

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
January 18, 2005**

CALL TO ORDER

President Baker called the regular meeting of the Board of Directors of North Marin Water District to order at 8:00 p.m. at the District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Steve Petterle, Dennis Rodoni and John Schoonover. Also, present were General Manager Chris DeGabriele (8:05), Secretary Joyce S. Arnold, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Mr. Mark Soldati (Winzler and Kelly), Mr. Joe Wiley (Wiley, Price, et al), Ms. Michelle Leonard (Harris and Associates) and approximately thirty-three District employees were in the audience for a portion of the meeting.

MINUTES

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

GENERAL MANAGER'S REPORT

Meeting re Proposed North Bay Conservation Authority

Mr. DeGabriele stated that he had met with Sonoma County Water Agency General Manager Randy Poole and Water Advisory Chair Miles Ferris on this date and had proposed an idea to them for a North Bay Conservation Authority. He stated the purpose would be to pursue regionally and locally effective water and energy conservation programs among regular customers of Sonoma County Water Agency and MMWD. Mr. DeGabriele suggested that the number of participating members may grow in the future as the Authority gains in accomplishments and stature in the North Bay and may include a Memorandum of Understanding, a Joint Powers Authority and a Cooperative Agreement. He noted that he asked Mr. Poole to consider the idea and give him feedback. Director Rodoni encouraged Mr. DeGabriele to keep the other Water Advisory Committee members updated on the proposal.

OPEN TIME

President Baker asked if anyone in the audience or staff wished to bring up an item not on the agenda and the following items were discussed:

Olema Tank

Mr. McIntyre stated that the District would hold the bid opening on Thursday, January 20, 2005 at 10 am at the District headquarters for the Olema Tank Project.

Wild Horse Valley Tank 2

Mr. McIntyre noted that a workshop had been held for the proposed Wild Horse Valley Tank 2. Director Baker noted that he had attended the workshop and that he thought it went very well and about a dozen people had attended. He noted he had heard nothing negative about the proposed tank at the meeting

Mr. McIntyre stated he had received a call from the Verissimo Valley Homeowners Association and he will be making a presentation to that group in February regarding the Wild Horse Valley Tank 2 project.

MONTHLY PROGRESS REPORT

The Board received the monthly progress report for December 2004.

QUARTERLY FINANCIAL STATEMENT

Mr. Bentley stated that for the first six months of this fiscal year the District received 49% of the budgeted revenue and expended 44% of budgeted outlays. Operating revenue, at 56%, is on target for this time of year while Operating Expenditures, at 50%, are lagging. Other sources of revenue, primarily State Revolving Fund low interest rate funding for the Stafford Treatment Plant Rehabilitation project, ran behind budget at 42%. The result was a net surplus of \$461,515, compared to a budgeted deficit for the entire year of \$1,377,900. To date, 39% of the Improvement Project Budget was expended. The District's total cash balance decreased \$832,382 this fiscal year. The total cash balance decreased \$891,519 in December, primarily due to payments for the Stafford Treatment Plant Rehabilitation Project of \$8,973,214. Mr. Bentley also provided information on the individual services areas: Novato Water, West Marin Water and Oceana Marin Sewer.

CONSENT CALENDAR:

On the motion of Director Petterle, seconded by Director Schoonover and unanimously carried the following items were approved on the consent calendar (the item regarding the Point Reyes Tank Replacement was removed off the consent calendar for additional discussion):

Approve Proposed FY 05/06 Budget Review Schedule

The Board approved the proposed budget review schedule for FY 2005/06 as presented.

Approve Amendment to Custodial Contract to Raise Monthly Fee

The Board approved the General Manager signing an amendment to the custodial contract with Township Building Services that includes an increase from \$1,200 to \$1,430 per month effective January 1, 2005 (Township has not received an increase since August 2000). The contract is for one year and will continue in full force year after year thereafter unless terminated in writing by either party.

Approve Notice of Completion for Point Reyes Station Tank No. 1 Replacement (NCCI)

This item was removed from the consent calendar for clarification and discussion.

On motion of Director Rodoni, seconded by Director Fraites and unanimously carried the Board authorized the General Manager to execute and file a Notice of Completion for the Point Reyes Station Tank No. 1 Replacement Project.

Approve Disbursements

The Board approved payroll and accounts payable vouchers totaling \$976,836.79 for payment.

ACTION CALENDAR

APPROVE: CONSULTING ENGINEERING SERVICES AGREEMENT (PALMER DRIVE TANK) – WINZLER & KELLY

Mr. McIntyre stated that requests for Letters of Interest for the Palmer Drive Tank Project were sent to twenty-two firms on October 12, 2004. From this response, staff issued a request for proposal (RFP) for the Palmer Drive Tank Project on November 5, 2004 to seven interested Bay Area firms. Six of these firms submitted proposals to the District for this project. Three short-listed firms were invited for oral interviews on December 17, 2004 at the District office. A selection committee including Drew McIntyre, David Jackson, Chris DeGabriele and Director Jack Baker participated in the interviews. Upon completion of the interviews and ranking, Winzler & Kelly was ranked highest. Mr. McIntyre noted that Mark Soldati of Winzler & Kelly was in the audience to answer any questions that the Board might have regarding the Winzler & Kelly proposal.

After a discussion by the Board, on motion of Director Schoonover, seconded by Director Fraites and unanimously carried the Board authorized the General Manager to execute an agreement between Winzler & Kelly and the District for consulting engineering services on a time and expense basis with a not-to-exceed limit of \$241,870 plus a 5% contingency for the Palmer Drive Tank Project.

APPROVE: SET PUBLIC HEARING TO CONSIDER INCREASE IN NOVATO FACILITY RESERVE CHARGE FEE

Mr. Bentley presented a staff request to set a public hearing to consider an increase in the Novato Facility Reserve Charge (FRC) to \$7,900 (from \$6,400) per equivalent dwelling unit and corresponding increases for other dwelling unit types (townhouse/condos from \$4,000 to \$4,800, mobile homes from \$2,700 to \$3,300, and apartments from \$2,300 to \$2,900). He stated that the FRC was last increased in July 2003 and does not reflect current costs. He stated that staff is also recommending that, if the increases are approved after a public hearing, that they not be phased in as to the extent the increase is phased and new development pays a lesser charge, later development will need to pay an increased fee.

On motion of Director Schoonover, seconded by Director Petterle and unanimously carried the Board authorized staff to notify the Marin Builders Association and other interested parties, publish a notice in the local paper, and schedule a public hearing for March 1, 2005, for a Facilities Reserve Charge increase to \$7,900 per equivalent dwelling unit effective July 1, 2005.

APPROVE: DESIGN FOR STAFFORD TREATMENT PLANT SECURITY

Mr. Clark, Operations Superintendent, stated that SPH and Associates has completed a detailed scope of work for security design at the Stafford Treatment Plant after a comprehensive set of design options were reviewed and evaluated with District staff. These design criteria have met the required measures to conform to the new regulations established to improve security for public water supply facilities. He stated that Interface Engineering Inc, serving as sub consultants to SPH and Associates, would complete the design work. The total design cost will be a not-to-exceed amount of \$34,250.

On motion of Director Petterle, seconded by Director Schoonover and unanimously carried the Board approved staff's recommendation to approve the not-to-exceed expenditure of \$34,250 to SPH and Associates for the design of the security enhancements at the Stafford Treatment Plant.

INFORMATION ITEMS:

SEIU LOCAL 949 PRESENTATION

Mr. Jim Firth, SEIU Local 949 representative read the following statement and asked that it be placed into the record:

“My name is Jim Firth and I am speaking for SEIU 949 members. We are here this evening to express concern and provide you with an accounting of where we feel negotiations between NMWD and SEIU 949 stand.

A concern we have is that Joe Wiley is not representing the attitude you want to give your employees. For example: verbally attacking one of your employees across the negotiation table is uncalled for and unnecessary. If Mr. Wiley wants to yell at me, fine, that's what I get paid for. But abusing your employees doesn't give them a sense that their employer cares about them or their concerns.

We have made good faith proposals that are near to what has been described as "the authority" that is available. We were told that if we felt we could do better talking to you directly, that we should go ahead and do that.

So, here we are.

There are two concepts that have been presented to us that we do not agree with, and will explain. First, the idea that the 'spot adjustments' proposed by the District must be applied as proposed or the dollar amount associated with your proposal will disappear. We are not opposed to spot increases, and in fact, have included in our proposal the following statement, "The District may authorize 'spot adjustments' during the term of this Agreement." We do not agree with your current proposal because we do not believe the majority of our members should pay to correct the mistakes your managers' have made. Specifically, I met with Mr. DeGabriele and Mr. Bentley about one year ago to discuss the re-introduction of the Engineering Tech II position and told them that the job description more closely matched an Engineering Tech III job and that the District should upgrade the pay scale to reflect that discrepancy. They refused, and now are proposing that other employees pay to correct that mistake. The Laborer and Treatment Plant Operator positions are also underpaid, as are most positions at the District.

We spoke last time about the District's need to go more than halfway in these negotiations for you to retain current employees and attract new employees.

Your so-called last, best and final offer is still short of where you need to be.

The second problematic concept put forward is one of performance bonuses. If the District is potentially able to budget \$60,000 in performance enhancements, we see no reason to withhold that money from your employee's.

The explanation put forward was that the public wouldn't respond positively to your employee's getting a high percentage increase unless the District was able to link the increase to a performance standard. We don't accept that explanation. Your

employees will have no trouble explaining to the public why they need and deserve the compensation improvements that we are proposing. They will explain that to the newspapers, radio stations and TV networks as well as distribute flyers in shopping centers and other locations where residents of the District congregate. The employee argument is far more substantive and appealing than the District's. Serving the public is what your employees do with skill, conscientiousness and pride every day. They want to continue to do that but in return they want a fair contract. We will put together a response to your last, best and final offer. We recognize that it will take more than one year to right the wrongs that have been suffered by your employees for at least the last five years.

I don't like to use phrases like last, best and final proposal, but we are very near impasse in these negotiations, and your employees have made it very clear to me that they are resolute in their determination to have a fair contract this year.

Your employees would like to add emphasis to these comments.

In closing, I will send Mr. Bentley our response and would like to meet with him a week or so after that to see if we can come to an agreement."

President Baker then opened the floor up to others who wished to speak. He stated that as a Board member he was only prepared to listen and would not participate in a dialog with employees. The following District employees spoke:

Gerry Bundesen stated he would like to address the "Last, best and final offer" and the fairness of criteria that the employees have no control over. He noted that the proposed incentive bonus cannot be considered a raise because it isn't available for an entire year and noted the spot adjustments are management decisions. He stated employees are being told they can either have an 8% increase or a 4% increase and enhanced retirement package. He stated that the employees paid for the last upgrade of the retirement plan (from 2% at 60 to the 2% at 55 plan) by having 2.1% taken away from their salaries. He noted other agencies are providing better retirement plans, and since District salaries are lagging behind by 8% (if they were at the median), if that percentage is eroded by having employees pay the enhanced pension plan, then they are immediately further behind in the salary survey.

He stated that the proposed cafeteria plan for retiree medical at \$410 per month mathematically results in a negative number almost immediately to those retiring soon. He stated that employees addressed the Board members last February and there was an indication at that

time from the Board members that they wanted to play fair in the salary negotiations and salary survey with the employees. He stated that that promise is now due and payable.

Ken Wacker stated that unless the Board wants the District to become a training ground for other agencies reasonable salaries and benefits must be offered. He recounted how the District had attempted to hire two treatment plant operators last year and lost out on a very good candidate because another local agency offered more money and better benefits. He stated that even if the 2.5% retirement plan were approved for North Marin, the District would still be behind most other agencies in the current salary survey.

Lou Butti stated that the state Superfund had provided \$1.3M savings to the District over a five-year period with money that had been withheld from employee wages. He stated the refunded money did not come back to the employees and inquired why it couldn't be used to fund the proposed enhanced retirement plan.

Tony Arendell stated he is concerned about retaining employees and that it will become necessary to train more and more employees as those who become proficient are lured away by other employers offering better pay and benefits. He stated that employees who work for a public agency are hired knowing they will receive decent but not high-paying wages, but also have the expectation of good retirement plan and benefits. He stated that the only thing keeping people here now are retirement and benefits packages.

Terrie Kehoe stated that when other agencies do advertise they are offering more money plus better retirement packages than what the District is currently offering.

Stacie Goodpaster noted that Marin County has the highest median house prices in California and the median income is also the highest in the state, but the District has the lowest salaries of the public agencies in the county. She stated she felt this was "shameful."

Brent Collins noted that a year ago a large project was undertaken on Grant Avenue with a group of untrained rookies. He stated that as a result of being trained on that job, those employees (Laborers) who are 17% underpaid according to the salary survey, have the same qualifications as Pipeman and are doing a heck of a job. He stated he would hate having to begin again training new employees because these skilled workers get lured away by better pay elsewhere.

Joe Kauwe stated the District has a great group of employees who all feeling the same distress. He stated he would encourage the Board to re-think the direction in which the salary negotiations are going, as there is a festering problem that needs to be resolved. He would like to see the District be more aggressive in terms of keeping up with other districts and cities (public

agencies) in pay and benefits, as the District is losing good employees. He noted that it has been his observations that while employees get little or no cost of living adjustments; management seems to receive substantial increases.

President Baker asked if anyone else wished to speak and there was no response. Most of the audience left the meeting.

STAFFORD TREATMENT PLANT REHABILITATION PROJECT PROGRESS REPORT NO. 5 (HARRIS AND ASSOCIATES)

Ms. Michelle Leonard from Harris & Associates made a PowerPoint presentation providing the Board with a progress report on the Stafford Treatment Plant Rehabilitation Project. She stated that the project is 62% complete by time, and 63% complete by cost. The contract completion date for the project is October 27, 2005.

The Board thanked Ms. Leonard for her update and she left the meeting.

DRAFT ANNUAL REPORT

Mr. Bentley provided the Board with the draft of the FY 2003/04 Annual Report and asked that any comments and edits by the Board be provided to staff by January 25, 2005.

WATER ADVISORY L/R/T2 SUBCOMMITTEE EVALUATION REPORT

Mr. DeGabriele reviewed materials provided to the Local Supply/Recycled Water/Tier 2 Conservation (L/R/T2) subcommittee of the Water Advisory Committee for the meeting scheduled on January 21, 2005. The materials included a memo by Mr. DeGabriele, copies of the MMWD Supplemental Water Supply Agreement and a draft evaluation report on the MMWD option to purchase 5,000 acre feet of Russian River water supply from the Sonoma County Water Agency. After a discussion the Board concurred that it may be worthwhile for the NMWD and MMWD boards to have a joint meeting in the near future.

EXAMPLE REPORT TO STATE WATER RESOURCES CONTROL BOARD AND DEPARTMENT OF FISH AND GAME

Mr. DeGabriele provided the Board with an Example Report to be submitted to the Division of Water Rights regarding the District Petition for Change of License 4324B that was protested by the Department of Fish and Game. The report details the water year conditions experienced in 2004 including flow conditions as reported at the Gallagher gage and a comparison with flows at the Park gage and the NMWD and Giacomini Ranch diversion. He stated that preparing the report had been a very useful exercise for staff. He stated that while 2004 was not a dry year NMWD has generated a projection of dry year conditions based on existing data and certain assumptions that are addressed in the Example Report. He stated that conclusions staff reached from preparation of

this Example Report included: (1) that there appears to be inaccuracies in the USGS stream gaging information on Lagunitas Creek; (2) that achieving the required demand reduction measures pursuant to the West Marin Water Shortage Contingency Plan will be required to operate reliably during dry year periods; and (3) that NMWD diversions cannot be restricted to a 0.67 cfs instantaneous rate and still off tide pump to protect water quality of the community water supply.

MISCELLANEOUS:

The Board received the following pieces of miscellaneous information: Memo re Update on Prop 50 Water Conservation Grants through SCWA, Memo re Response to Tsunami Disaster (Chandrasekera), Memo re Mid-Year Review – Workers’ Compensation Self-Insurance, Oceana Marin Liability Insurance Premium Chart, CA Regional Water Quality Control Board Info (SF Bay Region and North Coast), Quarterly Overtime Report (12/31), 2005 ACWA DC Conference Information (Feb 15-17, 2005), and Outstanding Invoices (12/31).

News Articles:

The Board also received the following news articles: Reservoirs Full but Spring Rain Needed (1/6/05), Picture of Restoration Project (STRAW Program), MMWD January/February 2005 On The Water Front Newsletter, SCWA Winter 2005 Hydro Herald News and Ukiah Valley Farmers to Pay for Water.

CLOSED SESSION

At 9:50 p.m. President Baker adjourned the Board into closed session for conference with legal counsel to review position and provide instruction to designated representatives (Joe Wiley, Chris DeGabriele and David Bentley) regarding salaries, salary schedules and compensation paid in the form of fringe benefits for unrepresented and represented employees in accordance with Government Code Section 54957.6.

OPEN SESSION

Upon returning to regular session at 10:40 p.m., President Baker stated that during the closed session the Board had discussed the issues, provided direction to staff and no reportable action had been taken.

ADJOURNMENT

President Baker adjourned the meeting at 10:42 p.m.

Submitted by

Joyce S. Arnold
District Secretary