

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
July 16, 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.

Bob Brown, City of Novato Community Development Director, members of the general public, Laura Levine and Marc Laberdet, District Legal Counsel, Robert Maddow, and District employee Robert Clark (Operations/Maintenance Superintendent) were in the audience.

CLOSED SESSION

President Fraites adjourned the Board immediately into closed session at 7:31 p.m. Conference with Real Property Negotiators as allowed under Government Code 54956.8. Property: Interconnection Agreement between North Marin Water District and Marin Municipal Water District; District Negotiators: General Manager, Chief Engineer, and Counsel; Negotiating Party: Marin Municipal Water District; Under Negotiation: Price and Terms.

OPEN SESSION

Upon returning to regular session at 8:27 p.m., President Fraites stated that during the closed session the Board had discussed the issue and no reportable action had been taken.

MINUTES – JUNE 18, 2013

On motion of Director Baker, seconded by Director Schoonover and unanimously carried the Board approved the minutes from the June 18, 2013 meeting as amended.

MINUTES – JUNE 25, 2013

On motion of Director Petterle, seconded by Director Rodoni the Board approved the minutes from the June 25, 2013 meeting as presented by the following vote:

AYES: Director Baker, Fraites, Petterle and Rodoni
NOES: None
ABSTAIN: Director Schoonover
ABSENT: None

GENERAL MANAGER'S REPORT

Fluoridation

Mr. DeGabriele informed the Board that he met with the Sonoma and Marin County Health Officers on June 27th to discuss fluoridation. He noted that the TAC members received the Draft Fluoridation Preliminary Engineering Design Report and are reviewing the report and preparing comments to give to the Sonoma County Health Officer.

Marin County Civil Grand Jury

Mr. DeGabriele informed the Board that last Thursday he provided the Marin County Civil Grand Jury with an overview of the District. He stated that there were several questions and there was an understanding of special district governance and the District's efforts to be efficient.

Santa Rosa Plain Groundwater Workshop

Mr. DeGabriele advised the Board that he attended the Santa Rosa Plain Groundwater Workshop last Thursday held by USGS, along with support from Sonoma County Water Agency, City of Windsor, City of Santa Rosa, City of Rohnert Park and City of Cotati. He stated that it was an interesting workshop and that there is a groundwater model to be released this fall to assist with potential aquifer storage and recovery in the future.

ACWA Meeting

Mr. DeGabriele informed the Board that he will be making a presentation at the ACWA Region 1 meeting and that he will primarily be speaking about the Sonoma Marin Saving Water Partnership and how it was formed, along with the local campaign to utilize and promote drinking tap water.

Oceana Marin HOA

Mr. DeGabriele informed the Board that he will be attending the Oceana Marin Homeowner's Association Meeting on Saturday to discuss activities from this past year, discuss future projects, and the sewer service charge increase.

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:

District Secretary, Katie Young, invited the Board to attend an Emergency Response Training held by Sonoma County Water Agency for all Board of Directors and elected officials on September 27th. Mr. DeGabriele informed the Board that a staff member would be attending.

Director Petterle informed the Board that he will be on vacation at the next Board meeting on August 6th.

Director Baker informed the Board that he attended the North Bay Watershed Association meeting for President Fraites and there was a good presentation regarding flood control in Ross Valley.

MONTHLY PROGRESS REPORT

Mr. DeGabriele presented the Monthly Progress Report for June 2013, which also included the statistics for FY2012/13. He stated that for FY2012/13 water production was up 6% compared to last year and up 5% in West Marin. He noted that Stafford Treatment Plant finished the fiscal year with 755MG produced, hitting the budget goal. Mr. DeGabriele informed the Board that the Recycled Water Production in Novato was up 25% compared to one year ago and at the end of June, Stafford Lake was at 189ft, just under the average for June. He pointed out that David Bentley provided the Board with a colored chart showing Novato water production compared to prior years and noticed that even with increase water production this year the summer water production has fallen off in recent years. Mr. DeGabriele advised the Board that there was one injury in June bringing to a close the stellar safety performance over the past several years. He stated that the Complaints and Service Order for the fiscal year were up by 6% principally due to increased high bill complaints, most likely associated with the increased consumption and rate increases. Mr. DeGabriele said that the Consumer Service Questionnaire continues to show that the District is doing a good job, yet only 14% of questionnaires sent out have been returned. David Bentley reviewed the Monthly Report of Investments, stating that there is just over \$10M in the District's treasury, earning 0.36% interest.

CONSENT CALENDAR

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

GROUP LIFE INSURANCE RENEWAL

The District's current provider for Group Life Insurance is Unum at \$2.04/\$1,000 of payroll, which expires July 31, 2013. Staff asked McNeil Benefits Services in Novato to survey the current market pricing for renewal. Nine insurers provided a response. Mutual of Omaha came in with the lowest cost at \$2.04/\$1,000. Their proposal includes a two-year rate guarantee, and the annual cost

is within the amount budgeted. The Board authorized the Auditor-Controller to enter into a contract with Mutual of Omaha for the District's Group Life and Accidental Death and Dismemberment Insurance commencing August 1, 2013.

UPDATE TO COUNTY OF MARIN RE: SEWER SERVICE TO INDIVIDUAL PROPERTIES IN OLD DILLON BEACH

At the April 16, 2013 meeting, the Board suggested the District update its 1995 letter to the County regarding sewer service to individual properties in Old Dillon Beach. A draft letter update was reviewed by the Board at the June 4th meeting. The draft has been further modified to address board comments received at that meeting. The Board authorized sending the updated letter to the County of Marin.

REPORT ON WATER QUALITY RELATIVE TO PUBLIC HEALTH GOALS

The California Health and Safety Code requires that a report is prepared every 3 years by July 1st comparing the District's drinking water quality with public health goals adopted by California EPA's Office of Environmental Health Hazard Assessments and with the maximum contaminant level goals adopted by the USEPA. This report is intended to provide information to the public in addition to the Annual Water Quality Reports mailed to each customer. The Board accepted the report on Water Quality relative to public health goals.

ACTION CALENDAR

UPDATED RETIREE MEDICAL ACTUARIAL VALUATION (GASB 45)

David Bentley advised the Board that the District requested and received an updated actuarial valuation of its retiree health care liability prepared by certified actuary Lou Filliger in accordance with Standard 45 issued by the Governmental Accounting Standards Board. He stated that over the past three year period the District's actuarial liability increased \$711,602 to \$4.18M and the accrued liability grew \$529,072 to \$3.13M. Mr. Bentley informed the Board that the policy question that arises each year as the District reviews the liability is whether to deposit the \$3M designated cash reserve for retiree health benefits into a irrevocable trust, outside the District's control. He stated that depositing the funds into an irrevocable trust is a GASB 45 prerequisite to showing the \$3M as an offset to the retiree medical liability on the District's financial statement. He noted that failure to deposit the money into an irrevocable trust increases the District's required annual expense calculated under GASB 45 as if there was no money set-aside to pay the liability.

Mr. Bentley stated that staff recommends not placing the money in an irrevocable trust because the loss of control of \$3M in reserve funds could hamper the District's flexibility in dealing

with financial events that may arise in the future. Mr. Bentley advised the Board that the actuary estimates that only 20% of California public agencies have established an irrevocable trust to date.

On motion of Director Petterle, seconded by Director Schoonover and unanimously carried the Board accepted the Updated Retiree Medical Liability GASB 45 Report.

RESPONSE TO MARIN COUNTY CIVIL GRAND JURY REPORT ON MARIN'S RETIREMENT HEALTH CARE BENEFITS

David Bentley informed the Board that the District received a request from the Marin County Civil Grand Jury regarding Marin's retirement health care benefits. He stated that there were ten findings and six recommendations made by the County. He noted that the District disagreed with all of the findings since they pertain to not only District benefits but other public agency benefits for which the District has no knowledge. Mr. Bentley stated that of the six recommendations the District has adopted four and produced a letter in response to the findings and recommendations.

Director Petterle stated that he liked the letter.

Mr. DeGabriele commended David Bentley on a job well done with the grand jury request, stating that the issue is complex and not easy to understand.

On motion of Director Petterle, seconded by Director Baker and unanimously carried, the Board approved the proposed response to the Marin County Civil Grand Jury Report.

DETERMINATION OF NORTH MARIN AQUEDUCT WHEELING CHARGE

Mr. DeGabriele reminded the Board that in August of last year, the District sent a letter to Marin Municipal regarding a wheeling charge for the use of the aqueduct. He stated that the District's legal counsel recommends making findings and setting the wheeling rate for water delivered through the North Marin Aqueduct. Mr. DeGabriele stated that a Resolution has been drafted and reviewed by legal counsel and recommends that the Board adopt the Resolution and set the wheeling charge at \$50AF. He noted that this Resolution may provide an alternate method to recoup District's expenses which directly benefit Marin Municipal.

Director Rodoni asked if the Resolution could be revised in the future.

Mr. DeGabriele stated that revising it would be possible in the future because the cost for delivery varies and as does the amount of being delivered.

On motion of Director Rodoni, seconded by Director Schoonover and unanimously carried, the Board adopted Resolution 13 -12 titled "North Marin Water District Making Certain Findings and

Setting the Wheeling Rate for Water Delivered to Marin Municipal Water District Through North Marin Water District's North Marin Aqueduct.”

CONSULTING SERVICES AGREEMENT WITH PES ENVIRONMENTAL FOR GALLAGHER WELL AND PIPELINE PROJECT HYDROLOGIC DESIGN PLAN

Mr. DeGabriele advised the Board that the Mitigated Negative Declaration for the Gallagher Well and Pipeline Project requires the District to develop a hydrologic design plan. He stated that the California Department of Fish and Wildlife will review and approve the plan which will identify how the District will maintain flow levels downstream of the Gallagher Wells. Mr. DeGabriele stated that staff solicited proposal from four environmental firms and received two proposals. He noted that PES Environmental was selected based on their project approach. He stated that the work will be performed on a time and materials basis and currently the estimated cost is \$43,810 with a not-to-exceed cost cap of \$46K. Mr. DeGabriele informed the Board of the other work and costs incurred including the auxiliary stream gauge installation (\$9K) and cleaning of the existing Gallagher Well (\$3,200). He advised the Board that there may be a budget augmentation needed and will apprise the Board at the midyear budget review whether one is needed. Mr. DeGabriele stated that PES Environmental participated in a site meeting with staff, USGS and California Fish and Wildlife and stated that it was a productive meeting with a good team.

On motion of Director Schoonover, seconded by Director Petterle and unanimously carried, the Board authorized staff to enter into a Consulting Services Agreement with PES Environmental for the Gallagher Well and Pipeline Project Hydrologic Design Plan.

NMWD LETTER SUPPORTING THE COUNTY OF MARIN LOCAL COASTAL PROGRAM AMENDMENT

Mr. DeGabriele stated that District staff has been providing information to the County of Marin since 2003 in support of an amendment to the Marin County Local Coastal Program. He noted in 2011, the District commented on the proposed amendment in regards to community sewer systems in Old Dillon Beach. Mr. DeGabriele informed the Board that on July 30th, the Marin County Board of Supervisors will hold a public hearing, and consider adopting a resolution submitting a set of amendments to the County's Local Coastal Program for certification. He stated that the District supports the proposed amendment and will be commenting on another element as well, establishing a wetland buffer, particularly in the case of the proposed NMWD Pt. Reyes Treatment Plant Solids Handling Facility.

Director Rodoni asked if the actual errors in the water supply write up include in the County's plan were corrected. Mr. DeGabriele stated that updated information has been provided to the County on two occasions and that he believes they are now corrected.

Director Rodoni asked if the 50ft wetland buffer would help the District. Mr. DeGabriele said it would help.

On motion of Director Baker, seconded by Director Petterle and unanimously carried, the Board authorized staff to send a letter of support to the County of Marin on the Local Coastal Program Amendment, including a request for flexibility in establishing a wetland buffer.

INFORMATION ITEMS

BOARD REVIEW OF DISTRICT POLICIES #13 – BOARD OF DIRECTORS COMPENSTATION AND PROCEDURES

Mr. DeGabriele stated that at the June 25th meeting, the Board reviewed District policy #13 – Board of Directors Compensation and Procedure. He stated that the Board of Directors requested additional information surveyed from other public agencies in the Bay Area regarding director compensation. Mr. DeGabriele advised the Board once they are in agreement regarding an increase in compensation for attendance at meetings staff will propose a further revision to the policy and recommend a public hearing to consider an ordinance enacting a revised policy.

Director Petterle suggested that a time be set to revisit this policy. Director Baker stated that he would like to think about the changes. Mr. DeGabriele suggested that the Board revisit this topic at the next Board of Directors workshop likely in January 2014.

AUXILIARY DWELLING UNIT CONNECTION FEES

Mr. DeGabriele stated that in October 2012, Bob Brown, City of Novato Director for Community Development, requested the District to reduce fees for auxiliary dwelling units to incentivize their development. He informed the Board that he asked David Bentley to review the basis for the Districts auxiliary dwelling unit connection fee. He noted that the analysis shows that the fee charge is reasonable and consistent with other dwelling units based on the water used in a typical single family dwelling unit. Mr. DeGabriele stated that in Novato, the District has 13,425 single family dwelling units, 197 of them are single family dwelling with an auxiliary dwelling unit. He noted that a single family home in Novato typically uses 114,141 gallons per year and those with a second unit, use an additional 44,842 gallons. He stated that the second units metered separately, use 51,612 gallons per year. Mr. DeGabriele reminded the Board that currently the District charges \$11,200 as a facility reserve charge for second units and \$15,240 when served by a separate meter. Mr. DeGabriele concluded that after reviewing the analysis, he feels it is reasonable.

Bob Brown from the City of Novato and two members of the public, Laura Levine and Marc Laberdet urged the Board to reduce the FRC charge. Mr. Brown provided the Board with a table of typical fees for second dwelling units in Novato and a table with comparison of fees for second dwelling units charged by Marin Municipal Water District. Mr. Brown informed the Board that California allows second units to be considered affordable housing if demonstrated by survey that the rental amount charged meets affordable housing requirements. .

Director Petterle stated that he supports affordable housing but is conflicted on reducing the District fees because the money to construct facilities to serve new development has to come from somewhere. Director Rodoni suggested looking at data in the future to determine if the District is charging a fair rate and to get more current information of actual water use. Director Schoonover agreed with Director Rodoni and stated that the District needs to be careful because the subject is so complex. Director Baker stated that providing second units will be helpful for low income housing but the District would need to learn more about them before changing the connection fees.

LEVERONI CREEK BANK MONITORING REPORT

Drew McIntyre provided the Board with an overview of the Leveroni Creek Bank repair project. He stated that the Board was apprised of the project close out at the March 19th meeting. He informed the Board that per permit conditions, San Francisco Bay Regional Water Quality Control Board and California Department of Fish and Wildlife require post construction annual monitoring reports for first, 3rd and 5th years. He stated that the first of the monitoring reports was submitted to the Regional Water Control Board on June 27, 2013 and it was concluded in the report that all elements of the stream bank repair and habitat improvement project are functioning and that the planted vegetation will continue to mature and provide additional bank stability and riparian habitat. Mr. McIntyre informed the Board that the next report is due at the end of December 2013.

RESIDENTIAL CONSUMPTION & TIER-RATE STATUS REPORT

David Bentley provided the Board with an update on the residential consumption and tier rate status. He stated that for the typical single family residential customer, consumption is 107,600 gallons, up 500 gallons from a year ago. He stated that the Conservation Incentive Rate (CIR) has been effective in reducing consumption by 70% in that tier since implementation. Mr. Bentley advised the Board that since implementation of the Conservation Incentive Tier Rate (CITR) demand has fallen 24% in that tier making both the CIR and CITR effective tools in reducing water demand among high-use residential customers. Mr. Bentley advised the Board that the analysis shows that currently 75% of customers never cross the tier rate threshold whereas, prior to enactment of the tier rates, 63% of those customers were below the tier rate threshold.

Director Rodoni asked if there was a concern about the gallon per day usage and maintaining the goals to sell water.

Mr. DeGabriele stated that the District is on target to meet the 20 by 2020 goal and that Recycled Water expansion will help reduce total potable water consumption.

TECHNICAL ADVISORY COMMITTEE MEETING – JULY 1, 2013

Mr. DeGabriele informed the Board that at the July 1st TAC meeting the water supply conditions were reported to be 4,000 AF above the Lake Medocino critical storage curve. He stated that the Russian River in stream flows will likely not be reduced any further because of these conditions. He informed the Board that there was a “Beat the Heat Day” where additional radio ads were placed asking people not to irrigate that day. Mr. DeGabriele stated that the Water Contractors are working well together and meeting every two weeks to stay on top of the water supply situation.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements, Statement of Auditing Standards No. 114 Letter, Equipment Inventory Summary, 2014 Medical Plan Cost Increase, and Self-Insured Workers' Compensation – 4th Quarter Status Report.

The Board also received the following news articles: Late rains “impressive”, Wonders of Water, and Dry Creek tribe eyes Petaluma site for housing, sports.

ADJOURNMENT

President Fraites adjourned the meeting at 10:07 p.m.

Submitted by



Katie Young
District Secretary