

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
March 15, 2005**

**CALL TO ORDER**

President Baker 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, Rick Fraites, Steve Petterle, Dennis Rodoni and John Schoonover. Also, present were General Manager Chris DeGabriele, Secretary Joyce S. Arnold, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

District employees Robert Clark (Facilities Maintenance Superintendent), and Mike McMaster (Operations Superintendent) were in the audience. Mr. Rob Wainwright and his two sons were in the audience for a portion of the meeting.

**CLOSED SESSION**

President Baker immediately adjourned the Board into closed session for:

- (1) Conference with Real Property Negotiators (Chris DeGabriele and David Bentley), regarding purchase of property in West Marin (Government Code Section 54956.8); and
- (2) Public Employment, Government Code Section 54957. (Two Positions.)

**OPEN SESSION**

Upon returning to regular session at 8:15 p.m., President Baker stated the Board took no action during the closed session and direction had been given to staff.

**MINUTES**

**Amended Minutes of February 15, 2004**

On motion of Director Petterle, seconded by Director Fraites and unanimously carried the Board approved the amended minutes from the February 15, 2005 meeting as presented.

**Minutes of March 1, 2005**

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

## **GENERAL MANAGER'S REPORT**

### **New Project for Sonoma County Water Agency**

Mr. DeGabriele stated he had participated this evening in the scoping session presented by the Sonoma County Water Agency (SCWA) on a new water project. He stated this project is actually the "son" of the Water Supply and Transmission Project and the SCWA is embarking on the environmental review on the project. He noted that approximately ten people attended the scoping session held in Petaluma. He stated he would attend an additional scoping meeting scheduled for March 24, 2005 in Santa Rosa. He noted that the participants in the meeting seemed particularly interested in water conservation and gravel mining (which is not part of the project).

### **AB 2121**

Mr. DeGabriele stated he would attend the State Water Resources Control Board (SWRCB) meeting on March 17, 2005 regarding implementation of AB 2121. He stated the bill deals with instream flows and appropriative water rights in Marin, Sonoma, Napa, Mendocino and Humboldt counties and the coastal streams of those counties. He stated that Trout Unlimited and the Audubon Society have proposed certain guidelines to the State Board as to how this Assembly Bill should be implemented. He stated that Lagunitas Creek falls under the authority of AB 2121, but it is still unclear whether or not Novato Creek is included within the AB 2121 geographic scope.

### **SCWA Presentation to the SWRCB**

Mr. DeGabriele stated that Sonoma County Water Agency (SCWA) is preparing information for presentation to the State Water Resources Control Board (SWRCB) workshop scheduled April 5, 2005, noting that SCWA has requested a postponement to a later date. He stated that the focus of the presentation would be conservation measures on the Russian River. He noted that last November SCWA was chastised by the SWRCB for not being prepared to tell the SWRCB how much water has been saved as a result of SCWA conservation programs. He stated he is hopeful that the water contractors will have an opportunity to have input into the new presentation being prepared by SCWA for presentation to the SWRCB.

### **Meeting with Marin County Supervisors**

Mr. DeGabriele stated that next week he and Mr. Clark would attend a meeting with Supervisors Brown and McGlashan regarding Community Choice Aggregation in Marin County. In addition to inviting representatives from North Marin, the Supervisors have also invited representatives from Marin Municipal Water District and the city managers from Novato and San Rafael to participate in the meeting. He stated that staff has participated to date with the study with

the county and Marin Municipal and have reviewed all the information and will keep the Board apprised as new information is available. Mr. DeGabriele noted that he and Mr. Clark are cautious about becoming involved in a project that is likely to become an administrative challenge (at a minimum) regarding new sources of energy supply.

#### Cancellation of Water Advisory Committee Meeting

Mr. DeGabriele advised that he had received a notice that the Water Advisory Committee meeting scheduled for Monday, March 28, 2005 has been cancelled, and there is a combined meeting scheduled on Monday, April 4, 2005 for the regular Water Advisory Committee meeting and Contractor Negotiations.

#### **OPEN TIME**

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

#### Boy Scouts in Attendance

Boy Scouts Matt and Andrew Wainwright stated they were attending the Board meeting as a requirement of attaining a merit badge in communications that will aid in their quest of becoming Eagle Scouts.

#### City of Novato Hazard Mitigation Plan

Mr. McIntyre stated he wished to apprise the Board that staff has been working with the City of Novato in their efforts to develop a Hazards Mitigation Plan which is in compliance with Federal Emergency Management Agency (FEMA) in order to secure grant funding. He stated he anticipates providing the Board with additional background information at the next Board meeting.

#### Communications with the City of Novato Council Members

Director Rodoni stated that he had occasion to talk with Novato City Council Member Bernie Myers and stated that Mr. Myers had commented that there seems to be a lack of direct communication between Board members and council members, and Mr. Myers stated he would like to see more interaction between the two entities in the future.

#### Tomales Bay Watershed Meeting

Director Rodoni stated that he had attended a meeting hosted by the Tomales Bay Watershed Council on March 14, 2005 regarding pursuing Proposition 50 funds. He stated that there will be additional meetings and that Mr. DeGabriele will be invited to attend. He stated that the meeting was an effort to pull together the water suppliers in the Tomales Bay Watershed to

consider applying for a planning grant for an Integrated Regional Water Management Program that is on a fast track and will need to be completed by May. He stated this was an initial meeting to determine interest by the participants.

Director Baker voiced his concerns about the staff time that might be spent on such an endeavor and whether the benefits would be worthwhile to the District.

### **MONTHLY PROGRESS REPORT**

Mr. DeGabriele reviewed the monthly progress report for February 2005.

#### **Water Production**

Mr. DeGabriele noted that the Novato water production was 6% below last year's total through February; in West Marin water production was 5% above last year's totals. He noted that there had been a leak the end of January / beginning of February that increased production numbers in West Marin, and the leak has since been repaired.

#### **Safety**

Mr. DeGabriele stated staff has worked 164 days without a lost time accident through February.

#### **Summary of Customer Complaints**

Mr. DeGabriele noted that there were 139 high water bill complaints from West Marin in February. He stated that approximately 60 of those complaints will result in bill adjustments due to the misread water meters. He stated that the bill adjustments would cost the District approximately \$20,000. The Auditor-Controller prepared an analysis showing how much money was saved by using contract meter reading and how it relates to the bill adjustments that are now being issued. Director Rodoni stated that he would caution staff regarding the analysis, as it does not indicate who ultimately is responsible for the error. He stated that checks and balance procedures should have been in place to make sure the readings were correct, and this event should not preclude considering using contract labor in West Marin in the future.

#### **Financial**

Mr. Bentley noted a significant milestone in that at the end of February the Oceana Marin Sewer Improvement District had almost paid back the money loaned by Novato Water District, and for the first time in several decades, the Oceana Marin Sewer Improvement District will be operating in the black.

**CONSENT CALENDAR:**

On the motion of Director Schoonover, seconded by Director Fraites and unanimously carried the following items were approved on the consent calendar (Item #7, Spring *Waterline* Text, was removed from the consent calendar):

Water Agreement - Olive Court Subdivision Amendment

The Olive Court Subdivision is located at 496 Olive Avenue, east of the intersection of Robinhood Drive and Olive Avenue. The project consists of dividing two semi-improved parcels, which total 4.38 acres, into nine residential lots and two open space parcels.

The Board approved the Water Service Agreement for this project in December 2003. However, since the applicant failed to commence construction within the one-year period, the Agreement must be renewed. Staff has revised the Agreement to reflect current connection fees and updated construction labor/material costs. The Agreement has also been revised to include provisions requiring future connection to a recycled water facility once pipelines are installed and recycled water is available fronting the project on Olive Avenue. Initial Charges and Estimated Installation Costs have increased approximately \$36,000.

The Board authorized Resolution 05-05 entitled "Authorization of Execution of Amendment to Water Service Facilities Construction Agreement with 496 Olive Avenue Associates, LLC."

Spring *WaterLine* Text

This item was removed from the consent calendar for clarification.

On motion of Director Schoonover, seconded by Director Rodoni and unanimously carried the Board authorized the General Manager to approve the text and design of the Spring *WaterLine* that is expected to be mailed to Novato customers in early April.

North Bay Watershed Association Proposed Budget Allocation

The Board authorized the North Bay Watershed Association proposed budget allocation of \$9,313 for FY 2005-06 and will be included in the District's membership budget.

Change Order to Stafford Treatment Plant Rehabilitation Materials Testing Contract – Miller Pacific Engineering Group

The Board approved a contract agreement for material testing services with Miller Pacific Engineering Group (MPEG) in August 2003 for the Stafford Treatment Plant Rehabilitation Materials Testing project. The scope of work for the contract included soils density and compaction testing of engineering fill, concrete quality and strength tests, asphalt concrete (AC) quality and AC compaction testing. MPEG is approaching their ceiling limit of \$50,000 and are requesting an

additional increase of \$15,000 to complete the inspection and testing for the project. Sufficient money remains in the project's contingency reserve to fund the increase.

The Board authorized the General Manager to execute a Change Order with Miller Pacific Engineering Group in the amount of \$15,000 for ongoing materials testing services for the Stafford Treatment Plant Rehabilitation Project.

#### Disbursements

The Board authorized payment of payroll and accounts payable vouchers totaling \$791,133.10.

#### ***ACTION CALENDAR***

#### **APPROVE: CONSULTING ENGINEERING SERVICES AGREEMENT (RECYCLED WATER IMPLEMENTATION PLAN) – NUTE ENGINEERING**

Mr. McIntyre stated that a request for Letters of Interest for assistance in developing the Recycled Water Implementation Plan project was sent to twenty-two consulting firms in October 2004. From this response, staff issued a request for proposal for the Recycled Water Implementation Plan project in January 2005 to nine interested bay area firms. Two of these firms submitted proposals to the District for the project. He stated that a selection committee evaluated the proposals and Nute Engineering ranked the highest.

Mr. McIntyre noted that the scope of work is divided into six tasks and the total fee for Tasks 1 through 6 is a not-to-exceed limit of \$55,313. The fee exceeds the District budget of \$50,000 for this project by approximately \$5,000. He stated that the anticipated savings in the FY04/05 budgeted Lynwood Tank Altitude Valve/Controls project can be used to offset the additional cost.

On motion of Director Petterle, seconded by Director Fraites the Board authorized the General Manager to execute an agreement between Nute Engineering and the District for consulting engineering services on a time and expense basis with a not-to-exceed limit of \$55,313.

#### **CONSERVATION INCENTIVE RATE STATUS REPORT**

Mr. Bentley reviewed the District's experience with the Conservation Incentive Rate (CIR) that went into effect on bills rendered beginning June 1, 2004, noting that the CIR is an additional \$3 per one hundred cubic feet (Ccf) charge over and above the regular commodity rate. It is applicable to all use in excess of 150 Ccf in any billing period. The CIR applies only to single-family residential dwellings, and can safely be assumed to apply primarily to irrigation demand.

Mr. Bentley stated that during the first nine months of the program, 845 bills rendered included a CIR charge affecting 494 customers. Fifty-five of those customers received a bill

adjustment. Thus, 4% of the single-family residential customer base has been financially impacted by the CIR. To date, the CIR has generated \$154,000 in additional revenue, which compares to the budget projection for the entire year of \$145,000.

Mr. Bentley noted that there are still three months remaining in the first year of the program, and while high-use consumption will not be cut by 50% as originally projected, the District will attain a reduction somewhere above 40%, or about 100 acre-feet, and staff believes that next summer there will be an even greater reduction as the high-use customer base which is now very much aware of the new rate structure and has taken steps to modify their consumption patterns.

**CONSIDER: CONSERVATION INCENTIVE RATE MODIFICATIONS**

Mr. Bentley stated that now that the District has some history of working with the Conservation Incentive Rate (CIR), he would like to discuss three issues regarding that experience:

(1) Consultants Findings

Mr. Bentley stated that a review was done by two consultants (Brown and Caldwell and Bartle Wells) regarding the District's CIR program and resulted in opinions that the District's program has merit and is defensible and will stand up under legal scrutiny.

(2) Impact of the Recent Facilities Reserve Charge (FRC) Increase on the CIR

Mr. Bentley stated that the existing CIR of \$3/Ccf is based upon collecting \$800 per year for 8 years (\$6,400) to recover one FRC. The new \$8,600 FRC fee recently approved, using the same criteria, would require a rate of \$4/Ccf.

(3) CIR Path Forward

Mr. Bentley stated that options being considered by staff for future CIR implementation or conservation pricing include: seasonal rates, multi-tiered rate structure, increasing the number of customers subject to the CIR, increasing the existing CIR to \$4/Ccf and maintain the CIR threshold at 150 Cfs, or making no changes to the existing program this year (staff's recommendation).

Mr. DeGabriele stated that he believes that ultimately the District will move to a tiered rate arrangement but it will take time to put together strategy implementing such a plan.

Director Baker requested staff to find out what others agencies are doing regarding tiered rate structures and their experiences.

Director Rodoni stated that he understands what staff is recommending, but he stated he would like to have it come back to the Board in the near future for a discussion regarding adding another (second) tier CIR rate. Mr. DeGabriele stated he believes two CIR rates are too

complicated as the CIR is based on an FRC charge, and additional experience is required before a decision is made on changing the CIR program, and that is why staff is recommending waiting until that experience is gained.

On motion of Director Schoonover, seconded by Director Fraites and unanimously carried the Board approved staff's recommendation that there be no changes to the existing Conservation Incentive Rate program at this time. It is anticipated that staff will gather additional consumption data through the coming summer months to determine the effect the incentive rate will have this year on a high-use customer base that is now acutely aware of the new rate structure and has presumably taken steps to reduce consumption accordingly.

Director Rodoni reminded Mr. Bentley that several times over the past few years at the meetings held in West Marin, there has been a request to bring information to the West Marin community about the possibilities and impacts of having tiered rates in West Marin. He requested staff have that information available for the meeting to be held in Point Reyes Station in July.

#### **WEST MARIN WATER CONSUMER CONFIDENCE REPORT**

The Board reviewed the draft Annual Water Quality Report for the Point Reyes Area. Mr. DeGabriele noted that the report included the information about the October 2004 water line break which resulted in depressurization and dewatering of water line service customers in the Bear Valley area which resulted in a "Boil Water" notice being issued to affected customers.

#### **WATER ADVISORY COMMITTEE REGULAR MEETING (MARCH 7, 2005)**

Mr. DeGabriele stated the proposed rates for Sonoma County Water Agency water deliveries in FY 05 / 06 were approved by the Water Advisory Committee at the meeting and will be submitted to the SCWA board for approval. He noted that North Marin's cost of purchased water next year will be \$441.82/AF, up 2.7% from FY 04 / 05.

#### **POSSIBLE NORTH MARIN / MARIN MUNICIPAL WATER DISTRICT JOINT MEETING**

Mr. DeGabriele noted that he had met with Marin Municipal Water District's General Manager, and it would appear that both boards are interested in a joint meeting with potential topics to possibly include: joint operational cooperation, the Intertie Agreement, the Community Choice Aggregation, the Las Gallinas Valley Sanitary District's request for reorganization of water district boundaries and formation of ad hoc committees.

The Board was provided with possible meeting dates and requested to contact the General Manager regarding their availability on the proposed dates.

**MISCELLANEOUS:**

The Board received the following pieces of miscellaneous information: California Urban Water Conservation Council re Toilet Flapper Study, Memo re Annual Equipment Inventory Results, and Memo re Robert Kennedy Jr. Presentation (Clark).

The Board also received the following news articles: Lawsuit Filed Over Water Study (03/10/05), The Full Story (03/08/05), (Petaluma) City Could Grow by 16,000 (03/7/05), Cleaned Up – Using Recycled Wastewater is No Longer a Burden (03/07/05).

**ADJOURNMENT**

President Baker adjourned the meeting at 9:25 p.m.

Submitted by

Joyce S. Arnold  
District Secretary