

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
October 20, 2015**

**CALL TO ORDER**

President Baker 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, Stephen Petterle, and John Schoonover. Also present were General Manager Chris DeGabriele, District Secretary Katie Young, and Chief Engineer Drew McIntyre. Auditor-Controller David Bentley was absent.

Novato Residents Mike Jolly and Art & Patricia Ravicz, Jeffries Public Safety Consulting Employee Dave Jeffries, Christopher Brown of Fedak & Brown LLP, Mike Skowronek of Michael Baker International, and District employees Dianne Landeros (HR/Accounting Supervisor), Robert Clark, (Maintenance/Operations Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

**MINUTES**

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

AYES: Directors Baker, Fraites, Petterle, Rodoni & Schoonover

NOES: None

**GENERAL MANAGER'S REPORT**

**Office Relocation**

Mr. DeGabriele advised the Board that he and David Bentley met with City of Novato staff on October 9<sup>th</sup> and discussed the City's continued interest in the District's property at 999 Rush Creek Place. He stated that the District promised to consider the City proposals for up to two years which will sunset at the end of this calendar year and if the City wants the District to continue to delay moving forward on the District's reconstruction, that the City should enter into an option agreement and pay the District to wait further. He advised the Board that he will prepare a draft agreement and bring it back to the Board at a future meeting.

**C-SMART**

Mr. DeGabriele informed the Board that he attended a C-SMART TAC meeting last week. He noted that C-SMART is planning another community workshop on November 14<sup>th</sup> at the Stinson

Beach Community Center which is intended to include more focused discussion on adaptation strategies.

#### Emergency Water Conservation Regulations

Mr. DeGabriele stated that he participated in a conference call yesterday with a working group established by the State Water Resources Control Board (SWRCB) about continuing their Emergency Water Conservation Regulations beyond February 2016. He advised the Board that it's not likely that the SWRCB can be turned around and allow the existing regulations to sunset, so this group is proposing a regional approach to compliance.

#### 25 Giacomini

Mr. DeGabriele reminded the Board that at the last meeting the Board authorized staff to offer the District home at 25 Giacomini for rent. He noted that in the last three days there have been individuals advocating for a family in West Marin to rent the home. He stated that it will be available on November 1<sup>st</sup> and advised those folks to have the party apply when it is advertised for rent.

#### Notice of Public Hearing

Mr. DeGabriele informed the Board that Marin Municipal Water District (MMWD) issued a Notice of Public Hearing for their rate increase which was mistakenly sent to District customers. He stated that staff has added a message from MMWD apologizing for their error to the District Facebook page and website.

#### **OPEN TIME**

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

Mr. McIntyre advised the Board that Art & Patricia Ravicz, homeowners at 45 Mendocino Lane were in the audience and desired to address the Board regarding the consent item.

#### **QUARTERLY FINANCIAL STATEMENT**

Dianne Landeros presented the Quarterly Financial Statement for the Board's information and advised that at the September 1st meeting staff evaluated financial performance with the decreased water sales. She stated that a pro-forma financial statement assumed a 36% reduction in sales compared to FY14 at that time. She advised the Board that the financial statement projected

a cash decrease that was \$2M more than budgeted. Mrs. Landeros advised that cost saving measures totaling \$1.3M would be implemented immediately and after the first quarter of this fiscal year projected annual water sales are running 32% below FY14, slightly better than the 36% anticipated. She noted that with the \$1.3M in cost saving measures in place and updated information through the first quarter of the fiscal year, staff now projects that the cash balance will come in as budgeted.

### **MONTHLY PROGRESS REPORT**

Mr. DeGabriele provided the Board with the Monthly Progress Report for September. He stated that water production in Novato was down 25% compared to a year ago and 36% compared to September 2013. He noted that in West Marin water production was down 18% compared to a year ago and 25% compared to September 2013. Mr. DeGabriele stated that Lake Mendocino is 56% of capacity at 33,000AF and Lake Sonoma is at 72% capacity with 174,000AF. He advised the Board that in Oceana Marin, the ponds are in good shape going into the winter months and that there is nine feet of freeboard. Mr. DeGabriele informed the Board of the charts David Bentley included in the agenda packet showing the comparison of water production. He stated that in the Summary of Complaints and Service Orders, complaints were down considerably and that there were fewer high bill complaints. He advised the Board that the Customer Service Questionnaire had a good return of 27% and only received one negative response.

Mr. DeGabriele provided the Board with the Monthly Report of Investments, stating that at the end of September the District had a cash balance of \$11.4M in the bank and the average weighted portfolio return on investment was 0.6%.

### **ACTION CALENDAR**

#### **45 MENDOCINO LANE EXTENSION**

Mr. McIntyre advised the Board that 45 Mendocino Lane homeowners are requesting a new water facilities at their property. He stated that new water facilities include 80 feet of 6-inch main, one residential fire hydrant, a 5/8" water service and a 3/4" double check valve. He noted that the total cost of the project including connection fees is just under \$60K.

Pat Ravicz advised the Board that they need the District's, water at 45 Mendocino Lane since their well is going dry. She stated that they have lived on the property for 53 years and she stated that they are fortunate to be able to afford such an expensive improvement, but questioned why they must pay for a new fire hydrant. Mr. McIntyre explained that the fire hydrant is a small part of the total cost, and had the Ravicz's made the improvement in 2001 when they first approached

the District, it would have much less expensive as both construction costs and District connection fees were much lower at that time.

On motion of Director Rodoni, seconded by Director Petterle, the Board approved the authorization of the agreement and Resolution 15-23 entitled: "Authorization of Execution of High Pressure Water Facilities Construction Agreement with Arthur and Patricia Ravicz" by the following vote:

AYES: Directors Baker, Fraites, Petterle, Rodoni & Schoonover

NOES: None

### **OUTSIDE AUDITOR'S 2015 REPORT AND MANAGEMENT REPORT**

Dianne Landeros introduced Chris Brown of Fedak & Brown, the District's outside auditors to present the Comprehensive Annual Financial Report and Management Report. Dianne also acknowledged Jeff Palmer of Fedak & Brown who greatly assisted the District in navigating the new GASB 68 requirements. Mr. Brown explained the audit process and results which include an "unmodified" or "clean" opinion that the financial statements reviewed present fairly and in all material respects the financial position of the District as of June 30, 2015. Mr. Brown advised that there were no difficulties performing the audit and no disagreements with management. He reviewed in detail the new GASB 68 and 71 requirements, which primary objective is to improve the accounting and financial reporting for pensions. He stated that new items in the financial statements to reflect these requirements include disclosure of net pension liability and deferred outflows and inflows of resources. Mr. Brown informed the Board that the financial highlights include the District net position increase of 3% over the year, operating revenue decreased 14.9% due primarily to reduced water sales resulting from drought restrictions, operating expense decreased 6.3% due principally to decreased water purchases and capital contribution increased 6.6% due primarily to the Aqueduct Energy Efficiency Project construction.

On motion of Director Rodoni, seconded by Director Fraites, the Board accepted the Outside Auditor's FY14/15 Financial Report and Management Letter as amended by the following vote:

AYES: Directors Baker, Fraites, Petterle, Rodoni & Schoonover

NOES: None

**NMFS DRAFT COASTAL MULTI-SPECIES RECOVERY PLAN – APPROVE CONSULTANT SERVICES FUNDING FOR COMMENT RESOLUTION**

Mr. DeGabriele provided a letter from National Marine Fisheries Service responding to the District's comments made on the draft Coastal Multi-Species Recovery Plan. He stated that the Recovery Plan continues to recommend Novato Creek in the Coastal San Francisco Bay Diversity Stratum for steelhead and a target of 1,300 adult steelhead in Novato Creek to be delisted. He advised that Board that what was more troublesome is that the plan continues to include a recommendation for fish passage above Stafford Dam. Mr. DeGabriele informed the Board that the District has one more opportunity to make its case that passage above Stafford Dam is not reasonable as the public comment period will close on December 4th. He requested that the Board approve paying a fisheries consultant to up to \$10K to support resolution of District comments on the subject recovery plan.

Director Fraites asked if there was a history of spawning activity above the dam. Mr. DeGabriele replied that there was history before the dam was constructed.

On motion of Director Fraites, seconded by Director Petterle, the Board authorized the General Manager to enter into a Consulting Services Agreement up to \$10,000 to support Resolution of NMWD Comments on the NMFS Coastal Multi-Species Recovery Plan.

AYES: Directors Baker, Fraites, Petterle, Rodoni & Schoonover

NOES: None

**INFORMATION ITEMS**

**SUSTAINABLE GROUNDWATER MANAGEMENT ACT IN SONOMA COUNTY**

Mr. DeGabriele provided the Board with an informational report on the Sustainable Groundwater Management Act in Sonoma County. He reminded the Board that approximately one year ago Sonoma County Water Agency's Chief Engineer Jay Jasperse made a presentation on the Sustainable Groundwater Management Act to the District Board. He informed the Board that last Tuesday, the Sonoma County Water Agency (SCWA) Board unanimously approved forming Groundwater Sustainability Agency's for each of the three groundwater basins in Sonoma County that fall under the Sustainable Groundwater Management Act requirement (Sonoma Valley, Petaluma Valley and Santa Rosa Plain). Mr. DeGabriele noted that as currently proposed Groundwater Sustainability Agencies in each basin will be made up of public agency participants including SCWA and the County of Sonoma and the cities or water districts included within each basin. He stated that advisory panels are also anticipated to be formed including representatives from stakeholders not affiliated with the various public agencies.

President Baker requested further information on the North Bay Water District which is identified as a possible participant in the Sonoma Valley and Petaluma Valley Groundwater Sustainability Agencies.

### **MISCELLANEOUS**

The Board received the following miscellaneous items: Disbursements, 2016 Medical Plan Cost Increase, FY16 1<sup>st</sup> Quarter Self-Insured Workers Compensation Report, FY16 1<sup>st</sup> Quarter Labor Cost Report, STP Solar Power Facility – 3<sup>rd</sup> Year Status Report, and Sonoma-Marín Saving Water Partnership Wins 2015 WaterSense Partner of the Year Award.

The Board also received the following news articles: Marin water savings over summer stay ahead of state-mandated goals, and Legislation to Improve Weather Forecasting for Water Management Singed by Governor Brown.

The Board received the following items at the Board meeting: a letter from Assemblymember Jim Wood regarding the Sonoma-Marín Saving Water Partnership receiving the WaterSense Partner of the Year award, the Presentation of 2015 Audit Results and the following news article: North Bay water provider says region needs better planning.

### **CLOSED SESSION**

President Baker adjourned the Board into closed session at 8:18 p.m. in accordance with Government Code Section 54957 for Consultation with security consultant on matters posing a threat to security of essential public services.

### **OPEN SESSION**

Upon returning to regular session at 8:58 p.m., President Baker stated that on motion of Director Petterle, second by Director Schoonover the Board accepted the 2015 Stafford Dam Emergency Action Plan Final Report during the closed session by the following vote:

AYES: Directors Baker, Fraités, Petterle, Rodoni & Schoonover

NOES: None

### **ADJOURNMENT**

President Baker adjourned the meeting at 8:59 p.m.

Submitted by



Katie Young  
District Secretary