

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
February 5, 2013**

**CALL TO ORDER**

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

District employees Ryan Grisso (Water Conservation Coordinator), Robert Clark (Operations/Maintenance Superintendent), and Doug Moore (Construction/Maintenance Superintendent) were in the audience.

**MINUTES**

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

AYES: Directors Baker, Fraites, Petterle, Rodoni  
NOES: None  
ABSTAIN: Director Schoonover  
ABSENT: None

**GENERAL MANAGER'S REPORT**

**Ryan Ranch**

Mr. DeGabriele informed the Board that he met with Dietrich Stroeh who informed him that the heirs to the Ryan Ranch would like memorial/recognition on the property.

Director Baker noted that the property was acquired over 50 years ago to build Stafford Lake and it seemed odd to now be considering the installation of a plaque or something to acknowledge the previous owners. Mr. DeGabriele advised that the ranch property was acquired by the District shortly after formation to construct the Dam at Novato Creek and to create Stafford Lake. Mr. DeGabriele said that the heirs of the Ryan Family are willing to fund the recognition, such as a plaque, and will be requesting permission from the District and the County of Marin to place it on the watershed.

### Meadow Park HOA

Mr. DeGabriele informed the Board that last Friday he met with the Meadow Park Homeowner's Association landscape subcommittee. He stated that the subcommittee has requested additional landscaping repairs and requested that the District contribute to improve the landscaping at the Meadow Park entrances as a good will gesture.

### 230 Red Hawk Road- Ms. Bangart

Mr. DeGabriele reminded the Board about the request heard at the last Board meeting from Ms. Bangart at 230 Red Hawk Road. He informed the Board that he sent the property manager, Mark Sharp, a letter to request payment. Mr. DeGabriele advised the Board that Mr. Sharp called and stated that the homeowner is responsible for the meter to the building and the reason that the Homeowner's Association makes the repairs is because there are multiple service lines in the same trench. Mr. DeGabriele said that Mr. Sharp intends to respond to the letter but stated that Wakefield/Sharp would not be compensating the customer for the leak. Mr. DeGabriele noted that Ms. Bangart would be responsible to pay an adjusted bill of \$75 as approved by the Board.

### **OPEN TIME**

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

### **QUARTERLY FINANCIAL REPORT**

Mr. Bentley provided a summary on the Quarterly Financial Report. He said that the District has generated a net income of \$1.1M for the first half of this fiscal year and that the net cash decreased by \$2.1M. Mr. Bentley noted that the cash balance decrease was due primarily to payments for the Recycled Water Expansion Project. He advised the Board that both Operating Revenue and Operating Expense are slightly exceeding budget; 53% of the Capital Improvement Project budget was expended during the first half of the fiscal year. Mr. Bentley reported that overall Novato's financial performance is good news.

Mr. Bentley stated that Novato consumption is up 4% from a year ago and Stafford Treatment Plant began operating on January 21<sup>st</sup>. He noted that Stafford Lake is full.

Mr. Bentley reported that the Recycled Water operating expense was 16% more than last year and 78% of the Capital Improvement Projects budget has been expended this year. He noted

that the District has spent \$12.7M on the Recycled Water expansion project and is waiting to receive reimbursement of \$6.5M in grant and loan monies. Mr. Bentley advised the Board that the Recycled Water operations will exceed the \$250,000 budgeted loss, and is projected to see a \$400K loss for the year due to interest on money borrowed from Novato while awaiting reimbursement from the State of California.

Mr. Bentley informed the Board that in West Marin water consumption is up 5%, revenue is up 14%, and the District has expended only 16% of the Capital Improvement Project budget so far this fiscal year. He stated that there is a net income of \$159K.

Mr. Bentley stated that in Oceana Marin there have been no new customers, revenue is up 1% and expenses are up 8% from last year. Mr. Bentley stated that the Sewer Rehab Project is complete and came in at \$200K rather than the \$275K budgeted.

### **CONSENT CALENDAR**

On motion of Director Petterle, seconded by Director Baker and unanimously carried, the following items were approved on the Consent Calendar:

### **RESOLUTION FOR REGULATION 5-TEMPORARY SERVICE**

At the January 15, 2013 Board meeting, the Board of Directors approved changes to Regulation 5 - Temporary Service. A resolution is required to adopt regulation changes and was not included with the January 15<sup>th</sup> Board item.

The Board approved Resolution No. 13 - 1 entitled, "Amending Regulation 5 -Temporary Service."

### **REQUEST OUT-OF-STATE TRAVEL FOR DREW MCINTYRE**

Drew McIntyre has been a member of the AWWA California Nevada Section Pipeline Rehabilitation Committee for over ten years and has served as Chair for the past three years. Mr. McIntyre requests to attend the annual spring conference taking place in Las Vegas, Nevada from March 24<sup>th</sup> through the 28<sup>th</sup>. He will be attending committee meetings, technical programs, moderate the Pipeline Rehabilitation Committee session and co-author a presentation on "Pipe Bursting Water Mains."

The Board authorized Drew McIntyre to travel out-of-state to attend the AWWA Spring Conference.

## **AUTHORIZATION TO SOLICIT PROPOSALS FOR REPLACEMENT PHOTOCOPIER**

The District purchased a Savin photocopier in January 2005, the photocopier has run over 2.1 million copies and is getting tired. The current budget includes \$25,000 for a replacement photocopier. Staff has put together a request for proposal and will “test-drive” the top candidates in house before returning to the Board with a purchase recommendation.

The Board authorized the Auditor-Controller to request proposals for a replacement digital copier/printer/scanner.

## **ACTION CALENDAR**

### **PILOT PROGRAM FOR DIGITAL AGENDA PACKET**

Katie Young informed the Board that the District would like to create a pilot program to begin using tablet computers for Board agenda packets. She informed the Board that the District would purchase two iPad's, one for a volunteer Board member and one for her to train the Board members. She stated that staff will prepare the agenda packets in a pdf format which can then be downloaded at home over the internet by each Board member onto their iPad. She noted that Board members can highlight, markup or make notes as needed or desired on the digital version of the agenda packet.

Mrs. Young informed the Board that other public agencies providing digital agenda packets via the internet using the iPad include Marin and Sonoma County Board of Supervisors, City of Novato, Novato Fire Protection District and Novato Sanitary District. She stated District staff estimates that using digital agendas will save over \$3,800 annually.

Mrs. Young advised the Board that if the pilot program is successful, staff will then purchase the remaining four iPad's for the remaining Directors and three for the other District officers.

Director Baker opined that he was not interested in using a tablet for his agenda packets. He stated that he preferred a hard copy.

Director Petterle asked if he could be the volunteer for the program and stated that he thinks the District needs to keep an open mind about using tablets and that it will save the District money in the long run.

Mr. DeGabriele stated that there is no obligation for the entire Board to convert to using the tablet and if a Board member does not want to participate they do not have to do so.

On motion of Director Rodoni, seconded by Director Petterle and unanimously carried the Directors approved the purchase of two iPad2 tablets for a pilot program to use digital agenda

packets. The Board also authorized Director Petterle as the volunteer for the program.

**GALLAGHER PIPELINE PROJECT- PROP 50 FUNDING RESOLUTION**

Drew McIntyre reminded the Board that at the December 4, 2012 meeting, staff advised the Board that California Department of Public Health invited NMWD to re-submit an application for Proposition 50 funding for the Gallagher Well and Pipeline project. He noted that in order to do this the Board needs to adopt a resolution for the Gallagher Well Pipeline.

Director Rodoni asked how soon the District will find out the results. Mr. McIntyre stated approximately two months

On motion of Director Baker, seconded by Director Petterle and unanimously carried the Board approved Resolution No. 13-2 entitled, "To Apply for a Proposition 50 (Water Bond) Funding Program Grant."

**INFORMATION ITEMS**

**WATER CONSERVATION MID-YEAR UPDATE (JULY- DECEMBER 2012)**

Ryan Grisso, Water Conservation Coordinator, presented the mid-year report for Water Conservation. He stated that the number of Water Smart Home Surveys along with the Cash for Grass rebates are down compared to last year. He noted that the toilet rebates are about the same as last year and there was an increase in the retrofit on resale applications. He advised the Board that the budget for water conservation is tracking similar to last year. Mr. Grisso opined that staff will discuss adjusting the rebate amounts in the future to possibly increase participation.

Director Baker asked if Mr. Grisso tracked how many people have participated in the rebate programs. Mr. Grisso answered that he does provide program totals in the monthly progress report but does not calculate a saturation rate. Director Baker suggested that having that additional data would be helpful.

Director Rodoni asked if Mr. Grisso had an insight as to why the washing machine rebates had such a dramatic drop. Mr. Grisso opined that the drop is economic related and consumers are not buying new machines. He noted that the rebate is only \$50 and he is not sure if raising the rebate would do any good but is something the District could look into.

Director Rodoni asked what the totals looked like since the program started. Mr. DeGabriele stated that there has been 6,021 washing machine rebates.

## **MID-YEAR PROGRESS REPORT- ENGINEERING DEPARTMENT**

Drew McIntyre presented the Mid-Year Progress Report for the Engineering Department. He stated that Novato expenditures are predicted to be \$1M under budget due to the delay on the Aqueduct Energy Efficiency Project. He noted that the CalTrans construction contract for the first phase of that project is now underway and more costs will be incurred towards the end of the fiscal year. Mr. McIntyre informed the Board that the Recycled Water North and South budgets are predicted to be \$500K over budget for FY13, primarily due to additional costs for onsite retrofit work. He stated that in West Marin expenditures are projected to be approximately \$270,000 under budget.

Mr. McIntyre informed the Board that a couple of projects had been added in both Novato and West Marin including polybutalene (PB) replacements in the Loma Verde area, along with the Sunset Parkway 12-inch cast iron waterline replacement. He noted that the City of Novato is planning to repave streets in those areas so the District would like to get the water facilities replaced before this occurs.

Mr. McIntyre advised the Board that in West Marin there will be 26 PB service line replacements occurring before the county's pavement rehabilitation project.

Director Rodoni asked about the cost of the PB replacements in West Marin. Mr. McIntyre stated that estimated costs are \$3,800 per service. He noted that the construction crews will be working 10 hour days to minimize travel time and overall project costs.

Director Rodoni stated that he was unaware of any PB service line pipe issues in West Marin and asked if the PB failure rate was the same in Novato. Mr. McIntyre responded that PB failures were not just in Novato but West Marin as well.

## **PT. REYES TREATMENT PLANT SOLIDS HANDLING PROJECT- STATUS UPDATE ON MARIN COUNTY COASTAL DEVELOPMENT PERMIT**

Mr. McIntyre informed the Board that the District is continuing permitting work for the Pt. Reyes Treatment Plant Solids Handling Project. He stated that the County has requested that the District perform additional engineering and environmental work which will cause a delay in the project. Mr. McIntyre advised the Board that he is setting up a meeting with the County to ask for clarifications. He noted that one of the biggest permitting issues is regarding a northern spotted owl question. He stated that the District may have to perform a biological site assessment by a qualified biologist with expertise in spotted owl surveys.

## **NOVATO POTABLE WATER SYSTEM FINANCIAL PLAN UPDATE**

David Bentley presented an update of the Novato Potable Water System Financial Plan to the Board stating that at the close of FY11 the District's cash reserve was below \$4M. He advised the Board that the District's financial plan now forecasts that the District will achieve its goal of a reserve level equal to 90% of operating expense at the end of FY16 with current assumptions.

Mr. Bentley stated the Financial Plan assumes a rate increase of 11% effective June 1, 2013 and increases of 5% each year after that. He said that the plan projects that water sales will be 3.0BG this fiscal year and 2.7BG each year thereafter. He noted that purchased water cost from Sonoma County Water Agency is projected to increase by 7% going forward. Mr. Bentley stated that labor cost is projected to increase 3% annually, and is tied primarily to the CPI. Mr. Bentley stated that the Capital Improvement Projects projection of \$2M/year will likely increase as it will be based on the Master Plan Update which will suggest a comprehensive facilities replacement program, a priority of which will be replacement of aging pipelines.

Mr. Bentley informed the Board that FY13 connection fee revenue will likely come in below 30 connections. He noted that the Canyon Green Project will bring in 16 new connection fees, hopefully this spring. Mr. Bentley stated that the Financial Plan projects 30 connection fees next fiscal year and 50 each year thereafter. He reported that new development in Novato has been extremely quiet.

Mr. Bentley advised the Board that with the significant rate increases adopted by the Board and the focus on cost control, the District's financial situation has turned around and the District now has some breathing room moving forward.

Director Rodoni asked if Mr. Bentley thought the third year 11% rate increase was necessary and what would occur if the District had a 5% increase in FY14 instead. Using the interactive Financial Plan Dashboard Mr. Bentley ran that scenario, which showed that the District would see a \$4.9M cash decrease over the next 5 years if the planned 11% increase were replaced with a 5% increase and that there would be no funds for the increased Facilities Replacement projects previously discussed.

Mr. DeGabriele stated that from staff's perspective the Board should continue with the planned 11% rate increase because it will help the District stay on track to meet its' reserve level goal.

### **LAFCO SPECIAL DISTRICT MEMBER- CALL FOR NOMINATIONS**

Mr. DeGabriele informed the Board that Marin LAFCO is calling for nominations for a Special District Regular Member. He stated that Director Rodoni currently serves as a Special District Member. Director Baker stated that he might be interested in becoming a member of LAFCO and asked when nominations were due. Mr. DeGabriele responded by March 1<sup>st</sup>.

### **NBWA MEETING- FEBRUARY 1, 2013**

Director Fraites informed the Board that he attended the NBWA meeting on February 1st and that there was a discussion on sea level rise. He stated that there are two choices either to retreat or build a levy and opined that the problem is that no one is addressing the issue at hand.

Director Fraites stated that Pamela Tuft from the City of Petaluma gave a presentation on renewing and restore various creeks in the Petaluma watershed to prevent flooding.

### **WAC/TAC MEETING- FEBRUARY 4, 2013**

Mr. DeGabriele informed the Board that at the meeting on February 4th Jake Mackenzie was elected Chair and Director Rodoni was elected Vice Chair of the Water Advisory Committee (WAC). He advised the Board that the Water Supply Action Plan was reviewed and that the WAC approved the list of potential projects for further evaluation. Mr. DeGabriele stated that WAC members received a brief overview of the draft budget and that for most of the contractors, the rate increase is under 5%, but for the District the proposed rate increase is under 1%. Mr. DeGabriele advised the Board that David Bentley participates on the budget subcommittee and has done a good job finding additional savings in the Sonoma County Water Agency's budget.

David Bentley stated that the projected rate increase from the SCWA was only 0.6%. He suggested that the District put money aside help pay the District's costs for future capital improvements and for providing rate stabilization toward future rate increases. He noted that the City of Santa Rosa and City of Petaluma have been setting money aside for upcoming projects. Mr. Bentley informed the Board that the District is not obligated to pay capital costs until they occur and will be able to pay cash for them.

Mr. DeGabriele stated that the WAC had a nice presentation from SCWA field personnel about a 36-inch aqueduct valve replacement project. He also noted that there are many new faces on both the WAC and TAC committees and that the TAC has been spending a lot of time in Ad hoc meetings to evaluate future projects and fluoridation. Mr. DeGabriele stated that the County of Sonoma's Health Dept. will be going to the Board of Supervisors on February 26th to talk about fluoridating the SCWA water supply.

Director Rodoni advised the Board that the Chair of the WAC asked if he might be able to go to Washington at the end of the month.

Mr. DeGabriele noted that Mike Healy from the City of Petaluma approached him at the meeting and stated that the Petaluma City Council was interested in the District transferring service responsibility in the South Petaluma Boulevard Industrial area to the City of Petaluma.

### **MISCELLANEOUS**

The Board received the following miscellaneous items: Disbursements, Approved FY13/14 Budget Review Schedule, Underground Service Alert, FY13 2nd Qtr. Labor Cost Report, Outstanding Invoice - Rossi, Meter Reading Accuracy, Letter from Harry Graves, and Press Release- Flushing Program 2013.

The Board also received the following news articles: Santa Rosa City Council picks Robin Swinth to replace Susan Gorin, Guest Opinion: Magical thinking about fluoridation in Sonoma County, Press Release - Sonoma County Water Agency - Water Agency announces 2013 public tours schedule, and District to flush out water system.

Director Baker expressed his gratitude for the letter that the District received from Harry Graves and noted that he was a great person and that he appreciated his kind words. He requested the District staff respond to his letter.

### **CLOSED SESSION**

President Fraites adjourned the Board into closed session for: Conference with Real Property Negotiator (Chris DeGabriele & Drew McIntyre) regarding terms of Interconnection Agreement between North Marin Water District and Marin Municipal Water District in accordance with Government Code Section 54956.8.

### **OPEN SESSION**

Upon returning to regular session at 9:10 p.m., President Fraites stated that during the closed session the Board had discussed the issue and no reportable action had been taken.

### **ADJOURNMENT**

President Fraites adjourned the meeting at 9:11 p.m.

Submitted by



Katie Young  
District Secretary