

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
October 15, 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 and Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Paul Kaymark (Charles Z. Fedak & Company), District employees Dianne Landeros (HR/Accounting Supervisor), Robert Clark (Operations/Maintenance Superintendent) and Doug Moore (Construction/Maintenance Superintendent) were in the audience.

MINUTES

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

GENERAL MANAGER'S REPORT

LAFCO

Mr. DeGabriele informed the Board that the new LAFCO Executive Director has requested an introductory meeting.

Petaluma South Corridor

Mr. DeGabriele advised the Board that next week Drew McIntyre and he are meeting with the City of Petaluma to discuss the Petaluma Boulevard South water service.

Dry Creek Habitat Enhancement Tour

Mr. DeGabriele informed the Board that the Sonoma County Water Agency is planning a tour of Dry Creek Habitat Enhancements scheduled for mid-November which will showcase improvements that were completed this summer.

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 item were discussed:

Director Rodoni informed the Board and staff that he attended a meeting with Novato Mayor Pat Eklund and Novato Sanitary District Board members, Bill Long and Mike DiGiorgio to discuss affordable housing in Novato and consider reducing fees for accessory dwelling units. He stated that the Mayor would like to see reduced fees for accessory dwelling units by 25%. Director Rodoni stated that he recommended the City should look into deed restricting on the properties for affordable housing, limiting one accessory dwelling unit per parcel and potentially considering an amnesty program. He informed the Board that it was a good meeting and that the Board should consider the meeting Novato's official "ask" to reduce fees. He suggested bringing the issue back to a future agenda for discussion.

MONTHLY PROGRESS REPORT

Mr. DeGabriele provided the Board with the September Monthly Progress Report. He stated that water production in Novato and West Marin was pretty much on par with last year and that year to date, Novato production is down 5% and West Marin is down 3%. Mr. DeGabriele advised the Board that Stafford Treatment Plant production for the month of September was down significantly compared to last year due to taste and odor problems requiring the plant to shut down, yet the treatment plant is on schedule to produce its budgeted volume for the fiscal year. He noted that Recycled Water production continues to be over two times last year's production volume. Mr. DeGabriele reviewed the Summary of Complaints and Service Orders which shows complaints are down for the month, as they are for the fiscal year to date significantly. He stated that the Customer Service Questionnaires had good feedback, although out of 182 distributed, only 22 were returned.

David Bentley presented the Monthly Report of Investments for September 2013, showing the District's investment portfolio has a balance of \$15.3M. He stated that \$6.3M is the loan from Bank of Marin for the Aqueduct Energy Efficiency Project. He noted that the portfolio is earning a total of 0.34% interest.

CONSENT CALENDAR

On the motion of Director Petterle, seconded by Director Rodoni and unanimously carried, the following item was approved on the consent calendar:

TEXT FOR FALL WATER LINE, VOLUME 14, ISSUE 30

The Board was provided with the draft text for the Fall 2013 Novato “WaterLine”, Volume 14, Issue 30 to review. The newsletter is expected to be mailed in early November 2013. The Board had no comments on the newsletter and authorized the General Manager to approve the final text and design of the Fall 2013 Novato “WaterLine”, Volume 14, Issue 30.

ACTION CALENDAR

NOTICE OF HEARING TO CONSIDER PROPOSED ORDINANCE AUTHORIZING REVISION TO POLICY #13 – BOARD OF DIRECTORS’ COMPENSATION PROCEDURE

Mr. DeGabriele advised the Board that he received comments from Directors Baker and Rodoni on options for a revision to Policy #13 – Board of Directors’ Compensation Procedure. He stated that option 1 would be to increase the compensation to \$200 per meeting and each year thereafter increase that amount by the change in the San Francisco Bay Area Consumers Price Index (CPI), not to exceed 5%. He said option 2 would be to increase the compensation to \$125 and then by \$25 for the next three years and along with an annual CPI adjustment. Mr. DeGabriele noted that both options are in accordance with the California Water Code and District’s legal counsel has reviewed both options. He noted that the last time Board compensation was increased was in 1982. Mr. DeGabriele asked the Board to choose an option and decide on a public hearing date. He stated once the date and time are chosen, the District will notice the public hearing for two successive weeks and once the public hearing is held and an ordinance approving the policy will be effective 60 days after approval.

Director Petterle asked if there would be other options available. Mr. DeGabriele stated that the options could be modified but that the Board should come to some agreement tonight as to what should be noticed in the newspaper for the public hearing.

Director Rodoni stated that he likes option 2 and that he has already received a call from a reporter regarding this issue.

President Fraites stated that in 31 years there hasn’t been a raise in Director compensation and he prefers to see the Board compensation at \$200.

On motion of Director Baker, seconded by Director Fraites and approved by the following vote, the Board selected option 1, increasing director compensation to \$200 per meeting and thereafter increasing annually by the change in CPI.

AYES: Directors Baker, Fraites, Schoonover

NOES: Directors Petterle, Rodoni

ABSENT: None

ABSTAIN: None

On motion of Director Rodoni, seconded by Director Baker and unanimously carried, the Board set November 5, 2013 at 7:30 p.m. as the date and time for a public hearing to consider an Ordinance to revise Policy #13 – Directors’ Compensation and Procedure.

DATE OF SPECIAL MEETING – PLANNING WORKSHOP

Mr. DeGabriele informed the Board that every two years Board has held a planning workshop to look at the direction the District is moving. He advised the Board that there were two options available in January 2014 to hold a special meeting, either January 14th or January 28th.

On motion of Director Petterle, seconded by Director Schoonover and unanimously carried, the Board selected January 14, 2013 for the Planning Workshop, Special Meeting from 6 – 8 p.m.

RENTAL AGREEMENT – 15 GUSTAFSON COURT RESIDENCE

Mr. Bentley advised the Board that the District is now the owner of record for the property at 15 Gustafson Ct. and would like to offer employees the chance to rent the residence. He stated that he performed a short market survey and believes \$2,150 per month is a fair rental amount for the property. He informed the Board that staff is doing some clean up now and would like the authorization from the Board to solicit employee interest.

Director Baker stated that he believes the employee should be one that is available for on-call hours and is able to go out and fix a leak. Mr. DeGabriele stated that it is always the intent to do just that.

On motion of Director Schoonover, seconded by Director Rodoni and unanimously carried, the Board authorized the General Manager to solicit employee interest in renting the 15 Gustafson Ct. residence, select an employee and enter into a month-to-month rental agreement.

INFORMATION ITEMS

REVIEW OF OUTSIDE AUDIT REPORT

Mr. Paul Kaymark distributed a summary of the 2013 Financial Audit and described the audit process and reviewed the financial highlights. He encouraged the Board to ask questions during his presentation. Mr. Kaymark informed the Board, during his financial highlights presentation, that the District’s financial reporting has received an unmodified “clean” opinion resulting from the audit.

Mr. Kaymark informed the Board that the Novato Water System Balance Sheet shows that fund has over \$92.9M in overall assets at the end of FY13; he said that there is \$25.7M in liabilities, net investment in capital assets of \$54.2M, and \$9.1M in spendable reserves.

Mr. Kaymark noted that the Unrestricted Net Assets page shows that the District's \$1.9M in non-spendable assets are comprised of materials and supplies inventory, prepaid expenses, and notes receivable for employee housing loans. He then discussed the Statement of Revenue & Expenses, stating that the total FY13 operating revenue was \$16.9M and total operating expenditures before depreciation totaled \$12.3M, resulting in a \$4.6M operating income. He stated that the operating income was adequate to cover depreciation expense, allowing the District to put \$2.4M back into capital recovery.

Mr. Kaymark noted that the District's Variable Revenue Coverage has gone from \$1.5M last year to \$2.8M this year.

Mr. Kaymark provided the Board with information on GASB No. 68 regarding accounting and financial reporting for pensions which will become effective in FY2015. He stated that the primary objective of Statement No. 68 is to improve accounting and financial reporting by state and local governments for pensions. He noted that it also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities.

Mr. DeGabriele asked Mr. Kaymark for his opinion on "rate increase holidays." Mr. Kaymark responded that costs continue to increase and the District has to pay for those increases and retain adequate reserves. Mr. Kaymark applauded the Board for raising rates and controlling costs to turn around the financial position of the District.

Mr. Bentley asked that any comments the Board may have be given to Mr. DeGabriele by Friday, October 18th, with hopes of presenting the final report and receiving approval at the next Board meeting.

The Board thanked Mr. Kaymark and District accounting staff including, David Bentley, Dianne Landeros, Nancy Holton and Nancy Williamson for their job well done. Mr. Kaymark and Mrs. Landeros left the meeting.

STP SOLAR POWER FACILITY – 1ST YEAR STATUS REPORT

David Bentley updated the Board on the first year status of the Stafford Treatment Plant solar power project. He informed the Board that by selling surplus power back to PG&E during the peak summer demand period, the District was able to reduce its average power cost and save \$12K. He noted that the project commenced on August 9, 2012 and produced significantly more

power than estimated for the first year of operation. Mr. Bentley stated that there were no outages and maintenance issues during the first year of operations other than during the system startup when SPG Solar was required to take the system off-line for 27 days while awaiting a PG&E operational permit.

MIRABEL INFLATABLE DAM OPERATION PRESENTATION

Mr. DeGabriele provided the Board with a presentation on the Mirabel Inflatable Dam Operation that was given by Sonoma County Water Agency Staff at the Water Advisory Committee meeting this past August. He stated that SCWA had revised their operation to raise the dam in light of reduced flows on the Russian River this spring and summer. Mr. DeGabriele stated that the revised operation was extremely successful.

TAC MEETING – OCTOBER 7, 2013

Mr. DeGabriele informed the Board that Lake Mendocino continues to be above the critical storage curve and that there are 16 days left in the Temporary Urgency Change Order period. He advised the Board that the estuary sand bar was breached on the Russian River and that, 68 Chinook salmon had come up the river and been videoed at the Mirabel Dam. Mr. DeGabriele noted that the Water Agency and Water Contractors are going to continue to meet through the winter as there is no prediction of what next year rainfall will be and everyone would like to avoid mandatory water restrictions from the State Water Resource Control Board.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements, Self-Insured Workers' Comp – 1st Quarter Status Report, Sonoma Marin Saving Water Partnership Wins 2013 EPA WaterSense Excellence Award, and LAFCO Selection of Alternate Special District Member.

The Board also received the following news articles: Mailbag: What will Marin/Sonoma Narrows look like?, Latest rainfall and water use, and Jury trial underway on JM Eagle whistleblower lawsuit.

Mr. DeGabriele informed the Board that Director Baker has been selected as the Alternate Special District Member for LAFCO and that the Sonoma Marin Saving Water Partnership received the EPA Watersense Excellence award, one of only five awarded nationally.

ADJOURNMENT

President Fraites adjourned the meeting at 8:56 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, stylized "Y" at the end.

Katie Young
District Secretary