

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
November 5, 2013**

CALL TO ORDER

President Fraites 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, Stephen Petterle, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, Secretary Katie Young, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Chief Jason Weber, Marin County Fire Department, Rigo, Soccoro, and Adrian Diaz, Judy Rodoni, Al Cornwell (CSW), and District employee Robert Clark (Operations/Maintenance Superintendent), were in the audience.

SPECIAL RECOGNITION

Chief Jason Weber from Marin County Fire Department presented resolutions to Director Rodoni, Judy Rodoni and Rigo Diaz for their bravery and commitment to the community in Pt. Reyes for saving historic buildings due to a fire caused by a car accident. He presented Director Rodoni, Mrs. Rodoni and Mr. and Mrs. Diaz with a challenger coin.

MINUTES

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

GENERAL MANAGER'S REPORT

Marin LAFCO Executive Director Meeting

Mr. DeGabriele informed the Board that he met with Marin LAFCO's new Executive Director Keene Simonds. He stated that they discussed the updates to municipal service reviews Countywide which will be performed.

Petaluma South Service Industrial Area

Mr. DeGabriele advised the Board that he and Drew McIntyre met with City of Petaluma's staff on October 23rd to discuss potential transfer of the District's service in the South Petaluma Blvd. Industrial area of Petaluma. He informed the Board that the District agreed to draft an agreement to transfer facilities and service responsibility. Mr. DeGabriele noted that he informed the City of Petaluma that the District had plans to approve the Dutra Haystack Landing service agreement at the Board meeting tonight and the Petaluma City Manager has requested that the

District consider postponing the agreement until Petaluma can thoroughly review the information. Mr. DeGabriele requested the Board table the Dutra Haystack Landing Agreement until the December 3rd meeting.

Stafford Lake

Mr. DeGabriele advised the Board that he and Robert Clark met with Marin County Park staff to discuss the Master Plan for Stafford Lake Park and decided it would be a good time to update the Stafford Lake agreement. He advised the also discussed irrigation supply for the park and improving the pump system for raw water. He stated that they would also look at the lake and creek sediment removal.

Cotati City Meeting

Mr. DeGabriele informed the Board that he was invited to attend the Cotati City Council Meeting next Tuesday to hear the pro and con arguments for fluoridation of the Sonoma County Water Agency water supply. He stated that he would be there representing the Technical Advisory Committee answering questions regarding the TAC review of the Fluoridation Engineering Feasibility Study.

California Water Action Plan

Mr. DeGabriele stated that Director Baker requested he recognize the California Water Action plan which is a joint effort made by the California Natural Resources Agency, the California Department of Food and Agriculture, and the California EPA. He noted that several other agencies have statewide water plans and that he would review the plans together and inform the Board of the similarities and differences.

George Quesada

Mr. DeGabriele informed the Board that George Quesada passed away on October 15th and there will be a memorial service for the public on November 24th. He stated that Mr. Quesada was a long time Board member for the Novato Sanitary District and also served on the Novato City Council.

OPEN TIME

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

Director Baker informed the Board that Drew McIntyre provided a tour for him of the Aqueduct Energy Efficiency Project pipeline installation along the west side of 101. He stated that he was very impressed and that there will be a lot of frontage roads available.

Director Rodoni reminded the Board that Sonoma County Water Agency is offering tours of the Dry Creek Improvements on November 15th and 22nd. He stated that President Fraites, Director Baker and himself will be attending on November 22nd.

PUBLIC HEARING: POLICY #13 – BOARD COMPENSATION AND PROCEDURE

Mr. DeGabriele reminded the Board at the October 15th meeting, the Board, by split vote, decided on an option for revision to Policy #13 – Board Compensation and Procedure. He noted that at the meeting, the Board also set November 5, 2013 as the date for the public hearing to consider Ordinance 27 revising the policy. Mr. DeGabriele informed the Board that the public hearing notice was published in the Novato Advance for two consecutive weeks, on October 23rd and 30th, in accordance with state statute. He stated that the proposed increase is in accordance with the California Water Code section 20200 *et seq.* Mr. DeGabriele noted that the last Directors' compensation increase was in 1982 to \$100 per meeting. He stated that the proposed policy revision would increase the per meeting amount to \$200 and thereafter that amount would escalate pursuant to the change in the San Francisco Bay Area All Urban Consumers Price Index, but no greater than 5% per year.

Mr. DeGabriele informed the Board that legal counsel has reviewed all of the documentation including the ordinance and policy. He stated that upon completion of the public hearing the policy change will go into effect 60 days from today or January 6, 2014 if no valid voter protest is made. He stated that a petition bearing signatures from 10% of the registered voters within the service area who participated in the most recent gubernatorial election would be considered a valid protest. He noted that the District has not received any comments to date.

President Fraites opened the public hearing at 7:51 p.m. Hearing no comments President Fraites closed the public hearing at 7:52 p.m.

On motion of Director Schoonover, seconded by Director Baker and unanimously approved by the Board, the Board adopted Ordinance #27 "An Ordinance of North Marin Water District Revising District Policy No. 13 Directors' Compensation and Procedure" and approved the revised Policy # 13- Directors' Compensation and Procedure.

QUARTERLY FINANCIAL STATEMENT

David Bentley provided the Board with the Quarterly Financial Report for the first quarter. He stated that the net income at the end of the first quarter was \$1.9M. He informed the Board that the District is still waiting on \$3.5M to be reimbursed in Recycled Water grant and loan money. Mr. Bentley stated that the operating revenue was 3% above budget and the District is selling more water than budgeted. He advised the Board that Novato revenue is up 15%, due to the 11% rate increase that went into effect June 1st.

Mr. Bentley advised the Board that the net income at the end of the quarter was \$1.8M and no connection fees have been collected so far this fiscal year. He noted that Recycled Water still owes Novato \$1.1M and that Recycled Water had a small net income of \$3K even while covering all depreciation expenses. Mr. Bentley advised the Board that Recycled Water now has 42 customers compared to last year's two customers and the total consumption for the quarter was 66MG.

Mr. Bentley advised the Board that to date the District has spent \$15.6M on the Recycled Water Expansion Project and that \$1.1M is still financed by Novato Water System.

Mr. Bentley advised the Board that in West Marin the operating revenue was up 12% and expenses were up due to design work on the Gallagher Well project. He stated that West Marin's net income was \$112K, about even from one year ago. Mr. Bentley informed the Board that West Marin ended the quarter with a cash balance of \$781K, 90% of which is a Bank of Marin loan.

Mr. Bentley stated that in Oceana Marin, the net income for this quarter was \$920 and the operating revenue was 12% higher than the previous year. He noted that Oceana Marin received \$30K in connection fees from the Brown Annexation and that Oceana Marin finished the quarter with \$197K in the bank.

CONSENT CALENDAR

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

AUDITOR – CONTROLLER'S STATEMENT OF INVESTMENT POLICY

The Board approved the Auditor-Controller's Statement of Investment Policy which is presented to the Board annually for review. There was one change recommended in the investment policy from that approved by the Board last year, and that is to beef-up the investigation of broker/dealers that the District utilizes.

OUTSIDE AUDITOR'S 2013 REPORT & MANAGEMENT LETTER

The Board accepted the FY2012/13 Outside Auditor's Annual Audit Report and Management Letter that was presented as a draft at the October 15th meeting. Staff made minor wording changes to the footnotes. There were no changes requested by the Board.

VILLAGE MARIN MASTER ASSOCIATION AGREEMENT EXTENSION

Village Marin Master Association currently has a ten-year license agreement with the District allowing use of Pachecho Tank roof for four tennis courts. The current agreement runs through December 31, 2013 with the provisional option to extend the term for an additional ten years. The current annual fee is \$2,150. The agreement modifications requested by Village Marin Master pertains to how they address their responsibilities to charge the homeowners to fund their maintenance obligations. The District has also revised the insurance limits to meet its current levels of liability and increased the annual fee to \$2,500, with a \$50 annual escalator to account for additional staff time and attorneys' fees.

The Board authorized staff to grant the Village Marin Master Association's request for an agreement extension for a ten-year term, from January 1, 2014 to December 31, 2023.

ACTION CALENDAR

CSW/ST² CONTRACT AMMENDMENT – AEEP

Drew McIntyre reminded the Board of the overview they received on the Caltrans Marin Sonoma Narrows (MSN) and Aqueduct Energy Efficiency Project (AEEP) at the September 17, 2013 meeting. He stated that while construction is underway for the MSN B1-AEEP Reach E project, Caltrans is still designing the MSN B3 segment and the District is paying CSW/ST² for 'betterment' design costs. He noted that all design work is expected to be finished for the MSN B3-AEEP Reach A-D segments by December 2013.

Mr. McIntyre provided a summary of the past amendments to the CSW/ST² contract and stated that an additional \$121,200 is needed for additional design services related to the Aqueduct Energy Efficiency Project.

Mr. McIntyre informed the Board that \$42K is needed for additional project management costs, \$31K is for extended design duration of the project and \$48K is for services during construction.

Mr. McIntyre advised the Board that of the \$121K, an estimated 50% of the cost will be reimbursed by Caltrans as part of the agreement for the shared costs of the next phase of the project.

On motion of Director Petterle, seconded by Director Schoonover and unanimously approved, the Board authorized the General Manager to execute a contract amendment with CSW/Stuber-Stroeh in the amount of \$121,200 for additional design engineering services related to the MSN and Aqueduct Energy Efficiency Project.

DUTRA HAYSTACK LANDING WATER FACILITIES

Mr. DeGabriele reminded the Board that he mentioned that the City of Petaluma has requested that the District hold off on approving the Dutra Haystack Landing Agreement so they can review the information. Mr. DeGabriele suggested tabling the item until the December 3, 2013 meeting.

President Fraites asked if this area was the area where the Pomo Indians wanted to construct housing. Mr. DeGabriele stated that the Pomo property is south of this area. Director Baker asked if a tribe member has property on that area. Mr. DeGabriele stated that one of the tribe members does own a piece of property adjacent to the area in question.

Director Rodoni believes it's a good idea to postpone item and to give the City of Petaluma time to look at the information. He asked how much longer the District can wait on the agreement and if Dutra has any feedback on if the item was delayed.

Mr. DeGabriele stated that he doesn't believe the delay will impact Dutra.

Al Cornwell, CSW, stated that he was the engineer/project manager for Dutra and that they are fine with letting the agreement go for one more month but to not delay longer.

President Fraites tabled the Dutra Haystack Landing Agreement until the December 3, 2013 meeting.

Al Cornwell left the meeting.

INFORMATION ITEMS

QUARTERLY PROGRESS REPORT – ENGINEERING DEPARTMENT WATER

Drew McIntyre presented the Quarterly Progress Report for the Engineering Department to the Board. He stated that Novato and West Marin water are both projecting fund expenditures to be lower than the approved budget. He noted that Recycled Water is anticipating spending \$100k more than what was budgeted due to higher close out costs.

Mr. McIntyre informed the Board that a total of 35 projects were originally budgeted in FY 13/14 for the Novato, West Marin and Oceana Marin service areas and that 7 projects have been carried over from FY12/13.

Mr. McIntyre advised the Board that in the South Service Area Phase 1b project, Disney Construction and the District have been discussing mediation. He noted that last week it was mentioned that Disney might want to delay mediation to see if they and the District can work out a compromise. He stated that he would keep the Board apprised on the information.

Mr. McIntyre stated that in West Marin the District is still trying to get approval from the Local Coastal Commission for the Pt. Reyes Solids Handling Project. He stated that the one project carried over from FY 12/13 is the Gallagher Well Pipeline which the District is still trying to line up funding and should hear more no later than December regarding grant funding.

WATER CONSERVATION QUARTERLY UPDATE JULY- SEPTEMBER 2013

Drew McIntyre presented the Water Conservation Quarterly Update for Ryan Grisso stating that there has been an increase in high efficiency clothes washer rebates. He noted that toilet rebates and cash for grass rebates are lagging but Mr. Grisso is working on additional public outreach to improve landscape incentive participation. Mr. McIntyre stated that Ryan is considering a toilet giveaway similar to the District program done in the past.

Mr. McIntyre informed the Board of the new banner that is now displayed in on the equipment storage building which faces US 101 and which recently has had LED lights installed to gain more exposure.

Mr. McIntyre advised the Board that the first invoice to Sonoma County Water Agency for grant funding was \$42K.

Director Rodoni stated that he is not seeing any new programs or rebate increases and that the District is supplementing budgeted money with grant money.

Mr. McIntyre stated that some of the money the District is receiving from SCWA is money that the District can use for other activities such as the toilet giveaway. He noted that another thing the District was looking into was trying to increase participation in additional recycled water retrofit projects.

DRAFT ANNUAL REPORT

Katie Young informed the Board that the Annual Report was ready to be reviewed. She asked that Directors and staff to submit comments for incorporation into the annual report to her by Tuesday, November 12, 2013. She informed the Board that she would distribute the final report at the November 19th Board meeting.

Director Baker asked if there was anything drastic that has been changed. Mr. DeGabriele replied that it is a similar report as previous years.

BOARD REVIEW OF DISTRICT POLICIES

Mr. DeGabriele informed the Board that there were two policies for the Board's review, Policy #9 – Purchasing Policy and #12 – Attorney's Attendance at Board Meetings. He asked that the Board review these policies and provide any comments or revisions to him. He informed the Board that the policies will be brought back to the next meeting for adoption.

NBWA MEETING – NOVEMBER 1, 2013

President Fraites stated that he attended the North Bay Watershed Association meeting on November 1st. He stated that a presentation was made about climate change forecasting and that the weather service and other agencies are positioning instruments in Northern California and in the oceans to get weather predictions within 48 hours to be more accurate.

President Fraites also noted that a program is being tested at three ranches in Marin County, spreading compost over the fields to help soils absorb more greenhouse gases. He noted that the ranches were the Stemple Ranch, Corda Ranch and Strauss Ranch.

WAC/TAC MEETING – NOVEMBER 4, 2013

Mr. DeGabriele provided the Board with a summary of the November 4, 2013 WAC/TAC meeting. He stated that there was a good report on the 20-Gallon Challenge during the Temporary Urgency Change Order (TUCO). He noted that 1,200 challenge pledges were made and an additional 6,000 website visitors started to fill out the page but did not want to disclose personal information. Mr. DeGabriele stated that there was a 4% overall reduction in the total water production during the TUCO which was from May 1st through October 28th. He noted that Lake Mendocino never went below the critical storage curve and that water remains in the river for fish releases. Mr. DeGabriele advised the Board that over 400 Chinook salmon have passed the Mirabel Fish Ladder. He noted that once 1,000 Chinook pass, it's likely that the flows will be increased pursuant to consultation with U.S. Fish and Wildlife and National Marine Fisheries Service

Mr. DeGabriele stated that no one is sure what next year's rainfall will be and Lake Pillsbury is extremely low. He informed the Board that the TAC will continue meeting and hopefully rain will come in November.

Mr. DeGabriele informed the Board that a presentation was made by the Town of Windsor's Water Conservation Coordinator, regarding the Windsor Pays Program. He noted that the pilot water conservation effort was principally funded by a U.S. Department of Energy grant in partnership with the Regional Climate Protection Agency. Mr. DeGabriele stated that although the Windsor program fell short of its goal to reach 25% of residential customers, (it reached 5%) Windsor

believes that it has been successful from a water conservation perspective. He noted that the Windsor City Council has not yet fully reviewed the program and will make a determination whether to continue beyond the pilot stage.

Mr. DeGabriele informed the Board that last year's SCWA budget was reviewed and water deliveries in FY 2012/13 were up 18% from the budget amount.

Mr. DeGabriele advised the Board that Claudia Luke from Sonoma State University reported on the University's partnership with Sonoma County Water Agency to enhance watershed management and training at their wild lands and preserves.

Finally, Mr. DeGabriele informed the Board that Jake McKenzie will be stepping down as the WAC Chair at the next meeting in February and an election for the new chair and vice chair will take place. He hoped that Director Rodoni would succeed as Chair.

Director Rodoni mentioned the Water Resources Reform and Development Act Bill that was passed by Congress which contains funding for \$8.2 billion to build or repair dams, locks and levees and to maintain or deepen harbors, canals and river channels. The bill continues language which will enable the U.S. Army Corps of Engineers to fund Habitat improvements in Dry Creek and the Russian River.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements, FY14 1st Quarter Labor Cost Report, SCWA Press Release- U.S. House of Representatives Approves Water Resources Bill that Directly Impacts Russian River Water Supply System, and House Passes WRRDA Bill.

The Board also received the following news articles: Another Voice – Water in the Ukiah Valley – A Community Conversation, Dry Creek Pomo seek hotel for Petaluma land, Young, endangered Coho salmon seen in Walker Creek for the first time in five years, Marin's Stafford Lake bike park fund tops \$290,000 with Mill Valley firm's donation, and Sonoma Marin Partnership Wins EPA WaterSense Excellence Award.

CLOSED SESSION

President Fraites adjourned the Board into closed session at 8:31 p.m. for: Conference with Real Property Negotiator (Chris DeGabriele & Drew McIntyre) regarding terms of Interconnection Agreement between North Marin Water District and Marin Municipal Water District in accordance with Government Code Section 54956.8. and in accordance with Government Code Section 54957 for Public Employee Performance Evaluation (One), Title: General Manager.

OPEN SESSION

Upon returning to regular session at 8:57 p.m., President Fraites stated that during the closed session the Board had discussed the issue and no reportable action had been taken.

ADJOURNMENT

President Fraites adjourned the meeting at 8:58 p.m.

Submitted by

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

Katie Young
District Secretary