

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
October 16, 2012**

**CALL TO ORDER**

President Petterle 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 (7:35 p.m.), Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, Acting District Secretary Katie Young, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Paul Kaymark (Charles Z. Fedak & Company), Brad Sherwood (Sonoma County Water District), Janis Mara (Marin Independent Journal), Meadow Park Residents, Janis West, Sherry Sweet, Anne Sommer, Anne Marie Kambly and Susan Derana, along with District employees Robert Clark (Operations/Maintenance Superintendent) and Doug Moore (Construction/Maintenance Superintendent) were in the audience.

**MINUTES**

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

AYES: Directors Baker, Rodoni, Petterle, Schoonover

NOES: None

ABSTAIN: None

ABSENT: Director Fraites

**GENERAL MANAGER'S REPORT**

**Fluoridation**

Mr. DeGabriele informed the Board that he and Pam Jeane from Sonoma County Water Agency met with the Department of Public Health (DPH) regarding the Sonoma County Board of Supervisors desire to fluoridate the Russian River Water Supply. He stated that the Sonoma County health officer will make a presentation to the Board of Supervisors on December 6<sup>th</sup> summarizing the Draft Fluoridation Assessment completed by the California Dental Association. Mr. DeGabriele said that the meeting with DPH was informative and that he contacted the District's legal counsel regarding the cost of fluoridation and was advised that the District's customers cannot be required to pay for fluoridation. He stated that the District is informally asking the Water Advisory

Committee and Technical Advisory Committee members to advocate not paying for the fluoridation and that the Sonoma County Board of Supervisors should find money from grant funding or other sources.

#### Congresswoman Lynn Woolsey's retirement

Mr. DeGabriele informed the Board that he received an email last week from Marin County Supervisor Kinsey's aide regarding the retirement of Congresswoman Lynn Woolsey and inviting the District to attend the October 23<sup>rd</sup> Board of Supervisors meeting to recognize the District and Congresswoman Woolsey's relationship. He asked if there was any interest from Board members to attend and represent the District. The Board suggested the General Manager attend.

#### **OPEN TIME**

President Petterle 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 Petterle asked if staff or Directors wished to bring up an item not on the agenda and there was no response.

#### **MONTHLY PROGRESS REPORT w/ Customer Service Questionnaire**

Mr. DeGabriele advised the Board that in September, water production in Novato and West Marin was up slightly from one year ago and that Recycled Water was down 8% from last year. He said that Stafford Treatment Plant production was down considerably from one year ago, as is the lake level, (180 ft elevation), at the end of September. He further stated that Oceana Marin treatment and storage ponds are in good condition going into the winter season.

Mr. DeGabriele noted that the District staff has worked 261 days without loss time accident or injury. He informed the Board that the Summary of Complaints for September was up 16% compared to one year ago, due to pressure reducing valve problems on customer lines and water quality complaints resulting from higher than normal chlorine levels and elevated turbidity at Stafford Treatment Plant. Mr. DeGabriele said that the District received only 9% of the Customer Service Questionnaires mailed; however 99% of those returned said the District was doing a good job.

David Bentley informed the Board that the Monthly Report of Investments showed that the District investment portfolio has a cash balance of \$7.6M and that \$6.2M has been advanced to fund the Recycled Water Expansion, and the District is waiting for SRF loan receipts. Mr. Bentley

stated that the District's investment portfolio is earning 0.44% interest.

**PRESENTATION: SCWA - Zebra and Quagga Mussels**

Brad Sherwood, from Sonoma County Water Agency (SCWA), gave an informative presentation regarding the effects of Zebra and Quagga Mussels in North Coast waterways. He said that one mussel can produce one million eggs and studies show that they thrive in calcium rich lakes such as Lake Sonoma, Lake Berryessa, and Lake Mendocino. He stated that currently there are no regional prevention programs in place, only local programs. He informed the Board that boats are the primary vectors to spread the mussels and the only way to prevent infested waters is a boat inspection program. He noted that Marin Municipal Water District has signed on to work with a North Coast Consortium including Sonoma, Humboldt, and Mendocino Counties, Mendocino County Russian River Flood Control and Water Conservation Improvement District and SCWA to develop an inspection program and make sure the waters stay mussel free. Mr. Sherwood stated that the goal of the water agencies would be to advocate, educate and prevent these mussels from being introduced into the water.

Mr. Sherwood said that local funding would be needed to get the boat inspection program up and running. He stated that with AB2443 in place there is \$9M state funding available as well as Department of Fish and Game charging a fee of \$10 per year on boat registrations.

Director Schoonover asked what the mussels' enemies were and Mr. Sherwood answered Gobi fish. He stated that Gobi fish are not native to the environment and do not do well in calcium rich water.

Mr. DeGabriele asked what the risk is to the Russian River diversion facilities. Mr. Sherwood answered that it is highly unlikely for the mussels to be in the fast-moving water near the diversion facilities because they cannot survive in swift-moving water and prefer calm environments.

Director Rodoni opined that there is no reason for the District not to participate although there is low risk at the Stafford Lake.

President Petterle asked that the MOU be brought back to the Board to vote on at the next Board meeting. Mr. DeGabriele agreed and stated that that he would bring the MOU back at the next meeting for Board approval.

Mr. Sherwood thanked the Board for their time and left the meeting.

**CONSENT CALENDAR**

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

### **LAGUNITAS CREEK STREAMGAGING STATION COST SHARING**

The Lagunitas Creek streamgaging station is located at the Gallagher Ranch bridge near Point Reyes Station and is owned, operated and maintained by the U.S. Geological Survey (USGS). The station is funded by North Marin Water District, the National Park Service and Marin Municipal Water District. The USGS has requested that the District agree to the Joint Funding Agreement to be in place November 1, 2012 to October 31, 2013, sharing the same cost as last year.

The Joint Funding Agreement includes installation and operation of an auxiliary gage downstream of the existing Gallagher Gage for use by NMWD to satisfy California Department of Fish and Game requirements pursuant to the adopted Mitigated Negative Declaration for the Gallagher Well and Pipeline Project.

The Board approved the funding request and the District share in the amount of \$18,030 and authorized the General Manager to enter into the agreement with U.S. Geological Survey.

### **RENEWAL GRAZING LEASES - GROSSI & LEVERONI**

The Board approved the renewal for a two-year period of the George Grossi lease agreement totaling 119 acres on 2 District parcels and the David and Paul Leveroni lease agreement totaling 27 acres on 1 parcel.

### **RENEW AGREEMENT FOR BILL PRINT SERVICES**

InfoSend has been providing bill printing and mailing services for the District since 2004. InfoSend has agreed to a 3% reduction in their charge, to 12.7¢ per bill.

The Board authorized the Auditor-Controller to renew the agreement with InfoSend to provide document processing services for a three-year period commencing January 1, 2013.

### **CONTRACT FOR ENGINEERING SERVICES FY12/13- WHITE AND PRESCOTT**

The District is requesting a miscellaneous Engineering Services Agreement with White and Prescott to help staff meet workload demands.

The Board authorized the General Manager to execute a new agreement for engineering services between NMWD and White and Prescott with a not-to-exceed limit of \$10,000.

### **ACTION CALENDAR**

### **APPROVE: EXTENSION OF HORIZON CATV LICENSE AGREEMENT**

Robert Clark informed the Board that Horizon Cable Television (CATV) license agreement with the District in West Marin has expired and that Horizon is requesting an extension of the agreement. He noted that since 1995, Horizon has utilized a 40ft antenna and a small equipment shed located at the District's PRE #4 tank site. He stated that Horizon has requested to extend the contract for another two years and that staff has granted the request. He further stated that the agreement's annual fee has been recalculated based upon the current number of customers resulting in the new annual fee of \$3,917; \$300 more than last year.

On motion of Director Schoonover, seconded by Director Fraites and unanimously carried, the Board authorized the General Manager to execute an extension of the Horizon CATV two-year license agreement.

### **INFORMATION ITEMS**

#### **RECYCLED WATER SOUTH SERVICE AREA CONSTRUCTION CONTRACT - PHASE 1B AND IMPACT ON MEADOW PARK HAMILTON COMMUNITY**

Mr. DeGabriele informed the Board that over a week ago there was a major accident in Hamilton Meadow Park community, where Disney Construction, the District's Recycled Water Phase 1b contractor, punctured a 4-inch gas main. He stated that the Novato Police and Novato Fire Protection District responded appropriately and took precautionary measures to ensure the safety of the community. He advised that this accident was the "final straw" breaking the patience of the residents in the Meadow Park community dealing with the construction impacts. He noted that one of the customers, Anne Sommers, made an outreach to the Novato City Council, which was forwarded to him. Mr. DeGabriele said that he received the email and responded to Ms. Sommers immediately with a telephone call.

Mr. DeGabriele informed the Board that the community members desired to address the Board and voice their concerns about the contractor's work that has disrupted their community. He stated that he takes full responsibility for the issues at hand and that the District will do everything it can to correct the damages done. He expressed his apologies and informed the residents that he was happy that they came in to talk to the Board.

Anne Sommer informed the Board that she contacted the City Council and wanted to thank Mr. DeGabriele for the quick response and willingness to resolve the issues. She stated that the residents in the audience were here to let the Board know what they have gone through and the issues that need to be resolved. Ms. Sommer expressed her concern regarding the condition of the work that Disney Construction has done underground, worrying about the work quality and whether

it will hold up for years to come. She stated that because Disney Construction's damaged irrigation water lines, the community's landscaping has been impacted and is dying. She continued to state that there is standing water on Tinker Way and Marin County Mosquito & Vector Control is worried about the West Nile Virus. She stated that Doug Gordon of Cagwin & Dorward, the Meadow Park landscaping contractor, has been called on by Disney Construction, the District and the City of Novato to test irrigation lines and turn on booster pumps multiple times and would like to know who will be paying for Mr. Gordon's time. Ms. Sommer opined that the District's quick response was a positive and hopes the District can resolve the issues as soon as possible.

Sherry Sweet, resident of Meadow Park, reminded the Board that there were four water main breaks, PG&E power and telephone lines cut and the gas main break, which was the last straw. She opined that the residents do not have any confidence in Disney Construction. Ms. Sweet informed the Board that the biggest concern was the work done underground, and asked for assurance that there was someone inspecting the work before Disney Construction finished. She continued to state that traffic control was nonexistent, and the biggest concern was that there was no dust control. Ms. Sweet stated that someone should be responsible for all the lines cut and that should be Disney Construction. She expressed her concern again to the Board about the quality of the work, the contractor's behavior and the lack of concern for the residents. She asked that Disney Construction not be allowed in the community again and that public safety must be their priority.

Ann Marie Kambly, resident of Meadow Park informed the Board that she was attending the board meeting on behalf of her neighbor. She stated that the neighbor had to take her son to the emergency room with respiratory issues due to the dust created by all the construction.

Janice West, resident of Meadow Park stated that she was at the Board meeting to support her neighbors and informed the Board that she was a first-time homeowner and always felt proud when she came home from work, but not anymore. She continued to state that now there is dust and dirt on the houses. She said that it is a hardship on everyone when looking at everything that has happened.

Susan Derana, the Chair of Meadow Park Homeowners Association Landscape Committee and resident on Bolling Circle, stated that she is unhappy with the work by Disney Construction, that the streets look torn up and that the construction workers have almost killed the sycamore trees around her parking lot. Ms. Derana informed the Board that she was excited about the Recycled Water Project and was very pleased with the quick response from Mr. DeGabriele. She stated that after speaking with the Cagwin and Dorward landscape contractor, Doug Gordon, Disney Construction had cut four irrigation mains which damaged controller wires to the landscaping and

Disney Construction asked Mr. Gordon to come back out and check the wires. Ms. Derana stated that recently Disney's trucks have removed the company's name from the side of their vehicles.

President Petterle thanked the residents of Meadow Park for attending the meeting and let them know that they have been heard and that the residents' concerns are important to the Board. He stated that the District does not typically do business this way and generally provides outstanding customer service. Mr. Petterle requested more background on the issues from Mr. DeGabriele with an outline of what happen, how it happened, why it happened, and prevention measures.

Director Rodoni thanked everyone for coming and requested more background information, particularly with the project management. Director Rodoni also requested that staff look into not paying all outstanding invoices to Disney until everything gets straighten out. He asked that the residents continue to communicate with Mr. DeGabriele.

Director Baker agreed with the other Board members and noted that the District apologizes for the residents' distress and asked that they give the District a chance to make amends.

Director Schoonover stated that he would like to hear Disney Construction's side of the story and was happy to have the residents at the meeting expressing their concerns.

Director Fraites also thanked the residents for coming and said that he was embarrassed by this behavior and that the Directors are proud of the District's employees. He apologized to the residents.

Mr. DeGabriele informed the residents that all materials purchased and installed on the project were reviewed and inspected by District staff or District inspector so the District knows the materials are good and the construction inspector made sure they were installed properly. He continued to state that subsequent tests have been done to make sure no leaks are occurring and the District is confident from the quality perspective that the work completed meets District requirements. Mr. DeGabriele said that if something should fail in the future, District staff would repair it. He stated that the District's Construction Superintendent has been at the District for 40 years maintaining and repairing underground facilities and has an excellent relationship with other utilities. He further stated that he is very confident in the abilities of District staff going forward.

Mr. DeGabriele noted that another phase of this project will begin soon with a different contractor and that the District will strive to communicate better with the residents. He stated that there would be more oversight from the District staff on a regular basis so that not only the contractor knows the District is looking, but the construction manager as well.



Mr. DeGabriele asked that the residents work together with the District to address missteps and that he will be scheduling a walkthrough of the project with District staff, Susan Derana, Anne Sommer and Doug Gordon so the District can identify problems and find a solution.

President Petterle stated that District staff has direction to prepare an outline of what happened, how to prevent it, and what the District is going to do about it. He informed the audience that Mr. DeGabriele will make sure to notify the residents of the ongoing progress and thanked the residents for attending.

All of the residents from Meadow Park left the meeting.

### **REVIEW - OUTSIDE AUDITOR'S 2012 REPORT, SINGLE-AUDIT REPORT AND MANAGEMENT REPORT**

Mr. Bentley informed the Board that the District solicited new proposals for financial audit services this year which resulted in renewing Mr. Kaymark's contract for the next four years. He asked the Board to provide any comments on the audit to the General Manager by next Friday and that the report will be on the agenda for Board approval at the November 6<sup>th</sup> meeting.

Mr. Kaymark distributed a summary of the 2012 Financial Audit and described the audit process and reviewed the financial highlights. He encouraged the Board to ask questions during his presentation.

During his financial highlights presentation, Mr. Kaymark informed the Board that the District's finances are moving in the right direction.

Mr. Kaymark informed the Board that the Novato Water System Balance Sheet shows the District has over \$92M in assets overall at the end of FY12; he said that there is \$26M in liabilities, net investment and in capital assets of \$54M, and \$7.1M in spendable reserves.

Mr. Kaymark noted that the Unrestricted Net Assets page shows that the District's non-spendable assets: materials and supplies inventory, prepaid expenses, notes receivable, employee housing loans, and deferred charges total \$1.8M. He then discussed the Statement of Revenue & Expenses, stating that the total FY12 operating revenue was \$14.4M and total operating expenditures before depreciation totaled \$11.8M, resulting in a \$2.4M operating income. He stated that the operating income was adequate to cover depreciation expense allowing the District to put \$2.3m back into capital replacement.

Mr. Kaymark stated that the Variable Revenue increased approximately \$700,000 during the fiscal year. He stated that the cost of purchased water increased \$1.3M which off-set the District's

rate increase. Mr. Kaymark noted that the District's Variable Revenue Coverage has gone from \$1.6M last year to \$1.5M this year, still adequate coverage.

Mr. Kaymark informed the Board that a new Government Accounting Standards Board (GASB) requirement, effective in 2015, will challenge all public agencies as pension liabilities must be fully reported on the Statement of Net Assets.

Mr. DeGabriele stated that several public agencies in the past have sold pension obligation bonds and asked how they will comply with the new GASB rule. Mr. Kaymark answered the pension obligation bonds were issued to buy-down their current PERS contribution rate.

Mr. DeGabriele asked why the District would want to give the State of California \$2.2M. Mr. Kaymark answered that the District's CalPERS rate is 19% and the District would see an immediate drop in its PERS contribution rate and it will curtail the District interest expense of the \$2.2M.

David Bentley stated that in June 2011 the District enacted three annual 11% increases with one more to go, and the District financial situation is improving. He asked Mr. Kaymark if the third increase was needed. Mr. Kaymark answered yes, that it is going to be definitely necessary.

Mr. Kaymark complimented the District staff for their efficiency in preparation for the audit and said that the District has a "top notch financial team".

Mr. Kaymark left the meeting.

### **PRESS RELEASE AND PUBLIC INFORMATION - POINT REYES WELL #3**

Mr. DeGabriele informed the Board that the District reached out to customers regarding the rehabilitation of Point Reyes Well #3. He stated that the information was reported in the West Marin Citizen and the Marin Independent Journal. He informed the Board that the first phase of the project went well and the project will be finished by the end of October.

### **DRAFT ANNUAL REPORT**

Mr. DeGabriele requested that the Board review the draft Annual Report and submit any comments to Katie Young by the end of the week. He stated that the final Annual Report will be approved at the next Board meeting and the final document will be handed out at the November 20<sup>th</sup> meeting.

### **NBWA MEETING - OCTOBER 12, 2012**

Director Fraites informed the Board that at the North Bay Watershed Association meeting Mark Holmes gave a presentation regarding greenhouse gasses in the Bay Area and how communities around the Bay would cope with sea level rise.

**MISCELLANEOUS**

The Board received the following miscellaneous information: Disbursements, Self Insured, Workers Compensation Update, and Scrap Metal Receipts. The Board also received the following news articles: Marin Wants to Keep Invasive Mussels Out of Water Supply, New Novato Water recycling plant makes a splash, Berg Sworn in as New Novato Chief of Police, Novato Hires Economic Development Manager, Settlement OK'd Ending Lawsuit Over Russian River Gravel Mining, Water Costs Getting More Expensive, and Are We Better Off Privatizing Water?

**CLOSED SESSION**

President Petterle adjourned the Board into closed session 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.

**OPEN SESSION**

Upon returning to regular session at 9:50 p.m., President Petterle stated that during the closed session the Board had discussed the issues and no reportable action had been taken.

**ADJOURNMENT**

President Petterle adjourned the meeting at 9:51 p.m.

Submitted by



Katie Young  
Acting District Secretary