

1 **NORTH MARIN WATER DISTRICT**
2 **MINUTES OF REGULAR MEETING**
3 **OF THE BOARD OF DIRECTORS**
4 March 2, 2010

5 **CALL TO ORDER**

6 President Baker called the regular meeting of the Board of Directors of North Marin Water
7 District to order at 7:30 p.m. at the District headquarters and the agenda was accepted as
8 presented. Present were Directors Rick Fraites, Steve Petterle, Dennis Rodoni and John
9 Schoonover. Also present were General Manager Chris DeGabriele, Secretary Renee Roberts,
10 Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

11 Carl Nelson of Bold, Polisner, Maddow, Nelson and Judson, and District employees Robert
12 Clark (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance
13 Superintendent) and Pablo Ramudo (Water Quality Supervisor) were in the audience.

14 **MINUTES**

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

17 **GENERAL MANAGER'S REPORT**

18 **Fencing on Grossi Ranch**

19 Mr. DeGabriele reported that last week he and Mr. McIntyre met with Jim and Ralph Grossi
20 to discuss fencing on the Grossi (Marindale) Ranch located on the Stafford Watershed. He stated
21 that the District shares in the cost of the fencing pursuant to the Cooperative Agreement for Water
22 Quality Protection on Marindale Ranch, and that he will bring cost of remaining fencing under the
23 agreement to the Board for approval at the next meeting.

24 **SCWA Invoice**

25 Mr. DeGabriele stated that he met with staff from the Sonoma county Water Agency
26 regarding the invoice for liquidated damages resulting from the Temporary Impairment. He said he
27 is hoping to have it resolved by next Board meeting and see a reduction if not full elimination of the
28 charges.

29 **State Board Draft Instream Flow Policy**

30 The Manager reported that the State Board has issued their Draft Instream Flow Policy for
31 North Coast streams that will effect both Lagunitas and Novato Creeks and that he is meeting with
32 District Legal Counsel Robert Maddow to discuss impacts of the policy on North Marin and whether

1 to pursue further comment or action. He said he will bring information back to the Board at a future
2 meeting for discussion.

3 Emergency Alert

4 Mr. DeGabriele advised that because of the earthquake in Chile last week, there was a
5 tsunami warning and District staff was put on alert. He stated that the Marin County Office of
6 Emergency Services was advised that the District was ready to respond if needed.

7 **OPEN TIME:**

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

10 **STAFF/DIRECTORS REPORTS**

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

13 Mr. Clark informed the Board that Stafford Treatment Plant is ready to begin producing
14 water tomorrow and will produce about 2 million gallons per day while Stafford Lake is spilling.

15 CONSENT CALENDAR

16 On motion of Director Petterle, seconded by Director Fraites and unanimously carried, the
17 following item was approved on the Consent Calendar:

18 **BUDGETED FY 09-10 CREST TANK PROJECT – BID ADVERTISEMENT**

19 The Board certified and adopted the Mitigated Negative Declaration and authorized staff to
20 file a Notice of Determination with the Marin County Clerk in August 2009 for the Crest Tank No. 2
21 project. There were no objections received during the 30-day review period. Staff is ready to move
22 forward with the construction of the 500,000 gallon welded steel tank and the Board authorized the
23 bid advertisement of the Crest Water Tank No. 2 project.

24 **ACTION CALENDAR**

25 **APPROVE: STAFFORD TREATMENT PLANT SOLAR ENERGY FACILITY PROPOSAL**
26 **SOLICITATION**

27 Mr. Clark provided background information and an update on the Solar Energy Project
28 design, re-design and District's efforts to secure financing. He advised that the project footprint has
29 been reduced; and therefore, the cost estimate has been reduced from \$4M to \$2.5M. He stated
30 that the solar facility should generate sufficient electricity to offset the current cost of PG&E for
31 Stafford Treatment Plant operation and continue to reduce greenhouse gas emissions. He advised
32 that AB 32 requires the District to reduce greenhouse gas emissions to 1990 levels minus 20% by

1 the year 2050, and he provided a table showing the District's progress on greenhouse gas emission
2 reductions.

3 Mr. Clark said that the next step is to prepare the Request for Proposal (RFP), and staff will
4 be requesting a design/build and financing proposal. Mr. McIntyre clarified that the request for
5 proposal is a performance-based proposal not one based on lowest cost. He advised that there will
6 be other evaluation factors besides cost to determine the best bid for the project.

7 Mr. Clark stated that in addition to the RFP, the District will apply for a PG&E California
8 Energy Commission rebate for the project. He advised that the Board will have an opportunity to
9 review the proposals.

10 Director Fraites asked if there are federal or state funds available and if the District's state
11 and federal legislators have been contacted. Mr. McIntyre explained that the California Energy
12 Commission received \$25M in federal stimulus funds for super low interest rate (1%) loans and
13 \$25M for 3% interest rate loans. He said the 1% interest loan funds required that the District
14 conform to National Environmental Protection Act requirements (NEPA) and those funds have been
15 quickly depleted before the District could comply with those requirements. Mr. McIntyre stated that
16 the District is still in the running for the 3% interest loan funds that do not require NEPA. He said
17 that staff has not found any avenue to get federal funding directly and must go through the state.

18 Director Rodoni asked if the proposal would have to include all three components on their
19 bid. Mr. McIntyre responded that they would be able to pick and choose. Mr. Bentley added that
20 vendors now bring their own financing facility with them to make their product more attractive.

21 There was discussion on the financing of the project. Director Petterle said he has
22 concerns about the financing and would like to see a detailed analysis.

23 On motion of Director Schoonover and seconded by Director Rodoni, the Board
24 unanimously authorized the General Manager to advertise for design/build/financing services to
25 develop a Solar Energy Facility for the Stafford Treatment Plant.

26 **APPROVE: NEW PROPOSALS FOR STAFFORD LAKE SEDIMENT SURVEY CONTRACT**

27 Mr. McIntyre stated that at the last Board meeting, the Board approved a sediment survey
28 contract with the Seafloor Mapping Lab at Cal State University, Monterey Bay, the lowest bidder.
29 He advised that one of the unsuccessful firms challenged the bid and questioned whether the work
30 should be performed by a licensed land surveyor. He stated that it is not clear that this work must
31 be performed by a licensed land surveyor; and he further stated that after talking with legal counsel,
32 it would be best to re-solicit proposals with a revised scope of work including the requirement that

1 the survey work be performed by, or under the direct supervision of, a person authorized to practice
2 land surveying.

3 On motion of Director Schoonover, seconded by Director Fraites, and unanimously carried
4 the Board rejected all proposals and approved re-soliciting proposals for Stafford Lake sediment
5 survey.

6 **INFORMATION ITEMS**

7 **QUARTERLY REPORT – WATER QUALITY W/BACTERIOLOGICAL MONITORING REPORT**

8 Mr. Ramudo reported that water served to Novato and Point Reyes met all federal and state
9 primary water quality standards in the second quarter of this fiscal year (October through December
10 2009). He said that due to the salinity intrusion into the wells in Point Reyes Station, the state
11 secondary standards for chloride and conductance were exceeded. He said that Stafford Lake was
12 used as a drinking water source in the first quarter; algae numbers were down for the summer and
13 treatment at Stafford Treatment Plant was optimal. He advised that Total Organic Carbon (TOC)
14 removal was 59% in October, above the required 35%, and the TOC in finished water went back
15 down to below 3 mg/L. He said that granular activated carbon (GAC) was replaced in the first
16 quarter. Mr. Ramudo advised that the Novato distribution system had no total coliform positive
17 samples and the disinfection by-products concentrations remained low in the quarter.

18 Mr. Ramudo said sodium levels reached a high of 115 mg/L in Point Reyes and currently
19 are still above the public notification level of 50 mg/L although levels are falling slowly. He said
20 there was a THM disinfection by-product exceedence in the first quarter related to salinity, and as a
21 result, the California Public Health Department ordered an increased monitoring for THMS in the
22 Point Reyes system. He said that subsequent samples have been below the Maximum
23 Contaminant Limit (MCL) and there has been no danger of violation of the Disinfection By-Product
24 rule.

25 **COMPARISON OF NOVATO DISTRIBUTION SYSTEM WATER QUALITY: BEFORE AND**
26 **AFTER COMPLETION OF NEW STP PLANT**

27 Mr. Ramudo presented a PowerPoint presentation on the comparison of water quality of the
28 Novato Distribution system before and after the completion of the new Stafford Treatment Plant. He
29 began his report by listing the challenges to properly treating the lake water including Total Organic
30 Carbon – a precursor for disinfection by-products, nutrients from agricultural activities, bacteria and
31 other pathogenic organisms from animals on the watershed, and metals and inorganic
32 contaminants. He stated that the driver for the design and building the new treatment plant was to
33 comply with more stringent disinfection by-product rules; and, since the operation of the plant,

1 finished water disinfection by-products levels have decreased by up to 85% from those generated
2 by the old plant. Mr. Ramudo explained the Disinfection By-Product Rule, Stage 1 and Stage 2 and
3 compared the elements of treatment in the old and new Stafford Treatment Plant. He said the
4 major improvements to water quality are primary oxidation without formation of disinfection by-
5 products, more Total Organic Carbon removal, improved taste and odor control, lower chlorine
6 demand and improved disinfection. Mr. Ramudo provided various charts illustrating the
7 improvements to water quality since water production at Stafford Treatment Plant began in 2006
8 and closed his presentation by stating that the only way the District could meet the more stringent
9 federal guidelines is through the operation of the new treatment plant.

10 The Board thanked Mr. Ramudo for his informative and well-presented report.

11 **2010 WATER RATE INCREASE OPTIONS**

12 Mr. Bentley stated that at the Board planning workshop there was discussion on options to
13 meet the goal of raising 11% more revenue. He said the purpose of tonight's discussion is to clarify
14 direction received from the Board on ways to meet that goal. He said that there was discussion on
15 an across-the-board increase in rates, options pertaining to adjustment to tier rates for residential
16 users and implementation of a seasonal rate for non-residential users. Mr. Bentley distributed a
17 rate chart illustrating the existing water rates and charges for Novato water. He said that the goal is
18 to raise 11% more revenue and that there are a number of different ways that can be accomplished
19 other than raising all rates by 11%. He opined that the easiest and most understandable option is
20 an 11% across-the-board increase but that alternatives that encourage conservation are also being
21 considered.

22 Mr. Bentley said that Director Rodoni had expressed concern with raising the bi-monthly
23 service charge by 11%. He said that the increase in the bi-monthly charge can be justified with an
24 analysis of the cost for maintenance and reading customers' metered services. He said that other
25 options include increasing all residential commodity rates 11%, or consider reducing tier thresholds
26 to 500 gallons per day for the first tier.

27 Mr. Bentley said that another area for discussion is the concept of a seasonal rate for non-
28 residential customers. He informed the Board that a seasonal rate for non-residential customers
29 has been implemented in West Marin with no complaints. He advised that the two biggest non-
30 residential customers are the Novato Unified School District and the City of Novato and their period
31 of highest water use is during the months that the seasonal rate would be in effect; and if adopted, it
32 would increase their annual cost approximately 25%. Mr. Bentley said that a seasonal rate could
33 be phased-in in steps.

1 Mr. Bentley explained that reducing the tier threshold to 500 gallons per day would generate
2 enough revenue to decrease the proposed 11% increase to 9%, and that the seasonal rate would
3 generate enough revenue to decrease the increase 1%. He said that if both options were adopted,
4 the rate increase would drop to 8%.

5 Mr. Bentley said that to comply with Prop 218, a letter needs to be drafted and mailed to
6 customers notifying them of the proposed rate increase within 45 days of the public hearing.

7 Mr. DeGabriele reiterated that staff is asking for direction from the Board on how to craft the
8 message to customers how the rate increase will be implemented: across-the-board increase,
9 consider a seasonal rate for non-residential customers or adjusting the tier rate structure. He said
10 that at the planning workshop, the majority of Directors suggested an across-the-board increase but
11 also wanted to send a conservation message.

12 Director Rodoni stated he agreed with Mr. DeGabriele's statement and he stated that he felt
13 it is possible to do both; the rate increase could be across-the-board and still implement a seasonal
14 rate. He further stated that implementing a seasonal rate for non-residential customers may reduce
15 an across-the-board increase.

16 Director Baker stated he is concerned with the effect a seasonal rate will have on the school
17 district. He said that the school district has demands to provide recreation and athletic fields during
18 the summer months.

19 Director Petterle stated that his preference is an 11% across-the-board increase as this is
20 what the customers were told last year. He said that the more complicated the water bill is, the less
21 attention customers will pay to it. He suggested that the Board consider the 11% across-the-board
22 increase this year and that a sub-committee be formed to explore other options and address the
23 concerns expressed tonight.

24 Director Schoonover agreed.

25 Director Rodoni argued that the Board has discussed the options and concerns and that
26 there is a trial in West Marin for a non-residential seasonal rate. He stated that this is the result of
27 considerable amount of time that staff spent investigating different ways for a non-residential tier
28 rate and the seasonal rate was the best alternative. He said he appreciated that the schools and
29 city are having a tough time financially, but the District also needs to be sympathetic to customers
30 who are subject to rate increases. He stated that he would support trying the seasonal rate for non-
31 residential customers in Novato.

1 Director Petterle said that he does not disagree with Director Rodoni, but that there is a lot
2 of confusion with customers' water bills because of the different rates and charges and that
3 customers may not realize how much water they are using. He said that the rates are the strongest
4 tool for conservation but he would like the rate structure to be understandable to the customers.

5 Director Baker said he is in favor of trying to temper the across-the-board rate increase and
6 an across-the-board rate increase is the easiest to address in the notification letter.

7 There was further discussion by the Board.

8 Director Fraites stated that he agreed with Director Rodoni to consider a non-residential
9 seasonal rate. He further stated that it is important that the District clearly state to its customers
10 why it is raising rates.

11 Mr. DeGabriele stated that staff will prepare a draft customer letter for Board review at the
12 next meeting which will include the across-the-board rate increase and the non-residential seasonal
13 adjustment. He said staff will provide future information on the effect the seasonal rate would have
14 on the school district and city.

15 **WAC / TAC MEETING – MARCH 1, 2010**

16 Mr. DeGabriele provided a summary of the WAC/TAC meeting held on March 1, 2010. He
17 said the major item of discussion was the proposed FY 2010/11 Sonoma County Water Agency
18 Budget. He said the Budget Sub-Committee met the week before to address comments made at
19 the February 8th WAC meeting; and as a result, North Marin's portion of the budget was reduced to
20 8.6% (\$665/acre foot) for the cost of purchased water. He said that a roll call vote resulted in the
21 majority supporting the budget; however, because City of Santa Rosa, Cotati and Petaluma voted
22 "no", there was not a majority of the weighted vote - both are needed for an affirmative WAC vote.
23 Mr. DeGabriele advised that Santa Rosa, Cotati and Petaluma are scheduled to meet with the
24 Agency for further discussion. He said that there is a special WAC meeting scheduled for March 22
25 to again consider the proposed budget.

26 **NORTH BAY WATERSHED ASSOCIATION MEETING – MARCH 5, 2010**

27 Mr. DeGabriele provided the agenda for the March 5, 2010 North Bay Watershed
28 Association meeting, and Director Baker made a brief report on the February 5th meeting.

29 **DRAFT BOARD WORKSHOP SUMMARY**

30 Mr. DeGabriele asked the Board to provide their comments to the draft Board Planning
31 Workshop Summary to him by Friday, March 5.

1 **MISCELLANEOUS**

2 The Board received the following miscellaneous items: Disbursements, Fire Hydrant Anti-
3 Water Theft Device, Letter of Appreciation from Paint the Town Red, The inside Source.

4 The Board received the following news articles: Westlands District Quits State Water
5 Association, Army Corps Regulates Lake Levels by the Book and Salinity Notices.

6 **CLOSED SESSION**

7 President Baker immediately adjourned the Board into closed session for:

8 Conference with Legal Counsel – Existing Litigation Pursuant to Subdivision (a) of Section
9 54956.9. Name of Case: North Coast Rivers Alliance v. California Department of Transportation:
10 (Named Real Party in Interest - North Marin Water District);

11 In accordance with California Government Code Section 54957 for Public Employee
12 Performance Evaluation (One), Title: General Manager;

13 In accordance with Government Code Section 54957.6, Conference with Labor Negotiator;
14 Agency designated representative: Chris DeGabriele; Unrepresented employees: District Officers.

15 **OPEN SESSION**

16 Upon returning to regular session at 10:14 p.m., President Baker stated that during the
17 closed session, the Board had discussed the issues and no reportable action had been taken.

18 **ADJOURNMENT**

19 President Baker adjourned the meeting at 10:15 p.m.

20 Submitted by

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22
23
24 Renee Roberts
25 District Secretary