

1 **NORTH MARIN WATER DISTRICT**
2 **MINUTES OF REGULAR MEETING**
3 **OF THE BOARD OF DIRECTORS**
4 August 2, 2011

5 **CALL TO ORDER**

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

11 District employees Robert Clark (Operations/Maintenance Superintendent) and Doug Moore
12 (Construction/Maintenance Superintendent) were in the audience.

13 **MINUTES**

14 On motion of Director Rodoni and seconded by Director Fraites, the Board approved the
15 minutes from the previous meeting as amended by the following vote:

16 AYES: Directors Baker, Fraites, Rodoni, Schoonover

17 NOES: None

18 ABSENT: Director Petterle

19 ABSTAIN: None

20 **GENERAL MANAGER'S REPORT**

21 Mr. DeGabriele reported that the Novato Fire Protection District will recognize Mike Baccei
22 for his heroic efforts during a dog attack last December. He said the presentation will occur at the
23 Fire District's Board of Directors meeting, Wednesday, August 3, 2011 at the Fire District's Station
24 House on Redwood Boulevard.

25 **OPEN TIME**

26 President Schoonover asked if anyone in the audience wished to bring up an item not on
27 the agenda and there were no comments.

28 **STAFF / DIRECTORS' REPORTS**

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

31

1 Stolen Hydrant Meters

2 David Bentley informed the Board that two hydrant meters located near the base of Ammo
3 Hill were stolen on Friday morning; one was a floating meter and the other was a fixed meter and
4 both were chained and padlocked to the hydrants. He said the meters were worth about \$1,000
5 each and a police report has been filed. Drew McIntyre added that the District will incur the cost of
6 the stolen fixed meter; however, the contractor will be billed for the floating meter. He stated that
7 fixed meters will no longer be put on the hydrants in that area.

8 Director Out of Town

9 Director Baker advised that he will be unable to attend the first Board meeting in October as
10 he will be out of town.

11 **PRELIMINARY FY11 FINANCIAL STATEMENT**

12 Mr. Bentley presented the Preliminary FY11 Financial Statement. He said that overall, last
13 year's performance was good, costs were kept under control, but budgeting did not foresee the
14 drop in development and low water sales. He said that looking at all combined operations, the
15 budgeted deficit was \$885,000 and the actual FY deficit was \$1.8M primarily due to connection fees
16 not collected as estimated and water sales volume, budgeted at 3.1BG, came in at 2.8BG. Mr.
17 Bentley said that in comparison, this fiscal year 20 dwelling units are budgeted and that the Warner
18 Creek Senior Housing with 61 apartments and 27 dwelling units will enable the District to meet and
19 surpass its connection fee goal. He advised that last year's cash balance decreased more than
20 anticipated - \$2.1M. Mr. Bentley reported on each District individually.

21 Mr. Bentley advised that for Novato Water operating expenses were up 2% for the year, the
22 reason being the 7% water cost increase from the SCWA. He said that 884MG were produced from
23 Stafford Treatment Plant, the second highest ever; and as a consequence, the cost of production at
24 Stafford fell 18% from the prior year. Mr. Bentley stated that 46% of the Improvement Projects
25 Budget was expended. He said that staff had budgeted \$2.4M of District funds for the Solar Power
26 Project but a Power Purchase Agreement has been executed so no District funds will be expended
27 for that project. He reported that the cash balance for Novato Water at the end of June stood at
28 \$4M.

29 Mr. Bentley stated that Recycled Water operating expenses were down 18% and cost of
30 production is \$6,780/MG (three times the cost of SCWA water), but was down 5% from the previous
31 year. Annual sales to StoneTree remained flat at 55MG. He advised that the Recycled Water

1 System received \$1.2M from Novato Water to fund the expansion project and ended the year with a
2 \$33,000 cash balance.

3 Mr. Bentley reported that for West Marin Water, water consumption remains static at 74MG
4 and expenses were also unchanged from the previous year. He said that 54% of the Improvement
5 Projects Budget was expended; two projects were deferred so that the Point Reyes Treatment Plant
6 Solids Handling Project could move forward. He advised that West Marin Water paid back Novato
7 Water \$63,000, reducing their debt to \$356,000; however, it is anticipated that \$125,000 will be
8 borrowed from Novato to cover costs for the Solids Handling Project.

9 Mr. Bentley informed the Board that Oceana Marin gained two more customers for a total of
10 227 and the operating expense increased 4%; 17% of the Improvement Projects Budget was
11 expended. He stated that the big project is the cross-country sewer line replacement which was not
12 completed last year as planned (it is budgeted for this year) and as a consequence there is a cash
13 balance of \$315,000.

14 Mr. Bentley said that the Board will hear a report on the final FY 2011 Financial Statement
15 after the audit in October.

16 **CONSENT CALENDAR**

17 On the motion of Director Fraites, seconded by Director Rodoni and carried by those
18 Directors present, the following item was approved on the consent calendar:

19 **LAIF SIGNATORIES UPDATE**

20 The State Treasurer's Office advised that the Local Agency Investment Fund (LAIF)
21 Authorizing Resolution to authorize District Officers to transact business with LAIF has been
22 revised. This resolution is required by LAIF prior to allowing the transfer of funds to and from U.S.
23 Bank. The Board approved Resolution No. 11-22 entitled, "Resolution of the Board of Directors of
24 North Marin Water District Authorizing Investment of Monies in the Local Agency Investment Fund."

25 **ACTION CALENDAR**

26 **LOCAL COASTAL PROGRAM AMENDMENT**

27 Mr. DeGabriele presented a comment letter on the Local Coastal Program (LCP)
28 Amendments for the Board's approval. He said that the LCP update is addressed in two
29 documents, the Local Coastal Program Draft Policy Amendment and the Proposed Development
30 Code Amendments. He said that there are a couple of items of concern to the District and are
31 reflected in the comment letter.

1 Mr. DeGabriele stated that the current LCP requires that new development within a village
2 connect to a sewer main if the sewer main is within 400 feet. He advised that this has not been
3 updated in the amendments, and his letter states that this requirement is of concern to the District.
4 Mr. DeGabriele said that in Oceana Marin there are a limited number of customers being served by
5 the District in old Dillon Beach, and there is a number of failing septic systems there. He said it
6 does not make sense to piecemeal them into the sewer system one at a time; it would be very
7 expensive and difficult for the District to plan for more treatment and disposal capacity.

8 Mr. DeGabriele advised that a new segment of the LCP addresses the prohibition on any
9 development of desalinization facilities. He explained that even though it is not anticipated at this
10 time that desalinization may be needed, it is an alternative to extending a pipeline and building
11 another well at Gallagher. He said his comment reflects his opinion that that option should be
12 authorized in the Point Reyes community if necessary.

13 Mr. DeGabriele stated that the text in the LCP is outdated with regard to the description of
14 water supply and facilities in the Point Reyes Station area. He informed the Board that he had
15 already submitted the updated information to the county in April, but the comments were not
16 incorporated in the proposed amendments to the LCP.

17 Director Rodoni suggested that a map be included with the comment letter so that it will be
18 clear what parcels on Ocean View Avenue in Dillon Beach the General Manager is referring to.

19 Director Baker said that in regards to the "400 foot" threshold, it is not clear in the letter what
20 the General Manager is requesting.

21 Mr. DeGabriele said that he will revise the letter to say that this policy element should not be
22 applicable to the parcels highlighted on the map.

23 On motion of Director Fraithe, seconded by Director Rodoni, and carried by those Directors
24 present, the Board authorized the General Manager to send the comment letter on the Marin Local
25 Coastal Program Amendment with revisions to the Marin County Community Development Agency.

26 **BANK OF MARIN LOAN**

27 Mr. Bentley stated that staff is looking for the Board's approval to secure an \$8M loan with
28 the Bank of Marin for costs for the Aqueduct Energy Efficiency Project (AEEP). He summarized the
29 terms of the 20-year loan for the Board. He noted that the last requirement addresses the District's
30 debt ratio; the bank can call the loan if the District fails to maintain a debt coverage ratio of 1.2. He
31 explained that the District must maintain an annual net income over the term of the loan equal to at
32 least 120% of its annual debt service obligation. Mr. Bentley advised that the District's FY10 debt

1 coverage ratio was 1.8 and is expected to be 2.0 through FY 13 and to remain at that ratio due to
2 the recent water rate increases approved by the Board. He advised that the loan fee is \$80,000.

3 Director Baker commented that the commitment letter from Bank of Marin included in the
4 Board packet has minor hand-annotated edits and asked if they have any significance with respect
5 to the action the Board is requested to take.

6 Mr. Bentley responded that the Bank of Marin sent a replacement letter that arrived too late
7 to be included in the Board packet which included the minor edits and two other changes to the
8 District's benefit. He said the interest rate has dropped and is reflected in the new letter, and the
9 date for the return of the execution of the commitment letter has been moved to August 29th.

10 On motion of Director Baker, seconded by Director Rodoni and carried by those directors
11 present, the Board approved Resolution No. 11-23 entitled, "Resolution of the Board of Directors of
12 North Marin Water District Authorizing the General Manager to Enter into a Loan Agreement and
13 the Execution of Financing Documents with Bank of Marin."

14 Director Baker thanked Mr. Bentley for his thoroughness and diligence in negotiating this
15 loan.

16 **SOLAR PROJECT INCENTIVE**

17 Mr. Bentley presented a draft letter to Assembly Member Jared Huffman in support of
18 Senate Bill 585, Reinstatement of California Solar Initiative (CSI) Incentive, for the Board's
19 approval. He explained that the District's solar power project was halted last December when the
20 incentive was suspended. He informed the Board that the District's solar project is "shovel ready"
21 and is number 37 on PG&E's CSI Incentive waiting list, and the passage of this bill would allow the
22 solar project to move forward immediately. Mr. Bentley said that the bill will be heard by the State
23 Senate on August 15th.

24 On motion of Director Frites, seconded by Director Baker, and carried by those Directors
25 present, the Board authorized the Board President to sign the letter to Assembly Member Huffman
26 supporting reinstatement of the CSI Incentive.

27 **INFORMATION ITEMS**

28 **UPDATE FOR PROPOSED ON AIR/VERIZON CELLULAR TOWER AT WINGED FOOT TANK**
29 **SITE**

30 Robert Clark reminded the Board that in February he advised that On Air/Verizon Cellular
31 Tower was interested in performing a feasibility study of the Winged Foot tank site to determine if
32 the site would be suitable for a cellular communication facility similar to that installed by them at

1 Little Mountain/Stafford Treatment Plant. He said it was determined that access to the tank site
2 would require On Air be granted an easement from Marin County Open Space District and that On
3 Air's application for said easement is included for the Board's information tonight. Mr. Clark stated
4 that at the February meeting, Directors Rodoni and Petterle expressed concern that neighboring
5 residents be notified of the project, and he advised that as part of the county's easement process,
6 On Air and County of Marin will notify local residents of their request. He further advised that once
7 the easement is granted, the project will move forward, and he will return to the Board with the
8 public hearing feedback, feasibility study findings and preliminary license agreement for Board
9 information and consideration.

10 Director Rodoni asked if it was unusual for the vendor's application to provide alternative
11 sites not requiring an easement to the Open Space District rather than to the Planning Department.

12 Mr. Clark stated that On Air gave that information to the county to advise that they have
13 already looked at alternative locations and that the Winged Foot site is the preferred site.

14 **WAC/TAC MEETING – AUGUST 1, 2011**

15 Director Rodoni provided a summary on the WAC/TAC meeting of August 1, 2011 including
16 a report by the Water Supply Coordination Council, updates on the status of the Urban Water
17 Management Plans and the Sonoma-Marin Saving Water Partnership, Biological Opinion, Water
18 Supply/Transmission System improvements for the Hazard and Reliability Program, and Integrated
19 Regional Water Management Plan. Director Rodoni stated that he updated the committee on the
20 District's Recycled Water Programs for the North and South Service Areas status and that the EIR
21 for the Aqueduct Energy Efficiency Project was approved by the District Board of Directors at the
22 July 19th meeting.

23 **MISCELLANEOUS**

24 The Board received the following miscellaneous information: Disbursements, June 2011
25 Equipment Auction Report and Residential Consumption 20-year History.

26 The Board also received the following news articles: Algebra Academy adds up for
27 students and Legal Notice - Ordinance 25 Summary.

28 **ADJOURNMENT**

29 President Schoonover adjourned the meeting at 8:27 p.m.

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Submitted by

Renee Roberts
District Secretary