

NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
April 16, 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 Robert Clark (Operations/Maintenance Superintendent) and Doug Moore (Construction/Maintenance Superintendent) were in the audience.

MINUTES

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

GENERAL MANAGER'S REPORT

Fluoride Symposium

Mr. DeGabriele informed the Board that he attended the fluoride symposium advertised in Marin Independent Journal on Sunday. He stated that there was a PHD Chemist who spoke about the health effects of fluoride. Mr. DeGabriele advised the Board that the first Fluoride Advisory Committee Meeting will be in mid - May.

Director Baker asked who put the symposium on. Mr. DeGabriele responded that it was a anti-fluoride group.

SCWA Board of Director's Meeting

Mr. DeGabriele informed the Board that he attended the Sonoma County Water Agency Board of Directors meeting today. He noted that the Board did adopt the rates for FY 13/14 and that the District's rate has not been changed from the draft reviewed previously by the Board at \$722.54/AF.

Potter Valley Project Tour

Mr. DeGabriele reminded the Board that he will be attending the Potter Valley Project Tour, on Wednesday, April 17th, sponsored by the Mendocino County Farm Bureau to learn more about the licensing and hear from PG&E regarding the project.

Meeting with County Supervisors

Mr. DeGabriele informed the Board that he has a meeting in early May with Supervisors Kinsey and Arnold to update them on Novato and West Marin projects. He stated that they will be discussing the water supply on the Russian River and the Novato Watershed Program.

OPEN TIME

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

Mr. McIntyre reminded the Board that comments on the Novato Master Plan are requested to be submitted by Wednesday, April 17th in order to consider the final approval at the next Board meeting.

Director Rodoni informed the Board and staff that he will be having lunch with Supervisor Carrillo on May 6th after the Water Advisory Committee meeting and asked staff and the Directors if they had any items they may want to be discussed.

QUARTERLY FINANCIAL STATEMENT

Mr. Bentley provided the Board with a summary of the Third Quarter Financial Statement. He stated that the District is operating in the black with approximately \$400K in net income. Mr. Bentley informed the Board that Novato water sales are projected to hit 3 billion gallons this year and the fiscal year-to-date net income is \$611,801 compared to a budgeted net income for the year of \$787,000 and to a net loss of \$347,985 for the prior year. Mr. Bentley stated that The Recycled Water Improvement District is operating at a \$340K loss through the first nine months of the fiscal year. He advised the Board that the State of California still owes the District \$6M in Recycled Water cost reimbursement through the State Revolving Fund Loan Program.

Mr. Bentley informed the Board that West Marin Water's water consumption is up 2% from last fiscal year and the operating revenue of \$526,470 was \$46,317 more than last year due to the 9% rate increase. He noted that West Marin ended the period with a cash balance of \$710,744.

Mr. Bentley stated that in Oceana Marin the operating revenue was \$118,494, 1% more than the previous year. He noted that the pipeline lining project came in about \$75K under budget and congratulated Drew McIntyre for finding an innovative way to rehabilitate the lines.

MONTHLY PROGRESS REPORT

Mr. DeGabriele provided the Board with the monthly progress report for March 2013. He stated that water production was up considerably in both Novato and West Marin and FY to date water production in both areas was up by 4% compared to a year ago. He advised the Board that Stafford Treatment Plant is on track to meet budgeted water production for this fiscal year and Recycled Water Production has begun. Mr. DeGabriele informed the Board that Stafford Lake is 90% full and there has only been 2" of rainfall since the end of last calendar year. He stated that in Oceana Marin freeboard at both storage and treatment ponds are in good shape. Mr. DeGabriele informed the Board that Lake Sonoma has 234K acre feet. He stated that Lake Mendocino has only 62,625 acre feet. Mr. DeGabriele advised the Board that he believes Sonoma County Water Agency is going to file a Temporary Urgency Change Petition with the California State Board to reduce instream flows on the Russian River. He noted that as soon as the District is informed he will alert the Board.

Mr. DeGabriele stated that the employee's safety performance remains outstanding with 443 days without a lost time accident. He noted that the crew has replaced six polybutylene service lines in March. He advised the Board that the Summary of Complaints and Services Orders were up 42% due to meter replacements and leaks. He informed the Board that 152 Quarterly Customer Service Questionnaires were sent out, only 14% were returned and all agree the District is doing a good job serving customers.

David Bentley reviewed the Monthly Report of Investments stating that at the end of the month the District portfolio had a balance of \$8.9M. He noted that the cash balance for the year has decreased by \$1.6M. He stated that the portfolio is earning 0.44% interest.

CONSENT CALENDAR

At the request of Director Baker, Item Number 7 – Annexation – 33 Ocean View Avenue, Dillon beach was removed from the Consent Calendar for further discussion.

On motion of Director Baker, seconded by Director Petterle and unanimously carried, items 8 and 9 were approved on the Consent Calendar.

ANNEXATION- 33 OCEAN VIEW, DILLION BEACH

This item was removed from the Consent Calendar at the request of Director Baker.

Owners at 33 Ocean View are requesting sewer service for a 1,444 sq.ft. residence and 650 sq.ft. accessory dwelling unit. Marin LAFCo is the lead agency for the territorial boundary annexation and the District must show its consent for the boundary change.

Director Baker asked if this annexation was keeping with the District's policy.

Mr. McIntyre stated that Ocean View Ave has a 6-inch sewer line fronting the property and according to the policy those parcels that front that sewer line will be able to annex. He noted that the District has been consistent with the letter that went to the County in 1995 stipulating which property's would be served in Old Dillion Beach.

Director Baker asked why this parcel qualifies if it is on Park Ave.

Mr. McIntyre stated that the parcel was identified in 1995 as one of the nine parcels to be considered for annexation since it fronted the existing sewer line.

Director Rodoni asked if there was a house on two lots and the owners purchased both lots and merged them together, technically the District would be serving a house on Park Ave.

Mr. McIntyre responded that the accessory dwelling unit is on Ocean View Ave and a parking structure is on Park Ave.

Director Rodoni expressed his concern regarding future customers trying to combine lots to make accessory dwelling units their primary residence.

Mr. DeGabriele stated that there are three remaining lots that could potentially seek annexation.

Director Rodoni suggested that District staff review the 1995 letter and bring it back to the Board for further consideration should other properties in the vicinity of Ocean View Ave in old Dillon Beach request annexation and service.

On motion of Director Rodoni, seconded by Director Petterle, and unanimously carried the Board declared its consent with the requested annexation and service to the subject parcel subject to LAFCo approval of the territorial boundary annexation and pursuant to District regulations including payment of all charges for annexation and service.

REVISED DISTRICT POLICIES NUMBER 8, 10 & 11

The Board was given District policies number 8, 10 and 11 to review and revise at the prior Board meeting on April 2, 2013.

The Board adopted the following revised District policies, Policy Number 8 – Separate Financial Statements Maintained for Each Improvement District, Policy Number 10 – Fee or Charge Dispute Hearing, and Policy Number 11 – Liability Contingency Fund Application.

REPLACEMENT OF PHOTOCOPIER

At the February 5, 2013 Board meeting, the Board authorized staff to solicit proposals for a replacement photocopier. The District sent out requests to thirteen vendors. Four companies proposed models which met all thirteen of the specified requirements. The District tested three models with the lowest life cycle cost and chose the Canon Image Runner 6275.

The Board authorized the Auditor-Controller to enter into an agreement with Scott Technology to purchase the Cannon Image Runner Advance 6275 for \$17,473.

ACTION CALENDAR

PROPOSED RATE INCREASE NOTIFICATION FOR WEST MARIN & OCEANA MARIN SEWER CUSTOMERS

Mr. Bentley informed the Board that the District would like to prepare a customer letter to advise West Marin customers of the rate hearing on June 25th. He stated that to allow for proper notification the customers must receive a written notice 45 days before the June 25th hearing. Mr. Bentley stated that staff is recommending a 20% increase in the bi-monthly service charge, to \$30 and a 5% increase in the water commodity rate effective July 1st for West Marin water customers. Mr. Bentley advised the Board that staff recommends Oceana Marin Sewer customers see a 12% increase in the monthly sewer service charge.

Mr. Bentley stated that West Marin water projects consist of the construction of the Solids Handling Facility, the Gallagher Pipeline and the replacement of the Paradise Ranch Estates Tank 4A. He noted that the District has applied for Federal and State assistance to finance the Gallagher Pipeline. He stated that the financial plan assumes the District will obtain private financing for the project with a 20-year, 4.5% loan which would require annual debt service payments of \$123K.

Mr. Bentley stated that Oceana Marin major projects in the future are the cleaning and lining of the treatment ponds which would cost \$400K. He stated that the 5-Year financial plan also incorporates a 5% annual increase thereafter and assuming the proposed rate increases are commenced this July, the Oceana Marin system will have adequate cash to construct the Pond Lining project on a pay-go basis.

Mr. Bentley stated that he would like to get Board direction on the rate increase proposed to be included in the letter and will send the letters to customers once it is approved by the Board.

Director Rodoni asked about the money for the Paradise Ranch Estates Tank.

Mr. Bentley stated that the District should be able to pay cash for that project. Director Rodoni asked about the Solids Handling project as well. Mr. Bentley stated that the District would finance that project.

Director Rodoni opined that the Paradise Ranch Estates Tank can be deferred if the District needs the funds.

Mr. McIntyre stated that the Gallagher Pipeline and Solids Handling Project are the higher priority currently. He noted that the replacement of the Paradise Ranch Estates Tank Project is not only to replace the 25k gallon tank that had burned down in the 1995 Vision Fire but to make it a larger size for higher fire flows requested by the fire department.

On motion of Director Schoonover, seconded by Director Petterle and unanimously carried, the Board authorized staff to prepare a letter to customers for Board consideration at its May 7th meeting advising of a June 25 rate hearing wherein the following will be considered:

- West Marin Water – Effective July 1, 2013, increase the bimonthly service charge 20% and increase the water commodity rate by 5%.
- Oceana Marin Sewer – Effective July 1, 2013, increase the monthly service charge by 12% (\$7/month).

NOTICE OF CESSATION FOR RECYCLED WATER SOUTH SERVICE AREA PROJECT (PHASE 1B)

Mr. McIntyre advised the Board that the District is prepared to file a Notice of Cessation for the Recycled Water Expansion South Service Area – Phase 1b Project. He stated that all of the field work has been completed and the final punch list items were completed on February 28, 2013. He informed the Board that Disney Construction Inc, has stated they will not sign and/or provide the Final Waivers and Release that are required by the District to proceed with recording the Notice of Completion. He noted that it is in the District's best interest to close out the Phase 1b project which includes a formal recordation to fulfill the statutory requirements for filing of potential stop payment notices, which would provide the District with a complete understating of the amounts remaining to be paid to subcontractor and equipment suppliers. Mr. McIntyre stated that the Notice of Cessation will officially serve as documentation identifying the end of all work and enable the District to begin closeout of the project. He noted that to-date the District has made total payment to Disney in the amount of \$2.5M.

On motion of Director Baker, seconded by Director Rodoni and unanimously carried, the Board authorized the General Manager to execute and record a Notice of Cessation for Recycled Water Expansion South Service Area – Phase 1b project.

CALTRANS MARIN SONOMA NARROWS/NMWD AEEP REACH E AQUEDUCT CONSTRUCTION PHASE – PIPELINE INSPECTION/TESTING SERVICE

Mr. McIntyre reminded the Board of the Marin Sonoma Narrows and Aqueduct Energy Efficiency Project (AEEP) Cooperative Agreement between the District and Caltrans which has been negotiated to require Caltrans to compensate the District for providing a pipeline inspector to the Caltrans Resident Engineer Inspection team. He noted that the reimbursable cost amount, including inspection/testing services, is \$492,343. Mr. McIntyre advised the Board that after requesting proposals from 25 firms, only two firms submitted proposals: Harris & Associates and Vali-Cooper and Associates. He stated that after reviewing the proposals the primary overriding factor was the experience of the proposed inspector. He noted Harris & Associates designated inspector's experience on large diameter welded steel pipeline projects. He informed the Board that the total cost of the contract including materials, testing and welding inspection are estimated to be \$301,100. Mr. McIntyre stated that the estimated period of construction is 7 months but because it is part of a Caltrans project the District cannot control the time period.

Director Rodoni asked if Harris and Associates managed the Amaroli tank construction. Mr. McIntyre responded that they did manage the Amaroli tank as well as the Stafford Treatment Plant construction.

On motion of Director Schoonover, seconded by Director Baker, and unanimously carried, the Board authorized the General Manager to execute an agreement between Harris & Associates and the District for pipeline inspection/testing services on a time and expense basis with a not-to-exceed limit of \$301,100 plus a contingency of \$30,000.

APPROVE THE NORTH BAY WATER REUSE AUTHORITY THIRD AMENDED MEMORANDUM OF UNDERSTANDING

Mr. McIntyre stated that there was a subcommittee formed consisting of North Bay Water Reuse Authority Technical Advisory Committee members who reviewed proposed revisions to the second amended memorandum of understanding (MOU). Some of the proposed changes include: 1.) adding non-voting associate membership with a \$5,000 fee, 2.) incorporating new members for Phase 2, Marin Municipal and City of Petaluma, 3.) clarifying Phase 1 and Phase 2 roles and responsibilities, and 4.) extending the term of the MOU from 3 years to 5 years. Mr. McIntyre noted

that the FY14 NBWRA budget cost for NMWD is being reduced to \$77,000 due to a combination of lower overall Phase 1 project costs and two new member agencies sharing joint costs that are not easily attributed to either Phase 1 or Phase 2 costs.

Director Schoonover asked if the document was reviewed by the District's legal team. Mr. McIntyre replied yes and stated that their comments were incorporated.

On motion of Director Schoonover, seconded by Director Baker and unanimously carried, the Board authorized approval of the North Bay Water Reuse Authority Third Amended Memorandum of Understanding, subject to minor modifications of Section 2, Objectives, as approved by District legal counsel.

INFORMATION ITEMS

INITIAL REVIEW – PROPOSED FY 13/14 EQUIPMENT BUDGET

Mr. Bentley provided the initial review of the FY 13/14 Equipment Budget. He informed the Board that the proposed budget totals \$231,000, down 1% from the adopted FY13 Equipment Budget. He stated that the Equipment Budget includes two ½ ton hybrid pickups, two ¾ ton pickups, a propane powered forklift, and a replacement phone system. He stated that an additional review of the Equipment Budget is scheduled for May 21st and a public hearing and approval of the Equipment Budget is scheduled for June 18, 2013.

INITIAL REVIEW – FY 14 CAPITAL IMPROVEMENT PROJECTS BUDGET

Mr. Bentley stated that the Proposed Capital Improvement Projects Budget is a comprehensive 2-year plan which includes the projects recommended for Novato Water, Recycled Water, West Marin Water, and Oceana Marin Sewer. He stated that some of the projects planned for the next two years are the Aqueduct Energy Efficiency Project (\$4.9M), recoating Atherton Tank (\$1.7M), relocating the School Road Pump Station (\$600K) and the West Marin Treatment Plant Solids Handling Project (\$700K). He noted that the Aqueduct project loan will be funded and the District has already gotten the Bank of Marin loan.

Director Rodoni asked if the Aqueduct Energy Efficiency Project net amount includes the Caltrans reimbursement. Mr. Bentley stated that the budget shows the gross NMWD expenditure minus the loan funding.

Director Baker asked where the School Road Pump Station was located.

Mr. McIntyre stated that it is the pump station that feeds into the Crest Tank and is off of Atherton Avenue near Fire Station 62.

BOARD REVIEW OF DISTRICT POLICIES NUMBERS 12, 13, 16, 18, & 20

Mr. DeGabriele advised the Board that five more policies are included for review, Policy Number 12 – Attorney’s Attendance at Board Meetings, 13 – Director’s Compensation and Procedure, 16 – Condemnation, 18 – Energy Policy, 20 – Winter Safety Jackets. He noted that staff proposed some revisions and should the Board have any further suggestions to send their comments to him. Mr. DeGabriele stated that staff would bring back the revised policies to the next meeting for adoption.

Director Rodoni suggested that in Policy #13 – Director’s Compensation and Procedures, the compensation needs to be changed. He questioned if a public hearing was needed. Director Petterle asked if it could just be a formal action item and Director Rodoni stated that the public should be able to comment. Mr. DeGabriele stated that he would ask the District’s legal counsel for advice and get back to the Board.

IPAD PILOT PROGRAM UPDATE

District Secretary Katie Young provided a presentation for Board and staff on the digital agenda program using the iPad. Director Petterle provided comments to the Board regarding his opinions towards the program. Mrs. Young informed the Board that staff will come back at the next Board meeting with a proposed policy and path forward for purchasing the new equipment and to provide all Directors with digital agendas.

Director Baker stated that he would want to have a “hard copy” agenda packet for awhile before adjusting to the iPad. Mrs. Young stated that she would continue to make the “hard copy” agenda for any Director or District Officer that may request it until they become completely comfortable with it.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements, Self-Insured Workers’ Comp – 3rd Quarter Status Report, Cost of Election, and City Council consideration of a potential moratorium on processing of development applications in the North Redwood Blvd Corridor Area.

The Board also received the following news articles: Another level of purity for Inverness water, PRBO to become Point Blue, Lack of rain raising red flags among Marin water agencies, and San Rafael Engineer to receive state water award.

CLOSED SESSION

President Fraites adjourned the Board into closed session at 9:02 p.m. in accordance with Government Code Section 54957 for Public Employee Performance Evaluation (One), Title: General Manager.

OPEN SESSION

Upon returning to regular session at 10:09 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 10:10 p.m.

Submitted by

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

Katie Young
District Secretary