was well attended and that a member of the public complained about Sonoma County Water Agency sending Russian River water to Marin County and he was able to correct their response and give them the history behind the water deliveries and differentiate between North Marin Water District and Marin Municipal Water District.

**Stafford Lake Bike Park**

Mr. DeGabriele advised the Board that he attended the groundbreaking of the Stafford Lake Bike Park on Saturday, May 24<sup>th</sup>.

### Marin County Water Conservation League

Mr. DeGabriele informed the Board that he attended the Marin Conservation League Committee meeting on water. He stated that the Marin LAFCO Executive Officer spoke about the process of the municipal service review and the water supply and delivery in Marin County.

### City of Novato

Mr. DeGabriele advised the Board that he has been asked to attend the City of Novato's planning commission meeting on Monday, June 16<sup>th</sup> and the City Council meeting the next day where a presentation of a white paper on Novato Water Supply will be made. He advised that a Coro Fellow has been working with Mr. DeGabriele for the past couple of months on the white paper intended to inform the City of Novato General Plan Update.

### **OPEN TIME**

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

Director Fraites reported a water leak in front of the Center Road apartments.

### **CONSENT CALENDAR**

On the motion of Director Schoonover, seconded by Director Petterle and unanimously carried, the following items were approved on the consent calendar:

### **RESPONSE TO MARIN GRAND JURY IMPLEMENTATION REVIEW COMMITTEE**

The Board approved a response to the Marin County Civil Grand Implementation Review Committee, a new committee formed to assess the follow through of respondents to prior Civil Grand Jury Reports. The District received the letter from the new committee requesting a specific update to the District's 2013 response to the Grand Jury's report: "Marin's Retirement Health Care Benefits: The Money Isn't There." The Implementation Committee specifically asked what the District had accomplished regarding requiring active employees to make a contribution towards the cost of their retiree health care benefits. Our response in 2013 was reiterated to the review committee: NMWD can propose employees make a contribution toward cost of retirement health care when compensation is next negotiated upon expiration of the current MOU with the NMWD Employee Association.

**RENEW AGREEMENT WITH WORKERS' COMPENSATION THIRD-PARTY ADMINISTRATOR**

Athens Administrators was renewed as third party administrators for the District's self-insured workers compensation program. Athens has performed this function for the District for a total of seven years, from Fiscal Year 2005 through 2008 and again from Fiscal Year 2012 to current.

**ACTION CALENDAR**

**ADDITIONAL WATER CONSERVATION PROGRAMS IN RESPONSE TO 2014 DROUGHT**

Ryan Grisso, Water Conservation Coordinator, informed the Board that staff proposes to add two water conservation pilot programs in response to the 2014 drought. He stated that the District is working with Waste Management on a sheet mulching pilot program where Waste Management or their contractor would provide customers with materials such as, cardboard, compost and mulch, to cover 600 sqft of lawn. Mr. Grisso stated that the final details of the program need to be worked out with Waste Management but it's expected that up to 20 customers could participate with a total cost not to exceed \$8,000. He stated that the second program would be a \$75 rebate for up to 15 customers to install qualified hot-water recirculation systems. He noted that a recirculating pump would provide hot water more quickly to plumbing fixtures more distant from the hot water heater. Mr. Grisso stated that the total estimated rebate cost is \$4,000.

Director Baker stated that there are a lot of variables from customer to customer and asked about people with tankless water heaters. Mr. Grisso said the details are still being worked out and there are going to be a lot of variables.

Director Baker asked about the sheet mulching and the potential drainage issues in the winter months.

Mr. Grisso said that the sheet mulching program is very popular and has been extremely successful for other water agencies.

On motion of Director Petterle, seconded by Director Schoonover and unanimously carried, the Board approved and authorized the General Manager to implement the Sheet Mulching Pilot Program and/or negotiate and execute an agreement for the Sheet Mulching Pilot Program for an amount not to exceed \$8,000 and approved and authorized the General Manager to implement the Hot Water Recirculation System Rebate Program.

**REVISED RESOLUTION SETTING WATER CONSERVATION REBATE AMOUNTS**

Mr. Grisso informed the Board that he has two resolutions he would like to revise regarding water conservation rebate amounts. He requested that a pool cover rebate be brought back and

provide up to \$50 for a District qualified pool cover. Mr. Grisso stated that the second rebate amount he would like to add is the Ultra-High Efficiency Toilets (1.1 gpf or less) to \$150.

President Rodoni asked about the use of the washing machine rebates. Mr. Grisso stated that the washing machine rebates are down since last year. President Rodoni asked if staff should change the rebate to \$150 during the drought period to encourage more customers to buy washing machines. Mr. Grisso believes they will purchase the washing machines regardless of the rebates and said he would speak with the salesman at Sears to see if they believe it would be good incentive to increase the rebate amount.

Director Baker requested a brief recap or historical perspective of District toilet requirements and rebates at a future meeting.

On motion of Director Petterle, seconded by Director Schoonover and unanimously carried, the Board approved the proposed changes to Resolution 06-01 entitled: "Revised Resolution 06-01 of the North Marin Water District Board of Directors Setting Water Conservation Rebate Amounts for Novato Service Area," and Resolution 06-02 entitled: "Revised Resolution 06-02 of the North Marin Water District Board of Directors Setting Water Conservation Rebate Amounts for West Marin Service Area."

#### **EMPLOYEE DOWN PAYMENT ASSISTANCE – 15 GUSTAFSON COURT**

Mr. Bentley informed the Board that staff has come up with a unique proposal regarding the District property at 15 Gustafson Court, which is currently rented by two District employees. He advised the Board that the couple recently married and thereby are entitled to the cash benefit afforded employees who have duplicate medical coverage. He noted that they have expressed interest in owning the home, but lack the down-payment necessary to purchase the property. Mr. Bentley stated that staff propose to make a payroll advance to the couple in the form of a \$100,000 loan put into escrow for purchase of the home. He advised the Board that the down payment loan would be repaid through foregone duplicate medical payments from the employees. He noted that the couple would then take out a first mortgage, thereby acquiring the home from the District at an approved price. Mr. Bentley advised the Board that the current market value of the house is estimated at \$545,000, and is asking the Board to authorize staff to work with legal counsel and employ an appraiser to work out the details of the proposed payroll advance and sale of the home.

Director Baker stated that it was a great idea but cautioned staff to keep in mind the history of the last owner.

On motion of Director Fraites, seconded by Director Petterle and unanimously carried, the Board authorized staff to work with legal counsel and employ an appraiser to work out the details of the proposed payroll advance and sale of the home.

**PURCHASE OF FY15 INSURANCE**

Mr. Bentley advised the Board that consistent with prior years, staff recommends the District purchase insurance through Gallagher Insurance Services in San Francisco. He stated that the insurance package includes Property, Vehicle Physical Damage, Public Officials Errors and Omissions and Employment Practices Liability, General and Auto Liability Umbrella, Employee Fidelity (crime), Excess Worker's Compensation and, new this year, Cyber Liability Insurance. Mr. Bentley stated that staff recommends purchasing Cyber Liability Insurance because the District holds private customer and employee information and, should the District's computer system be hacked, the District must notify all customers/employees affected. He noted that a major benefit of Cyber Liability Insurance is that it provides for the cost associated with notification and data breach response. He informed the Board that the total cost for FY15 Insurance would be \$132,256, up 9% over last year, principally due to the addition of Cyber Liability Coverage.

On motion of Director Petterle, seconded by Director Fraites and unanimously carried, the Board approved the purchase of FY15 insurance in the amount of \$132,256 to be included in FY2014/15 Operations Budget.

**CALPERS SIDE FUND PAY OFF**

David Bentley reminded the Board that at their Workshop in January, staff introduced the concept of paying off the District's CalPERS Side Fund liability of \$2.1M. He noted that since the workshop the District's cash balance has increased \$1.4M which allowed the District to increase its cash reserve to \$17.6M, providing adequate money to extinguish the Side Fund liability. He stated that it would save the District 7.5% in interest charged by CalPERS. Mr. Bentley advised the Board that in 2003, when the District was included in a CalPERS risk pool with agencies that have less than 100 employees, the Side Fund was created by CalPERS to account for the difference between the funded status of the entire risk pool and the funded status of the District's plan.

Mr. Bentley provided the Board with four options for paying off the Side Fund: 1) keep everything the same, paying the 7.5% interest, 2) Bond financing, 3) a bank loan, or 4) use the money in reserves and pay off the Side Fund. Mr. Bentley recommended that rather than taking on new debt to extinguish the Side Fund, the District should use the existing District treasury funds.

Director Schoonover asked if the reserves would remain satisfactory. Mr. Bentley stated that the District has met the reserve goal of 90% of operating expenditures and he is comfortable going forward paying off this debt to CalPERS.

President Rodoni requested that Mr. Bentley add a footnote to the Financial dashboard regarding the payment to CalPERS and cautioned staff that additional rate increases should not be proposed to back-stop the District reserve total for this purpose.

On motion of Director Schoonover, seconded by Director Baker and unanimously carried, the Board authorized staff to extinguish the District's CalPERS Side Fund liability paying \$2,073,701 to CalPERS by June 30, 2014, thereby reducing the semi-monthly CalPERS contribution each year through FY25.

### **INFORMATION ITEMS**

#### **PROPOSED PERMITS FOR DISCHARGES OF POTABLE WATER**

Pablo Ramudo, Water Quality Supervisor, informed the Board about upcoming permits for potable water discharges. He stated that both the State Water Resources Control Board and the San Francisco Bay Area Regional Water Quality Control Board are preparing permits for both planned potable water discharges, such as flushing, draining of tanks for maintenance, and for unplanned discharges, such as main breaks, tank overflows, fire hydrant breaks, etc. Mr. Ramudo advised the Board that the Regional Board asked seven large water utilities to participate in a limited stakeholders group and now the board has asked for public comment. He noted that the permit will most likely be adopted and in place by the end of the year. Mr. Ramudo stated that the proposed permits would require a best management practices plan, numeric limits for chlorine, effluent monitoring of discharges, an action level for turbidity, and an erosion control plan for planned discharges.

Director Baker asked if the new provisions would require new equipment. Mr. Ramudo stated that staff is looking to put together a dosing pump capable of adding a neutralizing agent to disinfected water and which could fit on a trailer. Mr. Clark added that the device would be cost less than \$4,000 and has been used in the past to neutralize chlorine during pipe disinfection.

Mr. Ramudo stated that there were two recent unplanned discharges in the Novato System that are examples of discharges that will be covered when the new permits are adopted.

Mr. Ramudo informed the Board of the recent overflow at Wild Horse Tank on May 22<sup>nd</sup> where a communication failure occurred. He stated the overflow ran for approximately 5 hours spilling 168K gallons. Mr. Ramudo stated that the water from the tank was discharged into land

adjacent to the tank and traveled into Vineyard Creek. He advised the Board that a report of the incident and discharge was requested by the Regional Board.

Mr. Ramudo advised the Board on May 25<sup>th</sup> a main break occurred on Maestro Road near the intersection with Wilson Ave. He stated that some of the water went directly into the creek and 27 customers were without water due to the break. He informed the Board that once water service was restored and the main flushed, samples were taken from two locations to confirm continued and adequate disinfection. Mr. Ramudo advised the Board that a Water Quality Alert was hand delivered to each affected customer and a second set of samples were collected the next day. He noted that the results from both sets of the samples were negative for coliform bacteria a second notice was delivered to the customers.

Mr. Ramudo stated that the residents affected were extremely appreciative of the hardworking crew and the quick response time.

Director Baker asked about the failure at Wild Horse Tank and if the problem was corrected.

Mr. Ramudo stated that the equipment has been thoroughly inspected and corrected. Mr. Clark informed the Board that human error was involved and that a control circuit shorted out on the sensor alarm. He stated that in the budget this year, staff is going to purchase a high level sensor which would be a secondary alarm if the tank reaches a higher level. He noted that staff is now checking all alarms when switching shifts.

President Rodoni asked when there is a planned large discharge if the District can take the opportunity to move the water into the Recycled water system. Mr. Ramudo stated that it was legal but not always feasible. He stated that the proximity of recycled water and ability to relocate the water is taken into account with every planned discharge of potable water.

Mr. DeGabriele stated that Pablo Ramudo has done an excellent job taking on a new leadership role with ACWA on the permits and attended the regional board and state board meetings and has done a lot of work for the Districts interest as well as the entire water community.

#### **INITIAL REVIEW - FY15 WEST MARIN WATER AND OCEANA MARIN SEWER BUDGETS**

Mr. Bentley provided the Board with the initial review of the FY15 West Marin Water and Oceana Marin Sewer Budgets. He stated that in West Marin the proposed commodity rate increase is 7%, with no increase in the bimonthly service charge. He noted that the proposed West Marin Water increase would total \$31 annually for the typical residential customer. Mr. Bentley informed the Board that the proposed budget also includes \$43,000 in drought surcharge revenue generated between July 1 and November 1 due to the anticipated enactment of a 25% mandatory water use

restriction. He stated that the drought surcharge would be effective July 1<sup>st</sup> and be \$2.50/1,000 gallons used in excess of 200 gallons per day for residential customers. He noted that for non-residential customers the surcharge would start from the first gallon used. Mr. Bentley informed the Board that the West Marin Water System Budget projects a cash deficit next year of \$8,000. He noted that the water sales volume is budgeted to decrease by 11% due to the mandatory water use restriction and the West Marin system is projected to consume 70MG next year compared to 79MG this year. Mr. Bentley stated that the Operating expenditures are budgeted to increase 12% from last year. He stated that the proposed budget includes \$35K for purchase of 200 acre-feet of water from MMWD to maintain adequate flow in Lagunitas Creek, and an additional \$18K in water conservation expense due to anticipated enhancement of mandatory water use restrictions. Mr. Bentley advised the Board that staff updated the Coastal Annual Water Rate Comparison and, even with the proposed 7% commodity rate increase, the District's water cost is at the bottom of the list.

Mr. Bentley informed the Board that in Oceana Marin the budget projects operating expenditures to increase 17% from the current budget year, and 27% from the current year estimated actual. He stated that with the termination of the agreement with Phillips and Associates to provide for Operation and Maintenance of the Oceana Marin system, there will be significant expense added to the budget to complete deferred maintenance items. He advised the Board that there is also \$30K incorporated into next year's budget to update the Oceana Marin Master Plan. Mr. Bentley informed the Board that a 5% rate increase (\$3 per month, to \$68/month) is proposed for FY15, which will generate an additional \$8,000 per year. Mr. Bentley informed the Board that after completing the Oceana Marin Sewer Rate Survey, the District cost is close to the top of the chart.

Mr. Bentley advised the Board that the West Marin Water and Oceana Marin Sewer budgets will be reviewed again at the June 17<sup>th</sup> meeting and a public hearing to consider the proposed water and sewer rate increases and to adopt the water and sewer budgets is scheduled for June 24<sup>th</sup> in Point Reyes Station.

President Rodoni asked where customers outside of District boundaries would fall in regards to the drought surcharge. Mr. Bentley said the outside customers would also be subject to the drought surcharge and that he would be making a report at the next meeting regarding these customers. He noted that there are 13 customers, nine of which are residential.

President Rodoni informed the Board that he has written an editorial letter that will be featured in the Point Reyes Light explaining the history of our water rights, inviting customers to the meeting on June 24<sup>th</sup>, and why the mandatory water use reduction of 25% is required.

**NORTH BAY WATER REUSE AUTHORITY BOARD MEETING – MAY 19, 2014**

Drew McIntyre informed the Board that he and Director Schoonover attended the North Bay Water Reuse Authority Meeting on May 19<sup>th</sup> and stated that the NBWRA Board unanimously approved moving forward with the consulting contracts for the next three years with funding approved in one year increments. He stated that the Board also received a copy of an email regarding Marin Municipal Water District's withdrawal from being a Phase 2 participant. Mr. McIntyre advised the Board that there was initial discussion about forming a Joint Powers Agency which could lower administrative costs during Phase 2 implementation. He stated that he would keep the Board apprised on this topic.

**NBWA MEETING – JUNE 6, 2014**

Director Fraites informed the Board that he will be attending the North Bay Watershed Association meeting on Friday, June 6<sup>th</sup> and would report back at the next Board meeting.

**WAC/TAC MEETING – JUNE 2, 2014**

Mr. DeGabriele complimented President Rodoni and his job well done as the Chair of the Water Advisory Committee at the meeting on June 2<sup>nd</sup>. He stated that the meeting agenda wasn't fully completed because of the press conference with Congressmen Thompson and Huffman. He stated that President Rodoni did a great job as master of ceremonies during the press conference.

Mr. DeGabriele advised the Board that the summary of the Water Advisory Committee Meeting was provided to them tonight and stated that the WAC adopted a Resolution supporting the upper Russian River water conservation programs. He stated that there was discussion on the current water supply and the Temporary Urgency Change Order and provided the Board with a letter from the State Water Resources Control Board to water right holders noticing that the rights have been curtailed and that they are no longer authorized to divert water from the upper Russian River. He noted that Sonoma County Water Agency is being cautious and not going back to the state board for another Temporary Urgency Change Petition. Mr. DeGabriele advised the Board that the on June 1<sup>st</sup> the upper Russian River went from critical to dry classification.

Mr. DeGabriele informed the Board that Lester Snow former Director of the California Department of Water Resources, made a presentation on the California Water Foundation Sustainability Profile initiative. He stated that Sonoma County Water Agency will be the pilot program, the first agency to walk down the Sustainable Water Management Profile approach. He advised the Board that four categories will be reviewed: Supply, Demand, Environmental, and Finances and that there will be ten stressors within the four categories to evaluate. He noted that the pilot work will start in mid-July and hopefully conclude by the end of this calendar year. Mr.

DeGabriele stated that the Sonoma County Water Agency has asked the District to test 100 meters with some regulated flow control valves as part of the pilot program.

President Rodoni stated that Lester Snow provided an interesting discussion about groundwater depletion in the Central Valley and what is occurring, a plan and strategy to stop the depletion and reverse the situation.

President Rodoni informed the Board that he had a nice conversation with Brenda Aldeman who has written a couple of articles that were incorrect and not fair about the Districts water use. He stated that it was a well received conversation and she was complementary of the Sonoma Marin Saving Water Partnership and was interested in protecting the lower Russian River.

President Rodoni thanked Mr. DeGabriele for all of his help and Mr. McIntyre and Mrs. Young for coming and supporting him at the WAC/TAC meeting.

### **MISCELLANEOUS**

The Board received the following miscellaneous information: Disbursements, Water Quality Alert Notifications, Customer Letter praising Construction Employees, Press Release: Construction work on Pt. Reyes – Petaluma Road to Begin Early June for West Marin Pipeline, In Loving Memory: George Grossi, Baywork Status Report, Novato Heights Property Owners Update, and Fire Station No. 64 Ground Breaking Ceremony.

The Board received the following news articles: Pipeline over the Richmond-San Rafael Bridge eyed for Marin water supply, Meeting slated to discuss summer plans for Estuary, Coast Guard housing, shuttering in Point Reyes, spurs interest in property, Officials: Fire board appointment illegal, Two Mendocino County water districts closer to merger, and Construction beginning on Pt. Reyes-Petaluma Road in early June.

The Board also received the following miscellaneous items at the meeting: Water Advisory Committee Meeting – June 2, 2014, and Customer letter and response.

Relative to the Novato Heights Property Owners Update letter, Director Baker asked staff to clarify the District's role concerning Novato Heights. Mr. DeGabriele stated that the District has access to the Half Moon pump station on Ridge Road and Half Moon Tank in that neighborhood and feels it important to help out when necessary. Director Baker said he was impressed with the letter that was sent out to the property owners.

President Rodoni thanked District staff for getting the word out about the construction work on the Gallagher Well Pipeline Project starting out in Point Reyes.

**ADJOURNMENT**

President Rodoni adjourned the meeting at 8:45 p.m.

Submitted by

A handwritten signature in black ink, appearing to read "Katie Young". The signature is written in a cursive style with a large, stylized initial "K".

Katie Young  
District Secretary