

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
August 6, 2013**

CALL TO ORDER

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

Novato resident, Ed Grundstrom and District employee Doug Moore (Construction/Maintenance Superintendent) were in the audience.

MINUTES

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

AYES: Director Baker, Fraitres, Rodoni, Schoonover

NOES: None

ABSTAIN: None

ABSENT: Director Petterle

GENERAL MANAGER'S REPORT

Mr. DeGabriele informed the Board that District Secretary, Katie Young, and her husband have purchased a home in the Pleasant Valley area of Novato.

ACWA Region 1 Workshop

Mr. DeGabriele informed the Board that he made a presentation about the Sonoma Marin Saving Water Partnership and the "Take It from the Tap" campaign on July 19th at the ACWA Region 1 Workshop.

Oceana Marin Homeowners Association Meeting

Mr. DeGabriele informed the Board that he attended the Oceana Marin Homeowner's Association Meeting on Saturday, July 20th and spoke about the budgets, projects completed last year, and the forecasted projects.

Gallagher Well

Mr. DeGabriele reported that USGS has installed an auxiliary stream gauge on Lagunitas Creek, downstream of the existing gauge and the Gallagher Well. He stated that the auxiliary gauge will be used for Gallagher Well testing to evaluate impacts the well may have on Lagunitas Creek stream flow.

Local Coastal Plan

Mr. DeGabriele stated that he attended the Marin County Board of Supervisors meeting on Monday to advocate for the local coastal program amendment. He advised the Board that the Supervisors adopted the amendment.

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 there was no response.

PRELIMINARY FY 2012/13 FINANCIAL STATEMENT

David Bentley provided a summary of the FY 2012/13 Preliminary Financial Statement. He stated for the fiscal year the District generated a net income of just over \$2M and saw a net cash decrease of approximately \$500K. Mr. Bentley advised the Board that the operating revenue came in at 109% of budget and operating expense at 103% of budget. He noted that the increase in revenue was due to increased water sales and rate increases and the increased expenses were due to increased purchased water. He informed the Board that the cash decrease is due to the State Water Resources Control Board delay in providing state revolving loan funding for the Recycled Water System Expansion. Mr. Bentley stated that the District has collected \$871K in connection fees with 30 new dwelling units. He advised the Board that the District received the first bills from Novato Sanitary District and Las Gallinas Valley Sanitary District and stated that the costs will not be consistent, as start up costs and other costs occur.

Director Rodoni asked if the majority of recycled water purchase expenses were due to start up costs. Mr. Bentley said not a lot of it was start up costs and the District came in close to the budget. He stated that LGVSD is a little higher in cost.

Mr. Bentley stated that in West Marin there was a 9% rate increase and expenses were up 2%. He stated that a net income of \$702K was in the bank. He informed the Board that in Oceana Marin there was no rate increase last year and the revenue remained the same. He noted that the

expenses were up 8% primarily due to the Brown annexation in June and that Oceana Marin ended the fiscal year with a cash balance of \$193K.

Director Rodoni asked what portion of the \$12M of Novato water money in the bank is considered part of the Bank of Marin loan. Mr. Bentley responded that \$8.5M. He noted that \$4.8M from the Recycled Water Expansion Project and \$5.9M is the unexpended portion of the loan.

Director Baker asked if the start up costs are higher at LGVSD vs. NSD. Mr. Bentley stated that they are both about \$36K, but LGVSD provides 1/3 of the water NSD does.

Mr. McIntyre stated that most of the costs the District is seeing recycled water purchase is for labor.

Novato resident, Ed Grundstrom, commended the Board on their action at the last meeting to adopt a resolution increasing the wheeling rate for water delivered to Marin Municipal through the North Marin Aqueduct.

CONSENT CALENDAR

On motion of Director Rodoni, seconded by Director Baker carried by the following vote, the following items were approved on the Consent Calendar:

AYES: Director Baker, Fraites, Rodoni, Schoonover

NOES: None

ABSTAIN: None

ABSENT: Director Petterle

MARIN LAFCO SPECIAL DISTRICT ALTERNATE MEMBER ELECTION BALLOT

The Board voted for Jack Baker as first choice and Russ Greenfield as second choice for the alternate Special District member position in the Marin LAFCO.

ACWA REGION 1 BOARD ELECTION

The Board authorized the General Manager to concur with ACWA Region 1 Nominating Committee's recommended slate and sign the ACWA Region 1 Board Ballot.

ACTION CALENDAR

LOCKBOX SERVICES

David Bentley reminded the Board that the Administrative Department staffing has been reduced by two employees over the past eight months. He noted that staff has been actively searching for new ideas and methods to increase efficiency while continuing to provide a high level of customer service. Mr. Bentley advised the Board that US Bank has provided a proposal for

LockBox services, handling all of the District's US Mail payment processing, about 55,000 payments per year, for an average of \$705 per month. He noted that Bank of Marin also promoted their LockBox service to the District although their pricing was three-times US Bank's. He stated that District customers would mail their payments to a post office box and the bank will then collect and process the payments and deposit them into the District's account. He noted that the PO BOX for US Bank LockBox is located in Los Angeles. Mr. Bentley stated that the full cost of District staff performing functions such as opening envelopes, separating checks, endorsing checks and entering payments is \$48 per hour. He stated that US Bank's charge would be the equivalent of \$18 per hour. Mr. Bentley also informed the Board that with the out-sourcing of payments, staff would be able to shift work within the office to reduce overtime and rebalance workloads.

Director Rodoni suggested the bill payment envelope be addressed to the NMWD Payment Center at the LockBox address to continue to assure District customers that their payment is being made appropriately. Mr. Bentley thought that was a great idea.

Director Rodoni asked about customers that pay their bills in the office.

Mr. Bentley informed the Board that the bank will not be able to process those deposits so District staff will send them electronically to the bank and staff will still have a daily bank deposit.

Director Rodoni asked how long the District has been banking with US Bank. Mr. Bentley replied two years.

Director Baker suggested trying to deal with a local bank.

Director Rodoni questioned the financial impact of \$8,500. Mr. Bentley stated that that is the cost of the service and the money saved will not be determined until the agreement is in place. He stated that it will free up staff time and be able to reduce overtime.

On motion of Director Schoonover, seconded by Director Baker and carried by the following vote, the Board authorized the Auditor-Controller to enter into an agreement with US Bank to provide LockBox services.

AYES: Director Baker, Fraites, Rodoni, Schoonover

NOES: None

ABSTAIN: None

ABSENT: Director Petterle

Director Baker asked that Mr. Bentley provide the Board with an update once the service is up and running.

INFORMATION ITEMS

WAC/TAC – AUGUST 5, 2013

Mr. DeGabriele provided a summary of the Water Advisory and Technical Advisory Committee meeting held on August 5, 2013. He stated that the Water Agency staff made an excellent presentation in regards to the summer Save Our Water campaign and 20 Gallon Challenge. He informed the Board that there are new “Take it From the Tap” water bottles which are available at the Sonoma County Fair when a customer takes the 20 Gallon Challenge pledge to reduce their daily consumption by 20 gallons per day. He noted that the fair is halfway through and there has been over 1,000 pledges and the website has over 5,000 hits. Mr. DeGabriele advised the Board that there are radio and media ads, along with ads in the movie theaters and Marin Independent Journal and Novato Advance. He informed the Board that the reason for the 20 Gallon Challenge is in response to the Temporary Urgency Change Order issued by the State Water Resources Control Board, which reduced flows in the Russian River. He noted that to date the Water Contractor water conservation effects have been effective and that per capita water consumption is below both the 2015 and 2020 target, as required by the 20% reduction in per capita consumption by year 2020 legislation and that the total storage in Lake Mendocino continues to be above the critical storage curve. Mr. DeGabriele advised the Board that storage in Lake Mendocino will likely fall below the critical storage curve sometime in early to mid-September. He informed the Board that the Water Contractors are urged to step up water conservation messaging and efforts to assist wherever possible in maintaining water in the Russian River for fishery purposes.

Mr. DeGabriele recommended that the District look at the water shortage contingency plan and consider more voluntary water conservation efforts. He stated that the TAC is meeting every two weeks to stay on top of this issue.

Director Rodoni stated that the TAC is reviewing the water supply conditions every two weeks and making recommendations to the Water Contractors. He suggests that the District promote voluntary restrictions.

Mr. DeGabriele stated that Potential Projects for Further Evaluation was discussed and reviewed by the WAC. He stated that the Santa Rosa Plain Groundwater Workshop was reviewed and the Water Agency made a presentation on the bi-annual community opinion survey and a presentation on the raising of the Summer Dam.

Director Rodoni suggested that the presentation on the Summer Dam would be a good presentation for the Board to see.

Director Fraites asked if the District was the only Water Contractor with a Recycled Water System. Mr. DeGabriele stated that the District system is fairly new and Marin Municipal and City of Santa Rosa have much larger Recycled Water Systems. He noted that the District's Recycled Water offsets the potable water demand.

Director Rodoni advised the Board that Susan Gorin has taken an active roll as the SCWA Board liaison to the WAC in absence of Supervisor Carillo.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements, Scrap Metal Receipts, and FY13 4th Quarter Labor Cost Report.

The Board received the following news articles: Dry spring has some water watchers concerned about 'D word' in Marin, Low water levels threaten Russian River businesses, Graton tribe concerned over casino possibility, Editorial: Good reason to save more water this year, County approves coastal development policies, Marin Agricultural Land Trust elects familiar face to its board, Supes approve amended Local Coastal Plan, and MALT hails Ralph Grossi.

CLOSED SESSION

President Fraites adjourned the Board into closed session at 8:15 p.m. in accordance with Government Code Section 54956.8 Conference with Real Property Negotiator (Chris DeGabriele, David Bentley & Ari Lauer) regarding 42 Spinosa Way, Novato, CA; Conference with Legal Counsel - Existing Litigation Pursuant to subdivision (d)(1) of Section 54956.9 (Hendrix litigation); and 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 9:05 p.m., President Fraites stated that during the closed session the Board had discussed the issues and no reportable action had been taken.

ADJOURNMENT

President Fraites adjourned the meeting at 9:06 p.m.

Submitted by



Katie Young
District Secretary