

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
January 21, 2014**

CALL TO ORDER

President Rodoni 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, Stephen Petterle, and John Schoonover. Also present were General Manager Chris DeGabriele, District Secretary Katie Young, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Novato Resident, Josh Thomas, County of Marin Employees, Ron Miska, Tara McIntire, and Adam Craig, District legal counsel Doug Coty and Bob Maddow, and District employees Robert Clark (Operations/Maintenance Superintendent), and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

CLOSED SESSION

President Rodoni adjourned the Board into Closed Session at 7:31 p.m. in accordance with Government Code Section 54956.8 Property: Interconnection Agreement between North Marin Water District and Marin Municipal Water District; District Negotiators: General Manager, Chief Engineer, and Counsel; Negotiating Party: Marin Municipal; Under Negotiation: Price and Terms.

OPEN SESSION

Upon returning to regular session at 7:47 p.m., President Rodoni stated that during the closed session the Board had discussed the issue and no reportable action had been taken.

MINUTES

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

GENERAL MANAGER'S REPORT

Mr. DeGabriele stated that he had nothing to report.

OPEN TIME

President Rodoni 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 Rodoni asked if staff or Directors wished to bring up an item not on the agenda and there was no response.

PRESENTATION BY MARIN COUNTY STAFF ON STAFFORD BIKE PARK

Director Petterle excused himself from this item.

The Board received a presentation by Marin County staff on the proposed Stafford Lake Bike Park. Ron Miska, Deputy Director from Marin County Parks and Open Space District introduced Tara McIntire, Landscape Architect who provided the presentation to the Board. Ms. McIntire stated that the Environmental Review for the bike park project has been completed, a master plan has been prepared and design documents are 95% complete. She noted that acquisitions of permits from California Department of Fish and Wildlife, US Army Corps of Engineers and the Regional Water Quality Control Board are in process.

Ms. McIntire informed the Board that the entire bike park project has a budget of ~\$1M, which is to be privately financed. She noted that to-date \$290K has been collected and Marin County Parks expects to receive another \$200K this spring. Ms. McIntire advised the Board that the bike park will be constructed in two phases and the first phase will take approximately \$500K to complete. She noted that construction of this phase is to begin in April or May of this year and completed in the fall.

Director Baker asked if the park was for certain ages.

Ms. McIntire stated that all ages ranging from toddlers to 70 year old and older. She stated that there will be different areas for different levels of experience.

Director Rodoni asked if in the Environmental Studies there was any impact on Stafford Lake. Ms. McIntire responded that there would be no impact to the lake.

Director Fraites asked if there has been a study regarding endangered species in the Terwilligher Pond. Ms. McIntire stated that there are no endangered species that she knows about but the County is working with the Department of Fish and Wildlife biologist to assist with those issues.

Director Fraites asked about the maintenance of the bike park. Mr. Miska informed the Board that maintenance will be a major part of the facility and that the County is working with Friends of the Stafford Lake Bike Park to come up with maintenance groups as a volunteer effort.

Novato Resident, Josh Thomas, asked if there was going to be a limit on the number of users per day for the facility. Ms. McIntire responded no.

Director Schoonover asked if the County was going to provide some security.

Mr. Miska stated that Stafford Lake is already staffed and there is a residence on site that will be renovated and rented out. He noted that the person renting the house will be responsible for monitoring the park after hours.

Mr. DeGabriele expressed his concern about irrigation of granular soils and bio-swales and suggested that recycled water be hauled in for necessary plantings. He also suggested that Marin County Parks may want to delay the start of construction beyond this extremely dry year. Mr. DeGabriele asked where restrooms would be. Ms. McIntire stated that there would be a portable restroom at the end of the parking lot and 50 yards from the bike park are fully functioning bathrooms. Mr. DeGabriele expressed his concern about people using the lake for other reasons. Mr. DeGabriele stated that the District currently has a good relationship with the Park and has done a lot over the years by enhancing the park, but the park wouldn't be there without the lake and the lake needs to be top priority.

Mr. Thomas asked if there was a fee for using the bike park. Mr. Miska said that there is already a \$2 fee for walk-ins established.

President Rodoni thanked County staff for the presentation and for addressing the concerns of the Board and District staff.

Adam Craig, supervisor of Stafford Lake Park, stated that the Board and staff comments are all valid concerns and that County staff is definitely working to make this happen for everyone.

QUARTERLY FINANCIAL REPORT

Director Petterle returned to his Board seat.

David Bentley provided the Board with the Quarterly Financial Report. He stated that year-to-date the District generated a net income of \$2.3M and cash increase of \$6.1M. He noted that the cash increase is largely attributed to the receipt of \$3.7M in recycled water grant and loan funds. He stated that operating revenue came in 6% over budget and operating expense 3% over budget.

Mr. Bentley stated that recycled water sales volume tripled compared to the prior year and that the recycled water system completely paid back the debt owed Novato.

Mr. Bentley stated that in West Marin consumption was up 1% from one year ago and revenue was up by 11% due to the 8% rate increase. He stated that expenditures were up 24% from a year ago due to the Gallagher Well testing, and the valve and hydrant operations programs. Mr. Bentley advised the Board that the cash balance for West Marin is \$736K.

Mr. Bentley informed the Board that the Oceana Marin operating revenue was up 12% and there were two additional dwelling units added in the last 36 months with the Brown annexation.

MONTHLY PROGRESS REPORT

Mr. DeGabriele provided the Board with the December Monthly Progress Report. He stated that water production was up considerably this month due to dry weather. He informed the Board that production of recycled water continues to serve StoneTree Golf Course. Mr. DeGabriele advised the Board that Stafford Lake is at 178.8ft in elevation but was even lower in December 2011.

Mr. DeGabriele stated that in Oceana Marin, the ponds are very low and effluent flow volume this December was less than half that pumped one year ago, an indication that the dry weather is best at reducing infiltration and inflow. He informed the Board that he attended the Oceana Marin Homeowners Association meeting on Saturday and informed the homeowners that staff is proposing a 5% rate increase.

Mr. DeGabriele informed the Board that staff has gone 209 days without lost time or injury and that the Summary of Complaints and Service Orders shows complaints up 22% for the month due to increase in consumer leaks. He stated that the District has received good feedback from the Customer Service Questionnaires, but not many were returned.

Mr. Bentley provided the Board with the Monthly Report of Investments, stating that at the end of December the cash balance was \$16.1M and the average weighted portfolio is at 0.36%.

ACTION CALENDAR

INTERCONNECTION AGREEMENT WITH MMWD

Mr. DeGabriele informed the Board that negotiations on the Interconnection Agreement with Marin Municipal Water District have been completed and the draft agreement has been provided to the Board. He reminded the Board of the history behind the agreement. Mr. DeGabriele advised the Board that there was reorganization of the document as well as clean up of language along with substantive changes. He stated that in the agreement Marin Municipal will be paying for 51% of the Aqueduct Energy Efficiency Project and Marin Municipal's wheeling charge will be increased by 60% for every acre foot of their water wheeled through the North Marin Aqueduct. He noted that the wheeling charge will increase annually based on the change in the Engineering News Record Construction Cost Index. Mr. DeGabriele advised the Board that Marin Municipal will have the right to build their own aqueduct in the future.

Director Baker asked where Marin Municipal's pipeline terminated currently. Mr. DeGabriele stated just north of San Marin Drive along Redwood Boulevard.

Mr. DeGabriele stated that the term of agreement extends to 2040.

Mr. DeGabriele stated that District legal counsel, Bob Maddow and Doug Coty, were in the audience and represented the District throughout the negotiations of the agreement. Mr. DeGabriele advised the Board that he spoke with Novato resident, Ed Grundstrom, who said that he believes the agreement is a bad deal and that Marin Municipal is still riding on North Marin Water District's back.

On motion of Director Schoonover, seconded by Director Baker, and unanimously carried, the Board adopted Resolution 14-01: "Resolution of the Board of Directors of North Marin Water District Authorizing the Execution of the Interconnection Agreement between North Marin Water District and Marin Municipal Water District, Making Findings pursuant to the California Environmental Quality Act, and Directing the Filing of a Notice of Exemption", authorized the Board President to sign the agreement and directed the General Manager to file a Notice of Exemption.

GALLAGHER WELL FUNDING AGREEMENT

Drew McIntyre provided the Board with the background information on the grant funding administered by California Department of Public Health (CDPH) in the amount of \$1,486,000 for construction of the Gallagher Well Pipeline Project. He stated that based on the current project cost estimate, it is anticipate that this grant amount will fully fund the project. Mr. McIntyre stated that prior to CDPH executing the funding agreement, the District is required to approve a resolution authorizing the General Manager to execute the funding agreement and act as the overall grant administrator for the District. He informed the Board that the District has 90 days after the funding agreement is approved to submit the first claim for reimbursement and that construction must start 120 days after approval of the funding agreement. He noted that construction will be completed by December 31, 2014.

Mr. McIntyre advised the Board that the plans and specifications for the project are almost complete and staff will be returning at the next board meeting to get approval for bid advertisement for the project.

On motion of Director Fraites, seconded by Director Baker and unanimously carried, the Board augmented the FY 13-14 West Marin Capital Improvement Project budget by an additional \$1,486,000 for said project, authorized the General Manager to act as a grant administrator, and adopted Resolution 14-02: "Resolution Authorizing Signature of a Funding Agreement and Related Documents for Funding Under the Proposition 50, the Water Security, Clean Drinking Water, Coastal and Beach Protection Act of 2002 (Proposition 50)."

President Rodoni thanked staff for all the hard work and dedication to get the funding. Director Baker stated that he was quite impressed at the accomplishment. Mr. DeGabriele thanked Mr. McIntyre for putting in the extra effort and having the foresight to get the survey done early and doing most of the engineering work in house.

INFORMATION ITEMS

PREPARING FOR DRY YEAR CONDITIONS

Mr. DeGabriele advised the Board that the Marin County Board of Supervisors requested all eight water suppliers present their current water supply status report at the Board of Supervisors meeting next Tuesday and asked that Marin Municipal's General Manager to coordinate the presentation. He noted that the districts involved would be MMWD, NMWD, Bolinas Community Public Utility District, Inverness PUD, Muir Beach Community Services District, Coast Spring Water Company, Estero Mutual Water Company and Stinson Beach County Water District.

Mr. DeGabriele informed the Board that in West Marin, a message will be included on bills going out in mid-February reading: "there are dry year conditions on Lagunitas Creek which may trigger implementation of water shortage contingency measures. Final determination will be made on April 1st. Please use water wisely." Mr. DeGabriele stated that on April 1st the District will be asking for a 15% voluntary reduction and on June 15th a 25% mandatory reduction. Mr. DeGabriele mentioned to the Board that rural residents from outside of the District service area are running out of water and he authorized a hydrant meter to help the customers.

President Rodoni expressed concern about giving water to customers outside of the District service area while drought conditions occur. Mr. DeGabriele stated that he gave permission for a water hauler to use water up to April 1st when voluntary 15% reduction measures will most likely go into place.

Mr. DeGabriele informed the Board that the winter *WaterLine* was received by customers and that staff has already received over 250 voicemails and 85 emails in response, the majority regarding the toilet giveaway program. He reminded the Board that the District is flushing the Novato distribution pipelines on a limited basis at the higher zone areas and at dead ends. Mr. DeGabriele stated that the Sonoma Marin Saving Water Partnership initiated a winter time public outreach campaign "The Drought is On. Turn the Water Off."

Mr. DeGabriele advised the Board that Marin Municipal Water District is activating their Stage 1 voluntary reduction measures in their water shortage contingency plan. He noted that they have requested a 25% reduction in water use. Mr. DeGabriele informed the Board that he spoke with Marin Municipal Water District who stated that they would be interested in back feeding Stafford

Lake. He advised the Board that MMWD would be going to their Board at their first meeting in February for approval.

Director Fraites asked how much water supply Lake Sonoma has. Mr. DeGabriele responded two years of water supply currently.

President Rodoni requested a summary of the Water Shortage Contingency Plans.

Novato Resident, Josh Thomas asked if it was desirable for the District to impose their own mandatory rationing.

Mr. DeGabriele stated that he believes it would be better for all water contractors that receive water from the Russian River to work in unison and to ask customers to conserve at the same time. He stated that he does not see a need for mandatory conservation requirements currently because of water stored in Lake Sonoma.

Mr. Thomas asked if there would be a negative consensus imposing a 20% mandatory reduction now.

President Rodoni stated that there are triggers that need to be in place before we impose a mandatory restriction. He stated that the District does have a water shortage contingency plan that it plans to follow and the Board has the power to make any changes to the document as they see fit.

ETHICS TRAINING FOR BOARD OF DIRECTORS & OFFICERS

District Secretary, Katie Young advised the Board and District officers that they need to complete the Fair Political Practices Commission Ethics Training every two years. She reminded the Board that this is a state law (Assembly Bill No. 1234) that became effective in 2006. She stated that they may go online and take the ethics training course and must provide a proof of participation certificate to her by April 1, 2014. Mrs. Young noted that the certificate must reflect that the public official spent two hours or more reviewing the materials presented in the online course. She stated that the District officers, General Manager, Chief Engineer, Auditor-Controller and District Secretary, must complete this training as well.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements, Annual Sick Leave Buyback, Renewal of Oceana Marin Liability Insurance, Meter Reading Accuracy, Letter from Dietrich Stroeh, and In Memory of Bill Melson.

The Board received the following news articles: Marin, Sonoma water agencies call for conservation as drought continues, Mendocino County declares drought emergency, Sonoma County Water Agency launches conservation effort, and Please save water this winter.

News articles given out at the meeting included: MMWD to call for voluntary 20 percent water reduction, California drought emergency declared by Gov. Jerry Brown, and Editorial: Action needed now as drought appears lengthy.

Director Baker asked if the District has responded to Dietrich Stroeh's letter regarding endorsing the Novato Theater. Mr. DeGabriele advised the Board that he verbally spoke with Mr. Stroeh letting him know the District was not interested, but would follow up with a letter.

ADJOURNMENT

President Rodoni adjourned the meeting at 9:37 p.m.

Submitted by

A handwritten signature in black ink, appearing to read "Katie Young". The signature is written in a cursive, flowing style.

Katie Young
District Secretary