

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
February 7, 2012**

**CALL TO ORDER**

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

Martin Falarski & Kevin Canada from URS, Tim Bennett (Disney Construction), District employees Robert Clark (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance Superintendent), Ryan Grisso (Water Conservation Coordinator) and David Jackson (Associate Engineer) were in the audience.

**MINUTES**

On motion of Director Fraites, seconded by Director Baker and unanimously carried the Board approved the minutes from the January 17, 2012 meeting as presented.

**GENERAL MANAGER'S REPORT**

Mr. DeGabriele reported that he will be meeting with Marin supervisor Steve Kinsey next Wednesday at the Point Reyes well site to show him the proposed site for the new Well #3. He said that the District will need California Coastal Commission authorization to construct the new well and Supervisor Kinsey sits on the Coastal Commission.

Mr. DeGabriele stated that he had requested Marin Municipal Water District to consider paying the District for backfeeding Stafford Lake; Marin Municipal has declined. He said that the Board has received an information item in their Board packets that dry year conditions exist on the Russian River. He stated that this is good news because there will be lower releases out of both Lake Mendocino and Lake Sonoma. Mr. DeGabriele advised that the Water Agency must petition the State Board to comply with the Biological Opinion. He said rainfall in Novato through January is at 8.43". He distributed a table comparing rainfall levels in certain dry years. Mr. DeGabriele opined that it didn't pay for the District to backfeed Stafford Lake as it would only benefit Marin Municipal. He said the last couple of years NMWD total deliveries during the average day of the peak month were about 13 mgd and there is enough capacity in the North Marin Aqueduct and SCWA

Transmission System to deliver this flow. He said the question will be whether there will be restrictions from the State Board on diversions at the river that will come into play.

Mr. DeGabriele stated that currently Lagunitas Creek is in normal year conditions. He said however April 1<sup>st</sup> is the next threshold for determining dry year criteria. He said Lagunitas Creek could very well experience dry year conditions. Mr. DeGabriele stated that staff is looking at the requirements for noticing and how to get the word out to customers to insure that we are complying with prior agreements and water rights permits.

Mr. DeGabriele announced that on Friday, February 24th, the Marin County Farm Bureau will hold its annual meeting in Novato and that George Grossi will receive a Lifetime Achievement Award and former Marin Supervisor Hal Brown will receive a Friend of the Farm Bureau Award. He said that it would be good for the District to be represented by a Board member. President Petterle said that he will attend.

### **OPEN TIME**

President Petterle 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 Petterle asked if staff or Directors wished to bring up an item not on the agenda and Drew McIntyre responded that he will be on vacation and will miss the next meeting.

### **QUARTERLY FINANCIAL STATEMENT**

Mr. Bentley provided a quick summary on the Quarterly Financial Statement. He said the District is on track to hit its 2.7 billion gallons budgeted water sales due to the dry winter. He said Operating Expenses remain the same as last year and within budget; Capital Improvements are coming in under budget. He said the major project is the Aqueduct Energy Efficiency Project that has not taken off as quickly as the District had anticipated. Mr. Bentley said that the District submitted its first claim for SRF funding for the Recycled Water Project North Service Area for approximately \$2M. He said he is hopeful the money will come in by April 2012.

### **CONSENT CALENDAR**

At the request of Director Fraites, Agenda Item Number 7, CYES "Green House Call" Bill Insert, was removed from the Consent Calendar for further discussion.

On the motion of Director Schoonover, seconded by Director Baker and unanimously carried the Agenda Items 6 and 8 were approved on the consent calendar:

### **LAGUNITAS CREEK STREAMGAGING STATION COST SHARING**

The Lagunitas Creek streamgaging station located at the Gallagher Ranch bridge near Point Reyes Station is owned, operated and maintained by the U.S. Geological Survey (USGS). The USGS no longer sees the benefit of operating this gage and stopped funding in 1996. North Marin Water District, the National Park Service and Marin Municipal all benefit from the information obtained through this gage. NPS, MMWD and NMWD have shared funding of this streamgage since 1996 and use the information to make operational decisions for implementation of off-tide pumping from the Point Reyes wells. USGS has requested that a funding agreement be in place by February 29, 2012 for the period November 1, 2011 to October 31, 2012.

The Board approved the funding request and NMWD's share in the amount of \$7,525 and authorized the General Manager to enter into the funding agreement with USGS.

### **CYES "GREEN HOUSE CALL" BILL INSERT**

California Youth Energy Services (CYES) has assisted North Marin Water District for the past 5 years providing a program for installation of shower heads and sink aerators, plus toilet gallons per flush determination and leak detection at the same time they offer energy conservation programs sponsored by PG & E.

CYES has recently opened an office in Novato and is requesting assistance in marketing the program. The CYES designed and will print the bill stuffer for insertion into North Marin Water District's bills for a 7 week cycle. North Marin Water District will pay \$0.01 per insert, times approximately 21,000 accounts (\$210).

Director Fraites asked if the bill insert will be bilingual. Mr. Grisso said that the printed inserts will not be bilingual, but it can be considered for future inserts.

On motion of Director Fraites and seconded by Director Baker and unanimously carried, the Board approved the bill insert for the CYES "Green House Call".

### **PLANNING WORKSHOP SUMMARY**

The Draft Summary from the January 10, 2012 Planning Workshop remains unchanged from its initial distribution and no comments were received from the Board.

The Board approved the Board of Directors Planning Workshop Summary dated January 10, 2012.

## **ACTION CALENDAR**

### **CONSIDER: 2ND REQUEST FOR BILL ADJUSTMENT – KRAFFT**

David Bentley stated that the initial request for this additional bill adjustment was received in November and denied by the Board at the December 6, 2011 meeting. He said that this adjustment has to do with last summer's water use and that Ms. Krafft wrote a letter requesting to attend the January 3<sup>rd</sup> meeting and then moved the meeting to January 17th and then asked to move to tonight's meeting, but has not appeared.

Mr. DeGabriele reminded the Board that they have already denied the request and that Ms. Krafft has had ample opportunity to come and request additional relief. He opined that the District should not offer any more relief. No further action was taken by the Board.

### **APPROVE: RECYCLED WATER EXPANSION SOUTH SERVICE AREA - PHASE 1B: AWARD CONSTRUCTION CONTRACT**

Mr. McIntyre stated that Dave Jackson, the project engineer, will make the presentation and he introduced Martin Filarski and Kevin Canada from URS Engineers, construction manager for the Recycled Water Expansion South Service Area.

Dave Jackson informed the Board that the Phase 1b project consists of 1.9 miles of recycled water pipeline and the rehabilitation of the Reservoir Hill storage tank; the fiscal impact is \$2,542,500. He gave a summary of the bid process and advised that the apparent low bidder (Sierra Mountain Construction) requested to withdraw their bid due to a clerical error. He further advised that after evaluation of the remaining bids, Disney Construction provided the second low bid at \$2,542,500 and Ghilotti Construction the third low bid at \$2,546,350. He stated that The Covello Group, construction manager for the North Service Area, evaluated these two remaining low bids for compliance with ARRA (American Recovery and Reinvestment Act) and SRF (State Revolving Fund) compliance and both contractors met those requirements. Mr. Jackson advised that Ghilotti Construction submitted a bid protest stating that Disney Construction did not have sufficient experience with waterline pipes. He further advised that upon close review of Disney Construction's experience by staff and the construction manager, it was determined that they meet the experience requirements.

Mr. Jackson said that the project receives 25% of financing with ARRA funds and WaterSMART grant funds. He said the remainder is to be covered by the SRF loan program. Mr. McIntyre informed the Board that the District has not yet received the state's preliminary funding commitment for the loan although it is expected within the next couple of weeks. He stated that the

project must be completed by September 2012 to be in compliance with ARRA funding and staff cannot wait any longer and recommends to move forward with the award of the project. Mr. McIntyre stated that once the contract is awarded it will take a couple of weeks for the Notice to Proceed to be issued and that he has received confirmation from the SRF staff that the final commitment should be received by the District within two weeks. He explained that any expenditures in the contract that the District incurs prior to the preliminary funding commitment would not be eligible for loan reimbursement.

Director Baker asked if there was some risk involved if there was a delay at the state and the contractor getting way ahead of schedule, prior to the District receiving the funding commitment letter.

Mr. McIntyre responded that there is a risk, however if the project is not finished by the end of September, the District will not be eligible for the 25% ARRA funding.

Director Baker asked the General Manager for his opinion.

Mr. DeGabriele stated that he believes the commitment letter will be received soon and that the Board should authorize the award of the contract and staff will hold the Notice to Proceed as long as possible.

There was a discussion.

Director Rodoni asked that if the Notice to Proceed should be issued prior to getting the commitment from the state that the Board be notified first.

The General Manager said that he would do so.

On motion of Director Schoonover, seconded by Director Fraites and unanimously carried the Board allowed Sierra Mountain Construction to withdraw its bid; rejected Ghilotti Construction's protest of Disney Construction's bid; and approved award of the contract to Disney Construction and authorized the General Manager to execute an agreement with Disney Construction in the amount of \$2,542,500.

**APPROVE: RECYCLED WATER ON-SITE RETROFIT DESIGN PROJECT TASK 2 - AGREEMENT FOR DESIGN SERVICES WITH RUSS MITCHELL AND ASSOCIATES, INC.**

Ryan Grisso, Water Conservation Coordinator, stated that the District is finalizing irrigation retrofit design for the first 24 larger metered sites to use recycled water and have the Department of Public Health approval for the North Service area which included Fireman's Fund Complex, Valley Memorial Park Cemetery, school and park turf areas, commercial users west of U.S. 101 and other irrigated playing fields. Mr. Grisso stated that the staff is looking forward to move forward with design at some of the smaller sites, which are mostly down in the South Service area. He stated that the

District issued a request for proposals and staff is recommending that the District move forward with Russ Mitchell and Associates, Inc. Mr. Grisso stated that Russ Mitchell is a long time, very experienced irrigation design firm. He stated that the District has identified the 18 sites to be designed.

Director Schoonover asked on what basis did the District make regarding the selection of sites.

Mr. Grisso stated that staff reviewed three proposals received based on a variety of criteria including experience, cost and project approach, and ability to sign the agreement. He said once staff evaluated completely, Russ Mitchell and Associates stood out as the top firm.

On motion of Director Fraites, seconded by Director Baker, and unanimously carried, the Board authorized the General Manager to execute an agreement with Russ Mitchell and Associates, Inc. for a not-to-exceed fee of \$112,000 plus a contingency of \$15,000.

#### **APPROVE: REVISION TO INTERDISTRICT LOAN POLICY**

David Bentley stated that staff recommends that the District change the policy on Interdistrict loans. Instead of charging the interest on the loaned amount at the rate earned on the District's treasury, it would be the greater of the interest earned or the weighted average rate of Novato debt.

On motion of Director Baker, seconded by Director Fraites, and unanimously carried, the Board authorized staff to revise the Interdistrict Loan Policy to charge interest at the higher of the investment portfolio earnings rate or the weighted average interest rate on Novato improvement district debt.

#### **INFORMATION ITEMS**

##### **WATER CONSERVATION MID-YEAR UPDATE (JULY-DECEMBER 2011)**

Ryan Grisso updated the Board regarding Water Conservation, stating that the program participation numbers are significantly down likely due to the economy and reduced rebate level. He stated that the water smart home surveys, high efficiency toilets and washers are all down in numbers from last fiscal year. Mr. Grisso informed the Board that the District will have grant funding available in the future with Sonoma County Water Agency through Proposition 84, which will give the District additional rebate money for clothes washers, toilets, weather based irrigation controllers and cash for grass. He said that staff will be coming to the Board in the future to discuss the rebate amount adjustments to be eligible for the grant, but the District should receive a significant amount in return. Mr. Grisso stated that he is expecting a July 1<sup>st</sup> start date for the grant funding.

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

Drew McIntyre informed the Board that the Novato water budget has about \$2M to start construction of the aqueduct relocation. He said that the project has gone slower than anticipated and forecasted expenditures for Novato water will be significantly below budget. Mr. McIntyre said that conversely in Recycled Water, the District has an accelerated project and is spending more money than anticipated this year as well as the overall total project cost estimate for Recycled Water has increased. He stated that in West Marin, the costs are projected to be lower than budgeted primarily because the Pt. Reyes Water Treatment Plant solids handling project is going to have a delayed start.

Mr. McIntyre informed the Board of the projects that are over budget: in Novato, South Novato Blvd water main break costs, additional costs on the Stafford Dam apron repairs, and the Pacheco tank chlorine mixing system; in West Marin, projected to be over budgeted is the ongoing work with Pt. Reyes Well #3.

## **SECOND QUARTER FY 2011/12 UPDATE – OPERATIONS/MAINTENANCE**

Robert Clark, Maintenance/Operations Superintendent, informed that Board that Stafford Treatment Plant worked diligently produce water for Novato. He said that new employee Michael Connelly is working well and has been able to take on tank maintenance in Novato. Mr. Clark also said that Dan Garrett is doing well and has a lot more responsibility with maintaining the pumps at the treatment plant and Solar Bees. He said the staff has had issues trying to resolve dissolved oxygen problems in the lake and they are working with Solar Bee regarding this issue. Mr. Clark stated that flushing around Novato has started and that there is a map on our website and on our Facebook page that is updated every week as to which area in Novato is being flushed.

Mr. Clark said that the District completed the Infiltration & Intrusion inspections at Oceana Marin and has not received the finished reports but the preliminary reports state that the lines look good. He said that there will continue to be intrusion repairs and the biggest fix will be the cross country line repairs that are scheduled for this summer.

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

Robert Clark updated the Board regarding the proposed On Air Cell Tower at Winged Foot Tank Site. He stated that On Air did not receive permission from Marin County for a utility access easement, and On Air will no longer pursue the project.

### **STP SOLAR PROJECT UPDATE**

David Bentley stated that the District has a new financing company for the STP Solar Project but with the same terms. He stated that PNC Bank of Pittsburg will agree to the original financing terms and the District is moving forward and staff will have a construction schedule to the Board shortly.

### **STATE WATER RESOURCES CONTROL BOARD LICENSE 4324B REPORT**

Mr. DeGabriele informed the Board that the District annually provides a report to the State Board on conditions in Lagunitas Creek which is required of the District's water right license. He said that this past year at no time did Lagunitas Creek flows fall below requirements and at no time did NMWD diversions exceed 0.67 cfs.

### **NBWA MEETING - FEBRUARY 3, 2012**

Mr. DeGabriele said that the agenda was included from last Friday's meeting. He said there were two speakers, Caitlin Sweeney from San Francisco Estuary Partnership and Gail Seymour from Department of Fish Game.

Mr. DeGabriele mentioned at the NBWA meeting that Department of Fish and Game has money from the Pacific Coastal Salmon Initiative and if it were not for Sonoma County Water Agency, that initiative would not have come to fruition and the state would not have money for salmon restoration.

### **WAC/TAC MEETING - FEBRUARY 6, 2012**

Mr. DeGabriele stated that the big issue is the draft Sonoma County Water Agency budget for next year. He stated that the TAC budget subcommittee has met twice with the water agency and they are holding the costs down. Mr. DeGabriele said that deliveries were down almost 5% again this year compared to last year which directly reflects the rates. He advised the Board that there will be a special meeting for the WAC on March 5<sup>th</sup> to consider the budget and hopefully there will be majority vote to adopt the budget.

Mr. DeGabriele informed the Board of a listing of projects in the agency's long range financial plan. He said that the long range financial plan is essentially ready to unveil.

Mr. DeGabriele stated that there was a presentation by Valley of the Moon on their cooperation with Sonoma Development Center. He stated that the Sonoma Development Center is the home for disabled people in Glen Ellen which has reliable water supply, surface water with a

treatment plant, ground water and they have a connection to the Sonoma County Water Agency aqueduct.

**PUBLIC POLICY FACILITATING COMMITTEE MEETING - FEBRUARY 9, 2012**

The agenda for the PPFC meeting was included for Board information. Director Petterle stated that he isn't available for this meeting. Director Rodoni advised he will attend.

**MISCELLANEOUS**

The Board received the following miscellaneous information items: Disbursements, Postage Rate Change, Response to Marin Civil Grand Jury Survey for Special Districts, Reimbursement Program 2011, Donation Request from Tomales Bay Watershed Council, Bimonthly Service Charge Analysis, and Russian River Water Supply System Designated "Dry". The Board also received the following news articles: Novato Water District to Flush Pipes and Port Sonoma Developer Agrees to Full Environmental Review (Including letter from Congresswoman Lynn Woolsey).

President Petterle adjourned the meeting at 8:40 p.m.

Submitted by

Renee Roberts  
District Secretary