

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
April 20, 2010**

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

Tony Cinquini of Cinquini and Passarino, District customer Jeff Greenberg and District employee Doug Moore (Construction/Maintenance Superintendent) were in the audience.

MINUTES

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

GENERAL MANAGER'S REPORT

Notice of Proposed Rate Increase

Mr. DeGabriele informed the Board that the Notice of Proposed Rate Increase was mailed to all District customers on April 9th and that six phone calls and twenty letters of protest have been received; one letter to the editor was published in the Marin IJ. He said that he will keep the Board apprised of subsequent letters, and that the Directors will be able to review all letters before the May 25th public hearing.

SCWA Budget

The Manager reported that he attended the Sonoma County Water Agency budget hearing wherein the Agency Board adopted the budget for the next fiscal year. He said that the water rate increase is less than projected; Agency management changes resulted in an increase of just under 7% rather than the projected 7.5%. He advised that he, WAC Chair Jake Mackenzie, and others spoke before the Board. He stated that the budget includes costs for operating the Kastania pumps this summer.

Instream Flow Policy Hearing

Mr. DeGabriele advised that next Tuesday, he will attend the State Water Resources Control Board hearing on Instream Flow Policy in Sacramento and that he intends to speak and advocate for policy changes.

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:

Marin Audubon Society

Director Fraites stated that he received a call from Barbara Salzman of the Marin Audubon Society who said that her group was told that they were no longer allowed to draw recycled water from the hydrant at the fire station on Atherton Avenue. He advised that the Audubon Society has been watering wetland plantings in the Bahia area. Mr. DeGabriele said he would give Ms. Salzman a call and clear up any misunderstanding.

Crest Tank No. 2

Mr. McIntyre reported that the bid opening for Crest Tank No. 2 was held last week and that six competitive bids were received. He said that the apparent low bid was approximately \$500,000 below the engineer's estimate and that the second low bidder has filed a bid protest citing lack of experience of the low bidder. He said that staff is currently evaluating the bids and will come back to the Board for approval.

Stafford Solar Energy Project

Mr. McIntyre also reported that seven proposals were received today for the Stafford Solar Energy Project.

MONTHLY PROGRESS REPORT W/QUARTERLY CUSTOMER SERVICE QUESTIONNAIRE

Mr. DeGabriele provided the Monthly Progress Report for March and advised that water production in Novato was down 10% from the previous year. He reported that Novato water production is currently at two billion gallons, and that he predicted that production will be less than three billion gallons this year due to the wet spring and cooler temperatures.

Mr. DeGabriele reported that year-to-date West Marin water production is down 19%; Stafford Treatment Plant continues to produce water and the production target of 750MG should be achieved this fiscal year. He further reported that the Recycled Water Facility is ready to begin operation. He advised that operators have started the plant but that the irrigation pond at Stone Tree Golf Course is full and they are not yet in need of water.

The Manager advised that through March, Stafford Lake received 25 inches of rainfall and continues to spill. He stated that in Oceana Marin, pond levels were closely watched; there was discharge to the disposal field in March and pond freeboard was recovered. Mr. DeGabriele reported that good safety performance continues with 400 days worked without a lost day accident or injury and the Summary of Complaints and Service Orders shows complaints are down 32% for the month. He stated that of the 132 Customer Service Questionnaires that were mailed, 39% were returned and 98% of those returned said the District is doing a good job.

Mr. Bentley stated that there was \$8.6M in the bank at the end of March and the cash balance fell by \$262,000. He said the portfolio is invested 78% in the California Local Agency Investment Fund (LAIF), 23% in corporate medium-term notes and the weighted average return rate was 1.38%

QUARTERLY FINANCIAL STATEMENT

Mr. Bentley said that all operations are close to budget; however, now operating revenue will come in less than budget primarily due to connection fees not coming in as anticipated. He said that several budgeted projects will not be completed. The balance at the end of nine months is a net surplus of \$744,000 compared to a budget of \$564,000. He advised that there was a loss of \$250,000 in March and water sales will start picking up as we head into the summer. He said the District cash balance has increased by \$1.1M thus far this fiscal year.

Mr. Bentley reported on the individual service areas and said that Novato's consumption is down 10%. He said that total operating revenue is up 8% due to the 20% water rate increase; expenses are up 5% and 569MG of water has been produced at Stafford Treatment Plant through March. Mr. Bentley said that \$1.8M in connection fees have been collected to date and the Warner Creek Senior Housing Project will pay a connection fee of \$500,000 before the end of the fiscal year. He said the \$3M connection fee revenue projection will not be met. Mr. Bentley advised the there is a net income of \$71,000 for Recycled Water compared to \$155,000 budgeted, and 104% of the Improvement Project Budget has been expended. He said that the District is expecting the remaining funds of \$55,000 from the Integrated Regional Water Management Plan Grant at the end of May.

Mr. Bentley reported that in West Marin, water consumption is down 10%. He said that revenue has increased 4% due to the 9% rate increase; however expenses are up 15% and there is a loss of \$5,845. He said that only 11% of the Improvements Project budget has been expended although the \$100,000 pipeline replacement project in Paradise Ranch Estates is scheduled to begin soon. Mr. Bentley advised that \$25,000 in connection fees have been collected. He further

advised that the amount borrowed from Novato was reduced by \$50,000 and the debt to Novato now totals \$407,000; a debt of \$514,000 is estimated by end of fiscal year.

Mr. Bentley informed the Board that one connection to the Oceana Marin sewer service occurred this year and revenue remains steady; no increase in sewer service rates are currently planned. Operating expenses are down 20%, and 22% of the improvement projects budget has been expended. He reported that Oceana Marin has a cash balance of \$275,000.

ACTION CALENDAR

CONSIDER: REQUEST FOR ADDITIONAL BILL ADJUSTMENT – GREENBERG

Mr. Bentley stated that Mr. Greenberg received a bill for 289,000 gallons of water for a home that had been vacant for some time during remodeling. He said that a significant leak was discovered in his service line which runs 500 feet from the meter on Fairway Drive to his home on Wimbledon Court. He explained that Mr. Greenberg's \$2,049 water bill was reduced to \$507 under the District's Bill Adjustment Policy and he received a \$1,542 credit. Mr. Bentley advised that Mr. Greenberg is requesting an additional bill adjustment. Mr. Bentley said that there is no dispute that the water went through the meter, and it is staff's recommendation that he receive the normal bill adjustment authorized under the Bill Adjustment Policy. He said that another option for the Board to consider would be to grant a full adjustment, allowing the customer to pay for normal usage which would result in a bill for \$66. He said that Mr. Greenberg has made a \$100 payment, and he introduced Mr. Greenberg who addressed the Board.

Mr. Greenberg stated that his first bill (November 2009) was for \$150 and he believes that the leak began during that billing cycle. He stated that the District meter reader alerted him to the leak after the January meter reading; and since all water in the house was turned off, it was obvious that the irrigation line was leaking. He said that 500 feet along the water line had to be dug up to locate the leak which was subsequently repaired and he received a bill in the amount of \$2,049. Mr. Greenberg said that his water meter is located very far from his house and since he was not living in the house at the time, he could not have known that he had a leak.

Director Baker stated that since Mr. Greenberg owns the house, it is his responsibility to pay for the water that went through the meter. He said that Mr. Greenberg received a substantial reduction per the District's Bill Adjustment policy and by reducing it further, District customers would be subsidizing the cost of his water use. He stated that he could not support further adjustment.

Director Schoonover asked Mr. Greenberg if he was aware of the location of the meter and the long distance from the meter to his house. Mr. Greenberg stated that he assumed the meter

would be near to the house, and it was not until the meter reader notified him of the leak that he realized the meter was on Fairway Drive. He said he attempted to hire a leak detection company but that leaks in PVC pipe cannot be detected. He noted that it was raining during the time the leak occurred.

Director Rodoni stated that the leak most likely occurred during the previous billing period as well and asked staff if the previous bill could be incorporated into the adjusted bill to capture Mr. Greenberg's first payment.

Mr. Bentley said that when a customer has a leak that includes two consecutive billing periods, each bill is adjusted based on normal usage. He said that staff can adjust Mr. Greenberg's first bill based on the normal use and apply his prior \$100 payment for an additional adjustment.

Director Petterle stated that he would support that.

Director Fraites stated that Mr. Greenberg was not living in the house and could not have known he had a leak until he received his bill; and, therefore, he could not support staff's recommendation.

Mr. Bentley advised that a full adjustment would reduce the first bill to \$66 based on the normal use for a two-month period; therefore, the additional adjustment would be approximately \$85.

Director Rodoni moved that an additional credit be issued based on the amount of water use in excess of normal on Mr. Greenberg's November 2009 bill. Director Petterle seconded. The motion passed by the following vote:

AYES: Directors Baker, Petterle, Rodoni, Schoonover

NOES: Director Fraites

ABSTAIN: None

ABSENT: None

Mr. Greenberg thanked the Board and left the meeting.

APPROVE: SALARY ADJUSTMENTS FOR ACCOUNTING/HR SUPERVISOR AND ADMINISTRATIVE ASSISTANT

Mr. DeGabriele stated that he is recommending spot adjustments for the Accounting/Human Resources Supervisor and the Administrative Assistant; both positions are in the unrepresented group and are confidential employees. He said that both positions have received the benefits conveyed to the group represented by the Employees Association and that this increase equals

less than 2% increase. Mr. DeGabriele advised that both employees do exemplary work and received excellent performance reviews.

On motion of Director Schoonover and seconded by Director Petterle, the Board unanimously authorized salary increase for the Accounting/Human Resources Supervisor and Administrative Assistant.

INFORMATION ITEMS

STAFFORD LAKE SEDIMENT SURVEY PROJECT – UPDATE

Mr. McIntyre provided an update to the Stafford Lake Sediment Survey project and said the purpose of the survey is to measure how much sediment is in Stafford Lake since it was drained in 1980. He reminded the Board that Seafloor Mapping Lab at Cal State University at Monterey Bay (CSUMB) was originally awarded the contract, however concerns were raised that CSUMB is not licensed to perform the survey in accordance with the Professional Land Surveyors' Act. Mr. McIntyre stated that in March, the Board authorized that all proposals be rejected; and of the seventeen firms staff solicited, ten firms submitted new proposals. He advised that District Associate Engineer Carmela Chandrasekera and he evaluated the proposals and shortlisted four firms; and staff from Sonoma County Water Agency and Marin Municipal Water District participated in the final selection. He stated that the firm of Cinquini and Passarino had submitted the best proposal per the ranking.

Mr. McIntyre stated that staff will meet with Cinquini and Passarino to finalize the project scope of work and budget. He stated that the cost will be higher than the budget allocation of \$10,000, and most likely will be approximately \$30,000. He advised that a portion of the cost will roll over into the next fiscal year, and he will provide that information when staff brings the contract to the Board for approval at the May 18th Board meeting. Mr. McIntyre acknowledged Mr. Cinquini who was in the audience.

INITIAL REVIEW – PROPOSED FY 11 EQUIPMENT BUDGET

Mr. Bentley presented the proposed FY11 Equipment Budget for the Board's initial review. He stated that the total Equipment Budget is \$250,000, down 11% from the prior year's approved budget and is in line with the Novato financial plan. He further stated that major expenditure items are the ion chromatograph for the laboratory (\$70,000) and two ¾-ton pick-ups (\$62,000) which combined total over half of the budget. Mr. Bentley advised that he is seeking direction from the Board on the Equipment Budget and that the second review will be held during the second meeting in May.

INITIAL REVIEW - FY 11 IMPROVEMENT PROJECTS BUDGET

Mr. Bentley advised that the District's Novato financial plan goal of internally funded improvement projects for Novato is \$3.2M each year. He said that the review tonight is for all District Improvement Projects and that the projects will be separated by area in the next review. He noted that because the bids for Crest Tank No. 2 came in under the \$1.9M budget, there will be money saved. He also noted that the Stafford Lake Sediment Survey that will carry over into the next fiscal is not included in the proposed budget. Also, another \$150,000 will be added for the Aqueduct Relocation CEQA and legal costs. He said the proposed Improvement Projects budget includes 48 projects. He said total gross expenditures (before grants, loans or contributions) are \$6.9M and FY12 is \$15.4M. He cited the major projects: Office/Lab and Yard Renovation, Stafford Treatment Plant Solar Panels, Crest Tank No. 2, Lynwood Tank Recoat and Seismic Upgrade, Aqueduct Relocation, Recycled Water Expansion, and the Gallagher Well and Pipeline Project, Phase 1. He advised that the second review will be May 18.

PROPOSITION 16 – THE TAXPAYERS RIGHT TO VOTE ACT

Mr. DeGabriele stated that Proposition 16 – The Taxpayers Right to Vote Act is an initiative sponsored by PG&E to guarantee taxpayers' right to vote anytime local government wants to start or expand electric delivery service to its territory or to become an aggregate electricity provider such as the Community Choice Aggregation. He said he has included the text of the bill, analyses and other information for the Board's review. He advised that several Marin County local agencies have taken positions on the proposition and he distributed a listing of state governments and municipal utilities, many who are in Marin County, who are opposing the proposition. Mr. DeGabriele stated that the District has been waiting to hear from both PG&E and Marin Clean Energy for their support of the Stafford Solar Energy Project and that PG&E have indicated that there will not be any special provisions to anyone for opting out of Marin Clean Energy. He said that he contacted Marin Clean Energy, and they do not have the funds to support the solar project. He stated that his concern is that Proposition 16 can be easily modified in the future that would say that local government can't do anything without a 2/3 vote. He requested the Board's input whether the District should take a position.

Director Rodoni opined that it may not be worth taking a position Proposition 16 and that the District may still hear from PG&E. He said taking an oppose position may preclude PG&E from considering supporting the solar project. He stated that the initiative will most likely pass whether the District takes a position or not.

Director Schoonover said that he is concerned with the statement in the “Guidelines for Public Agencies Regarding Ballot Measures” that allows the District to take a position, but it cannot advocate a “yes” or “no” vote. Mr. DeGabriele explained that the District cannot tell its customers how to vote, but that the District can take a position.

Director Fraites stated that he is strongly opposed to the proposition and that he felt that Marin Clean Energy is working and the opt out rate is low. He further stated that PG&E has poured a lot of money into Marin to convince Marin taxpayers to vote for the proposition. He opined that PG&E will wait until after the election before talking to the District and the District should oppose the initiative regardless. He recommended that the Board vote on taking a position on Proposition 16 at the next meeting. Director Petterle agreed.

Director Baker said that he does not like Proposition 16 either, but he does not think the District should take a position.

Mr. DeGabriele requested a consensus of the Board and stated that the latest date to take a position would be June 1.

There was further discussion among the Board on whether to bring the issue back to the Board for a formal discussion and vote, and the Board agreed to do so at the next meeting.

NOVATO WATERSHED PROGRAM

Mr. DeGabriele provided information on the Novato Watershed Program and said the Marin County Department of Public Works is slowly moving forward and that the District’s contribution of \$100,000 will be paid this fiscal year. He said it is anticipated that there will be policy advisory meetings and operations meetings held in June and July respectively

DELIVERIES IN EXCESS OF ENTITLEMENTS – SUMMER 2009

Mr. DeGabriele provided an update on the invoice from Sonoma County Water Agency for liquidated damages for water deliveries in excess of entitlement last summer. He stated that he reached an agreement with the City of Rohnert Park to authorize the District to use their excess allotment from last summer and avoid payment of liquidated damages. He said that he conferred with legal counsel who concurred that the Restructured Agreement allows this transfer, and he expects the Agency to challenge the transfer. He said he has not authorized payment for the invoice, and it is currently past due.

MISCELLANEOUS

The Board received the following miscellaneous item: Disbursements and the following news articles: Lake Mendocino has twice as much water as last year and Salinity Notices.

CLOSED SESSION

President Baker immediately adjourned the Board into closed session for 8:55 p.m.

CLOSED SESSION: In accordance with Government Code Section 54957.6; Conference with Labor Negotiators; District's Designated Representatives - Chris DeGabriele and David Bentley; Employee Organization - North Marin Water District Employee Association

OPEN SESSION

Upon returning to regular session at 9:19 p.m., President Baker stated that during the closed session the Board had discussed the issues and no reportable action had been taken.

ADJOURNMENT

President Baker adjourned the meeting at 9:20 p.m.

Submitted by

Renee Roberts
District Secretary