

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
October 18, 2016**

CALL TO ORDER

President Schoonover 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 Jack Baker, Rick Fraites, Stephen Petterle, and John Schoonover. Director Dennis Rodoni was absent. Also present were General Manager Chris DeGabriele, Acting District Secretary Eileen Mulliner, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre. District Secretary Katie Young was absent.

Novato residents, Mike Joly and Mr. and Mrs. Stenberg, District employees Dianne Landeros, (HR/Accountant Supervisor) Robert Clark, (Maintenance/Operations Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) and Chris Brown from the District's outside auditor firm Fedak & Brown were in the audience.

CLOSED SESSION

President Schoonover adjourned the Board into closed session at 7:00 p.m. with Legal Counsel - Venegas Complaint (Case 1502779) in accordance with Government Code Sections 54954.5 and 54956.9(a) – Pending Litigation.

OPEN SESSION

Upon returning to regular session at 7:15 p.m., President Schoonover stated that during the closed session the Board had discussed the issue and no reportable action had been taken.

MINUTES

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

AYES: Director Baker, Fraites, Petterle and Schoonover

NOES: None

ABSENT: Director Rodoni

GENERAL MANAGER'S REPORT

District Headquarters Upgrade

Mr. DeGabriele informed the Board that architect interviews for the Headquarters Upgrade were held on October 5th. He stated that the top two firms are very qualified and we are vetting both

through their references at this time. He noted that staff is confident that either firm being considered can perform the work.

Chief Engineer Interviews

Mr. DeGabriele advised the Board that staff is interviewing the top two candidates for the Chief Engineer position this week. He noted that one is from Sonoma County and the other from Southern California.

National Marine Fisheries Service (NMFS)

Mr. DeGabriele informed the Board that he met with NMFS staff and the District's fishery consultant and stated that it was a good meeting but start of the habitat survey work above Stafford Lake has been delayed. He noted that the final steelhead recovery plan has been released.

MPWA

Mr. DeGabriele advised the Board that he and Mr. McIntyre attended the MPWA meeting to discuss the trench standards revisions.

Fish Ladder Ribbon Cutting

Mr. DeGabriele informed the Board that on November 2nd SCWA will hold the Fish Ladder Ribbon Cutting.

STAFF/DIRECTORS REPORT

Director Fraites requested the District document the timeline of discussions with Grossi Dairy regarding manure disposal on the Stafford Lake Watershed.

OPEN TIME

President Schoonover asked if anyone in the audience wished to bring up an item not on the agenda and there was no response.

ACTION CALENDAR

REQUEST FOR ADDITIONAL BILL ADJUSTMENT - STENBERG

Mr. Bentley introduced Steve and Karen Stenberg at 2305 Laguna Vista Drive who requested an additional bill adjustment. He advised the Board that the Stenberg's received a high bill in February based on December/January water use of 1,239 gallons per day compared with 115 gpd used during the same period prior year. Mr. Bentley stated that no leak was found, but the Stenberg's did discover that their neighbor, while remodeling, had run a hose from the Stenberg's spigot. He advised the Board that the Stenberg's neighbor paid one half of the bill and the District granted a bill adjustment reducing their net cost to \$0. He further stated that in August, the

Stenburg's received another high bill for use of 2,517 gpd during June/July when their prior year usage was 112 gpd. Mr. Bentley informed the Board that the District provided an additional bill adjustment and tested the meter which was found to be accurate, however the Stenburg's appealed saying there is simply no way they could use 131,000 gallons of water in a two month period.

The Stenburg's addressed the Board with their concerns and informed the Board that they now have locked their hose bib.

On motion of Director Petterle, seconded by Director Baker the Board approved allowing a full Bill Adjustment for the August bill without deducting the Bill Adjustment rendered in February, thus granting an additional \$327 credit by the following vote:

AYES: Director Baker, Fraites, Petterle and Schoonover

NOES: None

ABSENT: Director Rodoni

OUTSIDE AUDITOR'S 2016 REPORT AND MANAGEMENT REPORT

Dianne Landeros 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, 2016 and 2015 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 2015 GFOA award for reporting excellence. He further opined that the District's net position or bottom line is 3.5 to 4 months of operating expenses which is good and the pension plan is 78% funded which he also opined is good.

Director Fraites inquired about some of the info in the financial highlights as did Mr. Joly. Mr. Brown answered accordingly.

On motion of Director Petterle, seconded by Director Baker, the Board accepted the Outside Auditor's FY15/16 Financial Report and Management letter by the following vote:

AYES: Director Baker, Fraites, Petterle and Schoonover

NOES: None

ABSENT: Director Rodoni

STATEMENT OF INVESTMENT POLICY

Mr. Bentley provided the Board with the District's Statement of Investment Policy regarding collateralization of District's deposits. He advised the Board that the proposed clarification now requires that no more than 2/3rds of District's deposits must be in a bank and collateralized by non-government guaranteed mortgage backed securities with the remainder backed by government guaranteed mortgage back securities or non-mortgage backed securities. Mr. Bentley advised that this investment policy wrinkle is unique to the District and is not part of the government code or, to the District's knowledge, any other government agency. He stated that the goal of this collateralization restriction is to limit risk to the District from uninsured deposits. Mr. Bentley requested that Investment Policy Section 13 be revised to reflect this clarification.

On motion of Director Fraites, seconded by Director Baker, the Board approved revision to the Investment Policy Section 13 by the following vote:

AYES: Director Baker, Fraites, Petterle and Schoonover

NOES: None

ABSENT: Director Rodoni

QUARTERLY FINANCIAL STATEMENT

Mr. Bentley provided the Board with the Quarterly Financial Statement which shows that water sales are up significantly in this quarter compared to one year ago. He projects that annual water sales should reach 2.8BG, where 2.5BG was budgeted for this year. He stated that all improvement districts are operating in the black through the first quarter, yet advised that the Sonoma County Water Agency bills for wholesale water deliveries are high and that there may still be a problem with the SCWA delivery meters.

MONTHLY PROGRESS REPORT

Mr. DeGabriele provided the Monthly Progress Report for September. He stated that water production is up 48% compared to one year ago yet is still below 2013 water production, the State's metric for water conservation. He noted that in West Marin water production is up 9% for the first quarter. Mr. DeGabriele advised the Board that Stafford Treatment Plant water production is up 14% compared to last year at this time and Recycled Water Production is up 20%. He stated that Stafford Lake holds 42% of capacity and Lake Mendocino holds nearly 53,000AF, while Lake Sonoma holds nearly 210,000AF. Mr. DeGabriele apprised the Board that complaints are up across the board principally due to customer and District service leaks and high bill complaints. He reviewed the Customer Service Questionnaire and stated that 20% of questionnaires were returned from

customers and 94% of those returned show that the District is doing a good job. He noted that no negative complaints were received from returned questionnaires.

Mr. Bentley reported that District reserves now total \$13.6M and equals 90% of our annual operating expense, the District's target.

CONSENT CALENDAR

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

AYES: Director Baker, Fraites, Petterle and Schoonover

NOES: None

ABSENT: Director Rodoni

45 LEVERONI CT.

The Board approved a Water Service Agreement for a new fire service at 45 Leveroni Ct which will serve a new BioMarin facility adjacent to CSW/Stuber-Stroeh's office. New facilities include 20ft of 6" lateral and a 6" fire service. Estimated cost is \$28,332. The Board approved Resolution 16-25 entitled: "Authorization of Execution of Water Service Facilities Construction Agreement with 790 DeLong Ave, GP."

REGULATION 109

The Board approved revision to Regulation 109, raising the Oceana Marin Sewer Service Charge to \$22,600 from the current \$15,200 which became effective on July 1st. The Board approved Resolution 16-26 entitled: "Revision of North Marin Water District Regulation 109 – Oceana Sewer Service – Rates and Charges."

PLUM STREET TANK PROPERTY EXCHANGE – GRANT DEED

The Board authorized a property exchange at Plum Street Tank enabling adjacent property owners to landscape a 180 sq/ft strip of land (approximately 40 ft long by 4.5 ft wide). In return the District gained 160 sq/ft which provides improved access to and within the tank parcel. The Board approved Resolution 16-27 entitled: "Authorization of Execution of Plum Street Tank Site Corporation Grant Deed (Portion of) to Jane Prosser and Eugene Rhim of 15 Zandra Place."

INFORMATION ITEMS

POTTER VALLEY HYDROELECTRIC PROJECT PRE-APPLICATION DOCUMENT QUESTIONNAIRE

Mr. DeGabriele provided the Board with the completed questionnaire on the Potter Valley Project FERC relicensing. He stated that PG&E has notified interested parties that they are taking the initial steps required to obtain a new license for the Potter Valley Project.

EXCERPTS FROM MARIN LAFCO SPHERE OF INFLUENCE UPDATE FOR MMWD

Mr. DeGabriele provided information to the Board on the Marin LAFCo Sphere of Influence Update for Marin Municipal Water District which now accurately reflects the history behind the 2002 boundary reorganization between the District and MMWD in the Hamilton area.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements, Self-Insured Workers' Comp – 1st Quarter Status Report, FY17 1st Quarter Labor Cost Report, and Trench Cut Repairs Comment Ltr.

The Board also received the following news articles: Researching Dams' Effect on Eel River Salmon, Submeters: A new incentive for California Tenants to Save Water, and Sonoma Marin Saving Water Partnership advertisement.

The Board received the following news article at the Board meeting: Reservoir low, rain may have little effect.

ADJOURNMENT

President Schoonover adjourned the meeting at 8:26 p.m.

Submitted by



Eileen Mulliner
Acting District Secretary