

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
July 6, 2010**

**CALL TO ORDER**

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

West Marin residents Ken Drexler, Elizabeth Barnett and Rhonda Kutter and District employees Robert Clark (Operations/Maintenance Superintendent) and Doug Moore (Construction/Maintenance Superintendent) were in the audience.

**MINUTES**

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

AYES: Directors Fraites, Petterle, Rodoni, Schoonover

NOES: None

ABSTAIN: None

ABSENT: Director Baker

**GENERAL MANAGER'S REPORT**

**North Bay Water Reuse Plenary Session**

Mr. DeGabriele reported that he, Drew McIntyre and Directors Baker and Schoonover attended the North Bay Water Reuse Plenary Session on June 30<sup>th</sup> wherein an update on the North Bay Water Recycling Program in the North Bay and ARRA funding was provided. He said that Mr. McIntyre will provide an update on the District projects and the path forward at the next meeting.

**Oceana Marin Homeowners Association**

The Board was informed that Mr. DeGabriele will attend the Oceana Marin Homeowner Association meeting next Saturday at the Tomales Town Hall and he will present an overview of the budget and projects planned for the Oceana Marin Sewer Service area.

### Marijuana Crop

Mr. DeGabriele reported that the Marin County Sherriff's Department discovered a large marijuana crop located in the Big Trees open space preserve area adjacent to District land above Stafford Lake. He said that District labor will assist the county in cleaning up the area.

### General Manager Vacation

Mr. DeGabriele informed the Board that he will be on vacation the week of July 19<sup>th</sup> and that he will be unable to attend the July 20<sup>th</sup> Board meeting. He said that Mr. McIntyre will be acting General Manager during his absence.

### **OPEN TIME**

Vice-President Schoonover asked if anyone in the audience wished to bring up an item not on the agenda and the following items were discussed:

Ken Drexler of Paradise Ranch Estates thanked the Board for holding the meeting in Point Reyes. He said he serves on the board of the Marin Conservation League and is pleased to see that the NMWD Board is scheduled to consider approval of participating in Marin Clean Energy at tonight's meeting.

Elizabeth Barnett, Co-Director of West Marin Commons, spoke to the Board about her organization which focuses on providing places for community gatherings and researching the historical sites in the Point Reyes Station area. She asked the Board if there was any interest in assisting the West Marin Commons financially for their native plant garden project. Mr. DeGabriele said that the District is happy to hear of the group's emphasis on native plants and promoting water conservation. Director Schoonover encouraged Ms. Barnett to contact the District staff for assistance in gathering historical information on Point Reyes Station. Director Rodoni said that budgeted Water Conservation rebate funds are often not totally expended and there may be money available for the native plant garden.

Rhonda Kutter said she appreciated the Board coming to West Marin and suggested that the meeting date, time and location be published in the local newspaper "Calendar" section. She asked if hormone levels in the water due to agricultural uses can be tested for and monitored in the future. Mr. DeGabriele briefly explained that testing for additional compounds is expensive especially for constituents of concern but not yet regulated, and he said he will speak with the District Water Quality Supervisor Pablo Ramudo about addressing her concerns.

## **STAFF / DIRECTORS' REPORTS**

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

Mr. Bentley provided an update on the water main break that occurred on June 13, 2010 in Bel Marin Keys that flooded a residence resulting in property damage. He said that the District's risk consultant, DB Claims, was able to work with the customer and keep the claim for damages at a reasonable level. He said the District and the customer were pleased with the results.

## **HEARING/APPROVE: FY 11 WEST MARIN WATER BUDGET**

Mr. Bentley presented the FY11 West Marin Water Budget for the Board's third review, public hearing and approval and stated that staff is proposing a 9% increase in the commodity rates and a 9% increase in the minimum service and backflow device charges; however, no increase is proposed for Paradise Ranch Estates minimum service charge. He said the proposed rate increase will generate \$54,000 in additional revenue next fiscal year, and the proposed expenditure plan totals \$736,000. Mr. Bentley explained that the reason for the rate increase is because West Marin Water exhausted its cash reserves in 2005 to pay for long-range improvement projects. He said that money was borrowed from Novato Water and that two subsequent 9% rate increases will move toward repaying the debt to Novato in full by 2013.

Mr. Bentley stated that individual letters were mailed to all West Marin water customers notifying them of the proposed rate increase and inviting them to the public hearing. He further stated that a public notice was published in the July 1 edition of the Point Reyes Light. Mr. Bentley said that the District received responses from two customers; Joseph and Carol Watt requested that their letter be read into the record:

"We protest the proposed 9% rate increase.

The District's near doubling of the Olema tank capacity for over half a million dollars is excessive given Olema has near zero growth. The District's near doubling of the Pt. Reyes tank capacity for \$399,000 is questionable given Pt. Reyes limited growth.

What is important is the District has gone off over spending near two million dollars and exhausted the cash reserves with questionable need to do so on infrastructure.

Why should us customers/taxpayers condone the excessive spending of the District. The State and Federal govt has buried the taxpayers in debt – isn't it time to hold the line on a local level.

This letter must be read at the July 6<sup>th</sup> hearing.

Sincerely, Joseph & Carol Watt"

Mr. Bentley said that in addition to the \$7 increase to the bimonthly service charge, a revision to the seasonal rate period for non-residential customers is proposed moving the starting date back to June 1 from June 15 making it consistent with the seasonal rate period in Novato (June 1 through October 31). He said that Improvement Projects budgeted for next fiscal year include \$100,000 for the first phase to design and construct a solids handling tank for the Point Reyes Treatment Plant; \$55,000 for the first phase of design to construct an 82,000 gallon concrete tank to replace the redwood tank that burned in the Mt. Vision fire in 1995, and \$60,000 for Point Reyes storage tanks seismic upgrade. Mr. Bentley pointed out that even with the proposed 9% rate increase, the West Marin water cost remains below all other comparison coastal water agencies.

Vice-President Schoonover opened the public hearing and hearing no comment, closed the public hearing.

Director Rodoni commented that the District intentionally spent down its West Marin Water reserves because the infrastructure required upgrading. He said that \$2M was spent for additional storage over seven years, replacing tanks and increasing available finished water storage and fire flow. He further commented that there are large projects planned and that increasing rates is necessary due to the small customer base in West Marin.

On motion of Director Fraites, seconded by Director Petterle and approved by those Directors present, the Board approved Resolution No. 10-12 entitled, "Resolution of the Board of Directors of North Marin Water District Amending Regulation 54 – Water Rates," adopted the FY11 West Marin Water System Budget as presented; and authorized the General Manager to pay demands arising from the execution of the budgeted West Marin Water expenditure plan.

**HEARING/APPROVE: FY 11 OCEANA MARIN SEWER BUDGET**

Mr. Bentley presented the FY11 Oceana Marin Sewer Budget and stated that no increase in the monthly sewer service rate is proposed. He informed the Board that, as a cost-saving measure, staff recommends placing the sewer service charge on the Marin County property tax rolls. He said that a public notice was published in the Point Reyes Light advising of the public hearing and a letter was mailed to all property owners advising them of the proposal. He reported that two protests were received; however, the Oceana Marin Homeowners Association expressed no concern with the proposal. Mr. Bentley noted that Oceana Marin has a cash balance of \$286,000 and the rates have remained the same for six years. He said that the General Manager has suggested that the Board consider future small annual rate increases to keep in line with escalating costs of operation.

Mr. Bentley reviewed the proposed projects for the fiscal year: \$100,000 to replace 1,000 feet of 6-inch asbestos-cement cross-county sewer line every other year. He reminded the Board of the February 2008 line rupture that cost \$61,000 to clean-up, thus staff recommends replacing the pipe incrementally over 4 years until 4,000 feet of pipe is replaced. He said that \$15,000 is budgeted to continue system infiltration repairs for the next five years and advised that because of the wet winter and rain water entering into the sewer system, pumping costs in Oceana Marin have increased. Mr. Bentley said the budget projects operating expenditures to increase 4%, and advised that the 5-year agreement with Phillips and Associates to provide Operation and Maintenance for Oceana Marin sewer allows for a 2% annual increase. He said an update of the Coastal Area Sewer Cost Comparison shows that, for the first time in many years, Oceana Marin is not the high cost provider of sewer service for comparison coastal communities.

Vice-President Schoonover opened the public hearing and hearing no comment, closed the public hearing.

Director Rodoni voiced his agreement with the General Manager's suggestion that the Board consider a small increase in the sewer service charge beginning next fiscal year.

On motion of Director Petterle, seconded by Director Rodoni and approved by those Directors present, the Board approved Resolution No. 10-13 entitled, "Resolution of the Board of Directors of the North Marin Water District Electing to have Oceana Marin Sewer Charges be Collected on the Tax Roll of the County of Marin, State of California Commencing Fiscal Year 2010/11"; adopted the FY 11 Oceana Marin Sewer System Budget as proposed; and authorized the General Manager to pay demands arising from execution of the budgeted Oceana Marin expenditure plan.

#### ***INFORMATION ITEMS – WEST MARIN***

#### **WEST MARIN IMPROVEMENTS PROJECTS - FISCAL YEAR PROGRESS REPORT (PRELIMINARY)**

Mr. McIntyre presented a preliminary progress report on the District's West Marin Improvement Projects for FY 09/10. He stated that there were a total of eight improvement projects and that six were 100% completed; two projects will be carried over to next fiscal year – tank seismic upgrade in Point Reyes Station and the land acquisition project for the Point Reyes Treatment Plant. He said only one project, Radio Read Meter Installation, went over-budget. Mr. McIntyre reported that the replacement of 1,000 feet of old two-inch galvanized steel line in Paradise Ranch Estates with a six-inch PVC main was completed by District crews. He said that \$100,000 was budgeted for that project, but that to date \$65,000 was expended. Mr. DeGabriele

remarked that \$65 per foot for the pipeline replacement is remarkable and congratulated Mr. Moore and his crew for great performance.

Mr. McIntyre said that in Oceana Marin, staff continues to work on the infiltration study and repair and pump station remote alarms updating have been completed. He said there were no budget augmentations required for either West Marin Water or Oceana Marin Sewer and that a complete report will be forthcoming once all financial information is complete.

Director Rodoni requested a report on the radio read meters to include tracking any cost savings or any other information that would be of benefit to the Board. He acknowledged that these meters make it safer for the meter readers. He also gave kudos to the crew for their good work and mentioned that District crews may be able to stage their equipment in the Caltrans site south of town.

### **CONSENT CALENDAR**

On the motion of Director Petterle, seconded by Director Fraites and unanimously carried the following items were approved on the consent calendar:

#### **JULY 2010 VEHICLE AUCTION REPORT**

The Board authorized the General Manager to enter into a sales contract with 1<sup>st</sup> Capitol Auction to dispose of vehicle #4, 1997 Ford ½ ton pick-up and vehicle #48, 2002 Dodge ½ ton pick-up.

#### **LYNWOOD PUMP STATION UPGRADE PROJECT AND PUBLIC WORKSHOP NOTIFICATION**

The Board approved a Notice of Public Workshop for the Lynwood Pump Station Upgrade to be held on July 15. Staff will conduct the workshop to advise neighbors and others on the purpose of the project and proposed modifications to the structure. It is proposed to move the pump station electrical equipment above ground to lessen the risk to the equipment and provide flood protection in the underground pump station.

### **ACTION CALENDAR**

#### **MARIN CLEAN ENERGY PARTICIPATION**

Mr. Clark stated that over the last six years, the District has been participating in the Community Choice Aggregation development both financially and with staff time reviewing progress and plan developments resulting in the creation of the Marin Clean Energy Authority (MCEA). He reported that the MCEA procured a contract to buy energy from Shell Oil and provide that energy to Marin County and participating cities to increase use of renewable energy supplies from that supplied by PG&E. Mr. Clark further reported that, because the City of Novato chose to opt out of

the MCEA program, District electrical services within the city limits are not eligible to participate; however, there are twenty-two eligible services outside of Novato city limits. He further advised that MCEA has two energy rate plans, Light Green and Deep Green. He said that staff compared those rates with the current PG&E costs and the analysis was provided in the Board Agenda packet. Mr. Clark said that the Light Green option will provide 25% renewable energy at the same rate as current PG&E rates which now provide 14% of renewable energy. He said the Deep Green option provides 100% renewable energy with a zero contribution of greenhouse gas emissions at a cost increase of approximately \$2,400 per year for all twenty-two services, excluding Stafford Treatment Plant (STP). He explained that MCEA has not made it clear how they will administer the time of use schedules and solar project rebate and repay for the overproduction of energy or for energy being produced during peak hours. Mr. Clark said that it is staff's recommendation to opt out of MCEA for the STP account and select the Light Green option for the other accounts that will reduce the District's greenhouse gas emissions by 10% while keeping the rates close to current PG&E rates.

Director Schoonover asked if areas currently outside of the city limits were ever annexed to the city, would those areas be allowed to stay in the MCEA?

Mr. Clark responded yes, the District would still be allowed to participate in the MCEA.

Director Rodoni commented that he supports Marin Clean Energy and that he has several comments and questions. He stated that he wants to make sure that all options are on the table so that the District and its customers will have opportunities for rebates should new technology allow for smaller solar units on District facilities.

Director Rodoni asked if the District opted out of MCEA for any metered account, could the District rejoin at any time? Mr. Clark responded yes, the District can opt back in at anytime, but that there would be a different cost structure. Director Rodoni stated that it is his understanding that should the District decided to go back to PG&E after staying in MCEA, there is a three-year commitment to remain a PG&E customer. Mr. Clark concurred.

Director Rodoni said he is concerned that District high use meters, like Stafford Treatment Plant, may lose opportunities if the District was in MCEA rather than PG&E because of the rebate structure. He said an additional concern is MCEA does not have its commercial rate structure developed and "time of use" may not be available. He stated that it would be an advantage for the high use meters to stay with PG&E, and if the situation changes, to then join in with MCEA.

Mr. Clark said that none of the District electrical service loads are high enough to meet the minimum demand requirements of the new PG&E rate structure for commercial customers for "peak

day demands”; and because the Stafford Treatment Plant will be based on “time of use” with the solar system, it will not be eligible for PG&E’s “peak day” rate demand structure.

Mr. DeGabriele reiterated that staff was aware that those facilities that have a higher electrical demand could have a greater cost impact with MCEA, and that Mr. Clark did his due diligence with both PG&E and MCEA to make sure that District facilities have demands that fall below the threshold that would trigger that additional cost obligation. He said that staff is confident that the recommendation will enable the District to go with Light Green and keep the electrical costs the same as PG&E.

Director Rodoni asked if a solar project to power the Point Reyes Well pumps and treatment plan could be part of future treatment plant upgrade. Mr. Clark stated that he has not investigated that possibility.

Director Petterle asked if other than cost if there is any disadvantage to going with Deep Green. Mr. Clark replied no.

Mr. DeGabriele stated that the greenhouse gas reduction from the Stafford Treatment Plant Solar Project will result in meeting the District’s ultimate goal in complying with AB 32, and it makes more sense to put money in the solar project rather than Deep Green.

Director Rodoni made a motion that the District opt out of MCEA on the Point Reyes Wells Pump/Treatment Plant and Stafford Treatment Plant and that the remainder of the electrical accounts remain with Marin Clean Energy Authority.

Vice-President Schoonover asked Director Rodoni if his motion includes the Light Green option and Director Rodoni said he would like to hear the Board’s opinion.

Director Schoonover opined that other than cost, Deep Green has advantages; however, the cost is something the Board should consider. He said that the Deep Green option can be included later.

Director Petterle said he was in favor of Deep Green.

Director Rodoni amended his motion to include the Deep Green option.

Director Petterle seconded.

Vice-President Schoonover called for a roll call vote of those directors present as follows:

Director Fraites: Yes

Director Petterle: Yes

Director Rodoni: Yes

Director Schoonover: No

**MILLER PACIFIC ENGINEERING GROUP – CONSULTING SERVICES AGREEMENT**

Mr. McIntyre presented the consulting services agreement with Miller Pacific Engineering Group for providing continuing FY11 outsourcing support in the amount of \$20,000. He said that the firm has a long and proven track record performing geotechnical services for the District. He said that their first task would be to perform construction observation and material testing for the Crest Tank No. 2 project.

On motion of Director Fraites, seconded by Director Petterle, and carried by those Directors present, the Board authorized the General Manager to execute an agreement for FY11 consulting engineering services between NMWD and Miller Pacific Engineering Group with a not-to-exceed limit of \$20,000.

**ASSIGNMENT TO PRELIMINARY LICENSE AGREEMENT – GTE MOBILNET OF CALIFORNIA**

Mr. Clark provided background on the Preliminary License Agreement with GTE Mobilnet of California to construct a wireless antenna facility at the Stafford Treatment Plant site. He said that the Board approved the agreement on February 17, 2009; and after all county permits and approvals were secured to further the project, GTE Mobilnet chose not to expend its capital to finance the construction of the facilities. He advised that GTE Mobilnet now requests reassignment of the preliminary license to Tower Development Corporation. He said that Tower Development is a management company that will develop the site and then lease the site back to GTE Mobilnet.

Mr. Clark stated that he has worked with GTE Mobilnet and Tower Development to modify language in the agreement to clarify commencement as either August 1, 2010 or one month following execution of the assignment; and clarification on fees due to the District should the ground space be sub-leased to another entity in addition to GTE Mobilnet. He said the additional annual fee will be equal to the greater of \$600 or 20% of the current annual fee paid to the District. He advised that District legal counsel has reviewed the Assignment of the Preliminary License Agreement.

Director Petterle asked Mr. Clark the amount GTE Mobilnet will pay the District. Mr. Clark responded that the District will receive \$15,000 per year in lease payments, and the District will have an opportunity to add radio communication devices. Director Petterle also inquired if GTE will have any rights to put up additional facilities and Mr. Clark stated no.

On motion of Director Petterle, seconded by Director Fraites, and carried by those Directors present, the Board approved authorization to assign the Preliminary License Agreement for Little Mountain Telecommunications Antenna site to Tower Development Corporation.

Mr. DeGabriele stated that Mr. Clark did an excellent job negotiating the agreement the with many parties involved.

#### ***INFORMATION ITEMS - NOVATO***

##### **2009-2010 MARIN COUNTY GRAND JURY REPORT – THE COST OF GOVERNANCE: LOCAL CONTROL COMES AT A PRICE**

Mr. DeGabriele provided a summary of the Marin County Grand Jury Report, “The Cost of Governance: Local Control Comes at a Price.” He reminded the Board that at the Board planning workshop held in February, the Board decided to wait until after the election to discuss possible consolidation with Novato Sanitary District. Mr. DeGabriele said that the election has passed, and he requests that the Board begin to think about what direction the Board would like to pursue. He noted that there have not been funds budgeted for any study; and if consolidation were to be considered, it would not be an inexpensive endeavor. He said an independent review would have to be conducted.

##### **NORTH BAY WATERSHED ASSOCIATION – JULY 9, 2010**

Director Fraites stated that since Director Baker will be out of town, he will attend the North Bay Watershed Association meeting.

#### **MISCELLANEOUS**

The Board received the following miscellaneous information: Disbursements, Letter re Affordable Housing Approve Release of Performance Guarantee, The Cost of Governance: Local Control Comes at a Price, Audit Entrance Conference, State of California – Budget.

The Board also received the following news articles: Jim Grossi, Patriarch of West Marin Dairymen, Envisioning Agriculture, Low-flows This Summer May Not Be Quite So Low, and Salinity Notices.

#### **ADJOURNMENT**

Director Rodoni asked that the meeting be adjourned in memory of Jim Grossi, Sr. who passed away recently. On motion of Director Rodoni, seconded by Director Fraites and unanimously carried, the Board voted to adjourn the meeting in memory of Mr. Grossi.

Vice-President Schoonover adjourned the meeting at 8:44 p.m.

Submitted by

Renee Roberts  
District Secretary