

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
February 5, 2019**

**CALL TO ORDER**

President Baker called the regular meeting of the Board of Directors of North Marin Water District to order at 6:01 p.m. at the District Headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraitess, Michael Joly, James Grossi, and Stephen Petterle. Also present were General Manager Drew McIntyre, District Secretary Terrie Kehoe, Auditor-Controller Julie Blue and Chief Engineer Rocky Vogler.

District employees, Robert Clark (Operations/Maintenance Superintendent) and Pablo Ramudo (Water Quality Supervisor), were also in attendance.

**MINUTES**

On motion of Director Petterle, seconded by Director Joly the Board approved the minutes from the January 15, 2019 meeting as presented by the following vote:

AYES: Director Baker, Fraitess, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: None

**GENERAL MANAGER'S REPORT**

Meetings

Mr. McIntyre announced that he will have a meeting with Mike Prinz, the new Las Gallinas Valley Sanitary District Manager on February 12<sup>th</sup>, and also has a Flood Control Zone 1 Advisory Board meeting on February 13<sup>th</sup> at 6:30 p.m.

Rainfall Data

Mr. McIntyre informed the Board that Lagunitas Lake rainfall is at 34" and 31" is the typical average year-to-date. Mr. McIntyre stated that Kent Lake rainfall also exceeds 28-inches which will result in a normal water year classification on Lagunitas Creek.

**OPEN TIME**

President Baker 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 Baker asked if staff or Directors wished to bring up an item not on the agenda and the following items were discussed:

Director Fraites proposed considering changing our meetings to Wednesday nights instead of Tuesdays since many of the other local agencies also meet on Tuesday nights. Director Petterle suggested another option would be to meet earlier on Tuesdays. Director Joly stated it would be an idea worth looking at. Directors Grossi and Baker commented that they liked the current meeting schedule. Overall Director Fraites and Joly were interested, and the other three Directors were not.

Ms. Blue commented on the Proposed Budget Review and Rate Hearing Schedules that are on the consent calendar. She stated that the review timeline matches previous years but that the approval of the Novato Budget will not require a hearing. She also advised the Board that the budget will be presented in a different format. Director Baker was concerned the Board would not have as much time to review. Ms. Blue stated there will still be plenty of time for input. Director Joly asked if Ms. Blue had heard anything from Sonoma County Water Agency (SCWA) regarding their proposed rate increase percentage. Ms. Blue replied nothing definitive yet however she expects to know more after the next Ad Hoc budget subcommittee meeting with SCWA. Director Baker asked if past Auditor-Controller, David Bentley, was involved in this review. Mr. McIntyre replied that Mr. Bentley is available should the need arise. Ms. Blue added that she and Mr. McIntyre have been working closely on this. Director Joly asked if at the time of the proposed rate increase for Novato we will know the SCWA rate increase. Ms. Blue responded that she believes we will.

## **QUARTERLY FINANCIAL STATEMENT**

Ms. Blue presented the Quarterly Financial Statement noting that Operating Revenue came in 2% under budget and Operating Expenses came in 6% under budget. Potable water consumption in Novato was 3% less than the prior year and 7% more in West Marin. Recycled water consumption for the first quarter was up 43% compared to last year. Ms. Blue also noted that the number of active accounts decreased due to the transfer of some accounts to recycled water. Director Joly asked why our operating expenses for Recycled Water are up more than the revenue. Mr. McIntyre noted that in this fiscal year higher operating costs associated with initial permits and cross connection testing occurred and these costs will be less next year. Mr. Clark added that potable water purchase costs were also higher this year due to limited recycled water production from Las Gallinas Valley Sanitary District.

## **CONSENT CALENDAR**

Director Baker requested that Item 8, Amend Consulting Services Agreement – Cinquini and Passarino, be pulled from the Consent Calendar for discussion. On the motion of Director Fraites, and seconded by Director Petterle the Board approved Item's 6, 7 and 9 on the consent calendar by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: None

**PROPOSED FY 19/20 BUDGET REVIEW SCHEDULE (ITEM 6)**

The Board approved the proposed FY19/20 Budget Review Schedule.

**PROPOSED FY 19/20 RATE HEARING SCHEDULE (ITEM 7)**

The Board approved the proposed FY19/20 Rate Hearing Schedule.

**GENERAL SERVICES AGREEMENT – ASSOC. RIGHT OF WAY SERVICES, INC. (ITEM 9)**

The Board authorized Mr. McIntyre to execute a General Consulting Services Agreement with Associated Right of Way Services Inc. (ARWS). Mr. McIntyre explained that from time to time, the District is in need of specialized right of way expertise not readily available from District staff. He added that the Agreement will be to provide miscellaneous right of way services on an as needed basis with a not-to-exceed limit of \$25,000 and that the first task will be for assistance related to the easement acquisition for the FY19-FY20 budgeted Gallagher Well No. 2 project.

**ACTION CALENDAR**

**AMEND CONSULTING SERVICES AGREEMENT – CINQUINI & PASSARINO (ITEM 8)**

Mr. Vogler requested the Board authorize the General Manager to amend the Consulting Services Agreement with Cinquini and Passarino Inc. He explained that from time to time it is necessary for the District to request surveying services from a California Licensed Land Surveyor. Mr. Vogler stated that this amendment is needed to increase the budget by \$30,000 to provide as-needed land surveying services, and to extend the term of the agreement to December 31, 2021. Director Baker questioned why we were unable to use a local firm. Mr. Vogler responded that we also use White and Prescott. Mr. McIntyre also noted that we use CSW, but we also look at other firms that are cost effective. Director Grossi added that the issue is there are not many consultants and specialists that are local.

On the motion of Director Petterle, and seconded by Director Fraites the Board approved Item 8, authorizing the General Manager to amend the Consulting Services Agreement with Cinquini and Passarino on the consent calendar by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: None

**ON –CALL CONSTRUCTION AND REPAIR SERVICES CONTRACTS WITH TEAM GHILOTTI AND GHILOTTI CONSTRUCTION**

Mr. Vogler proposed to the Board a new agreement that will include an initial three-year term, with the option for the District to extend the term for up to two (2) subsequent one-year periods. Except for unplanned emergency situations, most of the projects will be for small capital improvement projects that the District crews are not able to complete due to other workload demands. Director Grossi asked if we had any inquiries from any other firms other than the Ghilotti firms. Mr. Vogler responded that we still bid out most large projects but the idea is to streamline internal administrative costs for small projects. In the 2015 RFP we had a large list of potential contractors but many did not submit a proposal and two firms were selected out of the remaining list. Mr. McIntyre added that another advantage of having select On-Call contractors is that these firms are familiar with NMWD facilities and already have insurance in place should we need assistance in the event of an emergency and/or natural disaster. Director Joly wanted to know if we are given strong independent pricing. Mr. Vogler replied that every time we solicit a price they have always been very competitive.

On the motion of Director Petterle, and seconded by Director Joly the Board moved to approve the On-Call Construction and Repair Services Contracts with Team Ghilotti and Ghilotti Construction as presented by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: None

**CONSULTING SERVICES AGREEMENT WITH SRT CONSULTANTS (STAFFORD LAKE WATERSHED SANITARY SURVEY)**

Mr. Ramudo requested the Board approve the Consulting Services Agreement with SRT Consultants to provide a Stafford Lake Watershed Sanitary Survey. He noted that the survey will provide a description of the geology-geography, land use, hydrology, present facilities, and potential contaminants taking into account all activities on each parcel within the watershed. Pablo added that SRT is already familiar with Stafford Lake and some of the watershed activities which contribute to water quality issues in the raw water. Additionally SRT previously produced the District's Taste and Odor Control Strategy report. Director Baker asked if Mr. Ramudo was confident with their work and he replied yes.

On the motion of Director Fraitcs, and seconded by Director Joly, the Board approved the Consulting Services Agreement with SRT Consultants for the Stafford Lake Watershed Sanitary Survey by the following vote:

AYES: Director Baker, Fraitcs, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: None

**AMEND CONSULTING ENGINEERING SERVICES AGREEMENT – MICHAEL BAKER INTERNATIONAL**

Mr. McIntyre advised the Board that the Department of Water Resources is requiring that the District prepare a new flood inundation map for Stafford Dam in the event of a weir spillway failure. Mr. McIntyre requested the Board authorize the General Manager to amend the Consulting Engineering Services Agreement between NMWD and Michael Baker International to perform this work and increase the budget by \$17,800 with a contingency of \$3,200.

On the motion of Director Fraitcs, and seconded by Director Joly, the Board authorized the General Manager to amend the Consulting Engineering Services Agreement with Michael Baker International by the following vote:

AYES: Director Baker, Fraitcs, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: None

**MARIN COUNTRY CLUB RECYCLED WATER SERVICE AGREEMENT (AMENDMENT NO. 2, SUBORDINATION AGREEMENT, DEED OF TRUST)**

Mr. McIntyre reported that Marin Country Club (MCC) Recycled Water Service Agreement requires execution of a Deed of Trust naming the District as a beneficiary to serve as the performance guarantee. He added that execution of the Deed of Trust did not occur in 2018 due to concerns related to MCC's request for NMWD to sign a Subordination Agreement with American Memorial Life Insurance Company which is MCC's first position lender. Mr. McIntyre stated that MCC has now satisfied all conditions outlined in the District's counter proposal letter dated June 25, 2018 and staff and legal counsel are recommending moving forward with the approval of Amendment No. 2, execution of the Subordination Agreement with Assurant (AMLIC) and execution of the Subordinated Deed of Trust. Director Baker asked if Marin Country Club is comfortable with this agreement. Mr. McIntyre replied that they were. Director Joly asked if staff and legal counsel was comfortable with the agreement. Mr. McIntyre replied yes. Baker asked if there is any liability with our name being on the Deed of Trust. Mr. McIntyre replied that the Deed of Trust helps protect the District's financial interests and legal counsel is comfortable with the documents as presented. Director Joly thanked staff and legal counsel for considering different approaches and pushing on behalf of the District.

On the motion of Director Fraites, and seconded by Director Grossi, the Board approved the Marin Country Club Recycled Water Services Agreement Amendment No 2, Subordination Agreement and Deed of Trust by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly and Petterle

NOES: None

ABSTAIN: None

ABSENT: None

**INFORMATION ITEMS**

**POINT REYES SYSTEM – DISINFECTION BYPRODUCT OPERATIONAL EVALUATION**

Mr. Ramudo gave a presentation about the Point Reyes System Disinfection Byproduct Operational Evaluation and discussed the risk of a potential violation with the Disinfection Byproduct Rule. Director Baker asked if the testing results vary year by year depending on creek flows. Mr. Ramudo replied that salinity trends vary, more fresh water down Lagunitas Creek helps reduce salinity issues while dry years tend to cause more saline water. Director Grossi wanted to know what the sodium levels are here in Novato. Mr. Ramudo replied that they are three to four times higher in West Marin and with salt comes bromide at up to 30 times normal levels, a problem which we don't

have in the Novato system. Director Joly asked if the charts are a representation of a cumulative effect. Mr. Ramudo replied yes. He added that Gallagher well does not have an issue of salinity intrusion and we use as much water as possible from the Gallagher Well to dilute the salinity however bromide concentrations continues to increase. Director Joly asked if our customers are in jeopardy. Mr. Ramudo replied that these chemicals can have health effects; however we are not in violation and the current concentrations do not reflect an acute health concern. He noted we are in easement negotiations with the Gallagher's to get a second well constructed at the ranch site. Director Baker asked if there were additional properties that District staff looked at. Mr. Ramudo said yes, but Gallagher Ranch remains the best location. Director Fraites asked how long it will be before we are actually drilling another well noting the importance to move forward. Mr. McIntyre stated that construction of a second Gallagher Well is budgeted over the next two years and easement acquisition needs to be concluded soon to stay on schedule. Director Fraites expressed his concern with the salinity intrusion especially since the onset of global warmer is much faster than most predicted. Mr. Ramudo stated at this time we are not in violation and the salinity problem has been going on for years but now the issue is more prevalent and we are continuing to take the necessary steps we need. Director Petterle stated he has confidence in staff and added that this issue was brought to Board at the right time. He thanked staff for coming up with an action plan and solution. Director Joly requested ongoing updates regarding this issue at future Board meetings.

### **REVISED REPORT – TASTE AND ODOR STRATEGY FOR STAFFORD LAKE TREATMENT PLANT**

Mr. Ramudo presented a revised Taste and Order Control Strategy for Stafford Lake Treatment Plant. He advised the Board that since the time of the last report, Dominic Grossi, one of the landowners on the Stafford Lake Watershed and operator of Grossi and Sons Dairy, raised some concerns about the language in the report so SRT Consultants has revised the report to address this issue. Director Baker expressed his concern that we were not changing the language solely to make the landowner happy. Mr. Ramudo stated that the new language meets the objectives of both parties. He also added that there has also been some discussion with the landowner and they are considering changes to their operation; which may help the watershed.

### **SECOND QUARTER FY 18/19 – WATER QUALITY REPORT**

Mr. Ramudo presented the Second Quarter FY 18/19 Water Quality Report. He reviewed activities and water quality issues in Novato and Point Reyes and noted NMWD met federal and state primary and secondary water quality standards during the second quarter. For the Novato system, he discussed Stafford Lake source water, Stafford Lake Treatment Plant performance, and Novato distribution system water quality. In regards to the Point Reyes system, he discussed the

water quality of the Coast Guard Wells, Gallagher Well, the Point Reyes Treatment Plant performance and the distribution system water quality. In regards to Recycled Water for Novato, the Deer Island facility was off during the quarter.

**TAC MEETING – JANUARY 7, 2019**

Mr. McIntyre stated that the TAC Committee unanimously approved appointing Jennifer Burke from the City of Santa Rosa as the new TAC Vice Chair. Mr. McIntyre also stated that Ms. Blue is part of the Budget Subcommittee and Agency staff will present the proposed SCWA FY20 Water Transmission System budget at the March 19<sup>th</sup> Board meeting

**POTTER VALLEY PROJECT RELICENSING UPDATE – PG&E LICENSE APPLICATION WITHDRAWAL AND BANKRUPTCY FILING**

Mr. McIntyre spoke about the Potter Valley Project Relicensing project stating that PG&E's Potter Valley Project License Application was withdrawn just prior to PG&E filing for bankruptcy on January 25, 2019. He noted that, as a result of this action, PG&E is halting all relicensing activities ; including stoppage of their efforts sell their project through an auction process. He added that PG&E states that they will continue to own and operate the project until a new license is issued or the project is decommissioned. Mr. McIntyre noted that staff is working with legal counsel to assess these events, and the WAC has approved the formation of an Ad Hoc Subcommittee and the development of a Common Interest Agreement. Director Baker asked if anyone has a relationship with FERC. Mr. McIntyre responded that SCWA brought in outside legal counsel with expertise in FERC licensing. Mr. McIntyre stated that more updates will be provided to the Board as information becomes available.

**PROJECT UPDATE – PRE TANK 4A REPLACEMENT**

Mr. Vogler provided an update on the PRE Tank 4A Replacement Project stating that the recent decision by the Marin County Board of Supervisors has been appealed by the Young's to the State Coastal Commission. He explained that staff remains certain that the tank as currently designed represents the most viable option for the majority of customers in Paradise Ranch Estates, and as such, it's important for the District to see the appeal process through to completion. Mr. Fraites wanted to know if the homeowners are okay with the delay. Mr. Vogler replied that they don't like it but they understand the circumstances. Director Joly was concerned with the safety issues the delay may cause. Mr. Vogler stated that we should be able to get another year out of the current tank and we hope to construct during a time when there is not wet weather. Director Baker asked again about the condition of the access road, Drakes View Drive, and if the local residents expect that it will be repaired following construction of the tank. Mr. Vogler stated any damage would be the responsibility of the contractor and that the condition of the road will be monitored before and after

the tank construction.

**NBWA MEETING – FEBRUARY 1, 2019**

Director Fraites reviewed highlights of the meeting and noted that the group attended a field trip at the Casa Grande fish hatchery in Petaluma.

**MISCELLANEOUS**

The Board received the following miscellaneous items: Disbursements-Dated January 17, 2019, Disbursements – Dated January 24, 2019, Disbursement – Dated January 31, 2019, Information –FY 19 2<sup>nd</sup> Quarter Labor Cost Report, Increase in Directors’ Compensation, Self-Insured Workers’ Comp – 2<sup>nd</sup> Quarter Status Report, and Customer Letter- 22 Portola, Point Reyes Station.

The Board received the following news articles; County honing Stafford Lake plan – NOVATO; Reservoirs in ‘good shape’ – THE COUNTY; City undergoing some changes in administration – NOVATO; PG&E halts process to sell Potter Valley Project – MARIN WATER SUPPLIES; AND Gavin Newsom budget calls for drinking water tax to help poor communities.

**CLOSED SESSION**

President Baker adjourned the meeting at 7:55 p.m. and the Board began the closed session at 8:04 p.m. in accordance with Government Code Section 54957 Conference with Labor Negotiators (Christopher Boucher and Drew McIntyre) to Provide Direction.

**OPEN SESSION**

Upon returning to regular session at 8:30 p.m., President Baker stated that during the closed session the Board discussed the issue and no final reportable action had been taken.

**ADJOURNMENT**

President Baker adjourned the meeting at 8:30 p.m.

Submitted by



Theresa Kehoe  
District Secretary