

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
October 3, 2017**

CALL TO ORDER

President Petterle called the regular meeting of the Board of Directors of North Marin Water District to order at 7:00 p.m. at the District headquarters and the agenda was accepted as presented. Present were Directors Rick Fraites, James Grossi, and Stephen Petterle. Also present were General Manager Drew McIntyre, District Secretary Katie Young, Chief Engineer Rocky Vogler and Auditor-Controller David Bentley. Director Jack Baker and Michael Joly were absent.

Fedak and Brown representative Chris Brown, Novato residents Jean Harris, Chris DeGabriele, and Brigid Flagerman, District employees Robert Clark (Operations/Maintenance Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

Director Fraites requested that the October 3, 2017 North Marin Water District Board of Directors meeting be dedicated to Stacey Etchber, a Novato wife and mother who tragically lost her life in the Las Vegas incident on Sunday night.

On motion of Director Grossi, seconded by Director Fraites, the Board approved dedicating the October 3, 2017 meeting to Stacey Etchber by the following vote:

AYES: Director Fraites, Grossi, and Petterle

NOES: None

ABSENT: Directors Baker and Joly

Director Grossi advised the Board and staff that Novato Resident and longtime licensed land surveyor, John Stuber passed away this morning.

MINUTES

On motion of Director Fraites, seconded by Director Grossi the Board approved the minutes from the previous meeting as presented by the following vote:

AYES: Director Fraites, Grossi, and Petterle

NOES: None

ABSENT: Directors Baker and Joly

GENERAL MANAGER'S REPORT

Potter Valley Project Relicensing Workshop

Mr. McIntyre advised the Board that he attended a PVP Relicensing workshop in Ukiah on October 26th. He noted that there are currently 21 proposed studies by PG&E. He stated that the objective and scope of these studies will be reviewed over the next two months via technical working group meetings and final comments to the Study Plan are due Dec. 17th.

Meeting with Mike Thompson

Mr. McIntyre informed the Board that last Wednesday, he, Director Grossi, and Rocky Vogler had a "meet and greet" with Mike Thompson, Acting Sonoma County Water Agency General Manager. He stated that the purpose of the meeting was for Mr. Thompson to solicit input from each water contractor on their perspective on how the Agency is meeting their needs.

North Bay Water Associations Fish Ladder Tour

Mr. McIntyre advised the Board that he and Director Fraites will be attending NBWA's Russian River Water Supply and Fish Ladder Tour on Friday, October 6th.

LAFCo Meeting

Mr. McIntyre informed the Board that he will also be attending the next LAFCo meeting on Thursday, Oct 12th where the District's final Sphere of Influence Update will be considered. He noted that Rachael Jones is the interim Executive Officer for LAFCo.

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 the following items were discussed:

Tony Arendell advised the Board that on the 29th, crews received a call that a customer's basement on Albatross was full of water. He noted that crews started to dig out two PB services on the hill and found a pinhole size leak. Mr. Arendell advised the Board that a claim has been started and will bring more information back in the future.

Mr. Bentley advised the Board that with Dianne Landeros (Accounting/HR Supervisor) retiring on November 1st staff has been recruiting for a successor and selected a candidate Luisa Fonseca who will begin next Tuesday, October 10th.

Director Fraites inquired about a private water main leak at San Marin High School that he heard about from concerned customers. Mr. McIntyre stated that staff started communication with Novato Unified School District staff reported that they were hesitant to shut the water off during school hours to fix the leak. He noted that the repairs were scheduled for this weekend.

Director Fraites asked about the pressure at Novato Heights and stated that there should be a more user friendly navigation through the District's website for the AMI meters.

Director Fraites also requested an update on the District is participating in Marin Clean Energy's clean energy program.

CONSENT CALENDAR

On the motion of Director Grossi, seconded by Director Fraites the Board approved the following items on the consent calendar by the following vote:

AYES: Directors Fraites, Grossi and Petterle

NOES: None

ABSENT: Directors Baker and Joly

AUDITOR CONTROLLER'S STATEMENT OF INVESTMENT POLICY

The Board approved the District's Investment Policy regarding collateralization of District's deposits. There were no changes made to the policy.

AMEND THE 2017 GENERAL CONSULTING SERVICES AGREEMENT ESA

The Board approved an amendment to the Consulting Services Agreement of \$16,000 with Environmental Science Associates to support the District's CEQA permitting, monitoring, and implementation requirements.

ACTION CALENDAR

ADDITIONAL BILL ADJUSTMENT – 265 SADDLEWOOD DRIVE

Mr. Bentley introduced Novato Resident Jean Harris who was requesting to have an additional bill adjustment on her \$944 water bill. He advised the Board that under the Board Bill Adjustment Policy customers are only allowed to receive bill adjustments on one bill every two years. He noted that Ms. Harris received an adjustment in October 2016. Mr. Bentley provided the Board with three options to consider: 1) Allow an additional bill adjustment (\$495 credit); 2) Eliminate the tier charges from the August bill (\$275 credit); or 3) Deny any additional bill adjustment.

Ms. Harris addressed the Board and stated she has lived in Novato for over 19 years and is very conservative with her water. She stated that she received a note on the door that she had a

possible leak and immediately addressed it. Ms. Harris was upset that there was no Board policy available to view on the District website and that she feels it's important for customers to be able to read a policy that is so strictly enforced.

Director Fraites stated that the Directors have a difficult choice when it pertains to additional water bill adjustments and that the Board tries to remain as consistent as possible.

Director Grossi stated that someone must be responsible for the water used and he feels that the Board should follow the policy.

Director Petterle stated that the rate payers have to pay for the leak adjustment in the end but feels sympathy towards the customer and realizes that it was not intentional. He stated that he would support going with option 2 – eliminating the tier charges from the August Bill (\$275 credit). Director Fraites agreed.

The motion of Director Fraites, seconded by Director Petterle, to approve Option 2 – Eliminating the Tier charge from the August Bill by the following vote:

AYES: Directors Fraites and Petterle

NOES: Director Grossi

ABSENT: Directors Baker and Joly

The motion failed to pass because it lacked three affirmative votes. Mr. McIntyre advised the Board that staff will work on getting the Bill Adjustment Policy on the website.

Ms. Harris left the meeting.

PRESENTATION AND ACCEPTANCE OF OUTSIDE AUDITOR'S 2017 REPORT AND MANAGEMENT REPORT

Dianne Landeros acknowledged her accounting staff, Connie Filippi, Nancy Holton and Nancy Williamson on their hard work and dedication to the audit. She then introduced Chris Brown of Fedak & Brown, the District's Outside Independent Auditor, who stated that the financial statements of the District present fairly in all material respects the financial position of the District as of June 30, 2017 and 2016 in accordance with accounting principles generally accepted in the United States. He noted that this unmodified opinion is the best or highest opinion that an outside auditor can render on an entity's financial statements. Mr. Brown commented that the audit went very well, that the District accounting staff do a good job and congratulated the District on the 2016 GFOA award for reporting excellence and stated that he expects the District will receive the 2017 GFOA award as well.

Director Joly arrived to the meeting during the presentation.

On motion of Director Fraites, seconded by Director Joly the Board accepted the Outside Auditor's FY16/17 Financial Report and Management letter by the following vote:

AYES: Directors Fraites, Grossi, Joly, and Petterle

NOES: None

ABSENT: Director Baker

Chris Brown and Dianne Landeros left the meeting.

SOLICITATION OF SUCCESSOR TO AUDITOR-CONTROLLER AND BUDGET AUGMENTATION

Mr. McIntyre reminded the Board of the recruitment plan for the Auditor-Controller's position. He stated that the plan is to have a successor begin in January 2018. He stated that the recruitment brochure, created by Ralph Anderson & Associates, was included in the Board packet and asked for any final comments. He requested the Boards approval of the recruitment plan, including solicitation of the position starting tomorrow, October 4th and a \$70K budget augmentation for the training overlap.

On motion of Director Fraites, seconded by Director Grossi, the Board approved the recruitment plan for the Auditor-Controller position and the budget augmentation of \$70k to fund the plan by the following vote:

AYES: Directors Fraites, Grossi, Joly, and Petterle

NOES: None

ABSENT: Director Baker

RECYCLED WATER CENTRAL PROJECT – EAST: APPROVE CONSTRUCTION CONTINGENCY CEILING INCREASE

Mr. Vogler reminded the Board of the Mountain Cascade agreement that was approved in September for the Recycled Water Central project of \$3.5M with a construction contingency of \$300K. He advised the Board that the contingency will not be enough in anticipation of final reconciliation. He requested an additional \$60K in construction contingencies. Mr. Vogler informed the Board that when the project went out for bid there was no knowledge of the hard rock excavation or the additional paving requirements by the City of Novato. He reminded the Board of the similar increase in construction contingencies for the West Side project back in April which turns out that the District will be spending less money on the west project then projected.

Director Grossi asked if the bids were considerably different for the East and West projects.

Mr. Vogler responded yes because of the hard rock and more paving requirements on the east side.

Director Joly inquired that approximately \$200K would not be used for the West Side Recycled Water Project. Mr. Vogler stated that it will most likely not be needed.

On motion of Director Joly, seconded by Director Grossi, the Board approved a contingency cost ceiling increase from \$300K to \$360K by the following vote:

AYES: Directors Fraites, Grossi, Joly, and Petterle

NOES: None

ABSENT: Director Baker

ADOPTING STATEMENT OF BENEFITS TO NORTH MARIN WATER DISTRICT FROM PROPOSED FLOOD CONTROL PARCEL TAX FOR NOVATO

Mr. McIntyre requested that the Board adopted a Statement on Benefits to North Marin Water District from proposed Flood Control Parcel Tax for Novato. He advised the Board that the District has a long cooperative working relationship with the Marin County Flood Control and Water Conservation District and that many of the potential projects developed from the Novato Watershed Program could be implemented with passage of this parcel tax and benefit the District.

Mr. DeGabriele urged the Board to adopt the Statement of Benefits as it would be a good item on the ballot. He reminded the Board that the District has participated in the County Flood Control District with the County of Marin and City of Novato, most recently with the Novato Watershed Study.

Director Grossi stated that he along with Mr. McIntyre serve on the Flood Advisory Board and stated that there is a large list of projects needed to be completed and the parcel tax will help tremendously.

On motion of Director Fraites, seconded by Director Grossi, the Board adopted Resolution 17-20 entitled: "Statement on Benefits to North Marin Water District from Proposed Flood Control Parcel Tax For Novato" by the following vote:

AYES: Directors Fraites, Grossi, Joly, and Petterle

NOES: None

ABSENT: Director Baker

Mr. DeGabriele asked the Board members to support and/or endorse Measure E as individuals not as members of the Board.

INFORMATION ITEMS

CENTER ROAD CONSTRUCTION AND CONTRACTING UPDATE

Mr. Vogler provided the Board with an update on the Center Road construction and contracting project. He stated that the District crews will be working with Ghilotti Construction to relocate services along Center Road with pipeline extensions on to side streets. He stated that outreach was made to the Lu Sutton Elementary School principal along with notices sent out to all residents along the construction area. He noted that electronic message boards were posted and a notice was added on the District's website and Facebook page. He noted that the overall project cost increased but the District did defer one project by a year in order to stay within the Capital Improvement Projects budget.

Director Joly inquired about the additional \$210K that was added a week prior to the project commencing. Mr. Vogler stated that the District is attempting to complete the project prior to the wet weather and holidays. He stated that next year there are other anticipated projects that need to be completed. He also added that the project scope has increased since the last estimate.

NBWRA MEETING – AUGUST 28, 2017

Mr. McIntyre provided the Board with a summary of the North Bay Water Reuse Authority Meeting on August 28, 2017. He advised the Board that the 4th Amendment Memorandum of Understanding was accepted and is being executed by all participants.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements, Salinity Notices, Notice of Public Scoping Session, and Marin LAFCO Public Hearing.

The Board received the following news articles: Novato pledges to switch to 100 percent clean energy by 2050, Marin IJ Editorial: Novato is right to take a look at hotel limits, and Novato residents get their hands dirty fixing up Hamilton SMART station.

The Board also received the following miscellaneous item at the meeting: San Diego LAFCO Executive Director – Keene Simonds.

ADJOURNMENT

President Petterle adjourned the meeting at 8:37 p.m.

Submitted by

A handwritten signature in black ink, appearing to read "Katie Young". The signature is written in a cursive style with a large, looping "Y" at the end.

Katie Young
District Secretary