

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
April 21, 2015**

**CALL TO ORDER**

President Baker called the regular meeting of the Board of Directors of North Marin Water District to order at 7:00 p.m. at the District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Stephen Petterle, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, District Secretary Katie Young and Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Novato Residents Michael Joly and David King, Lily Pad Employee Ellen Nicosia, City of Novato Employee Bob Brown, Sonoma County Water Agency employee Don Seymour, and District employees Robert Clark (Operations/Maintenance Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

Director Schoonover requested a moment of silence in memory of Bill Wright, a longtime former North Marin Water District Board Member.

**PRESENTATION BY SCWA ON UPPER RUSSIAN RIVER WATER SUPPLY**

Mr. DeGabriele introduced Principal Engineer from Sonoma County Water Agency, Don Seymour, who provided a presentation on the Upper Russian River Water Supply and the current and anticipated operations in the future and the future water demands and climate change.

Mr. Seymour thanked the Board for inviting him and made a presentation on Lake Mendocino and the upper Russian River water supply. He advised the Board that as part of a Temporary Urgency Change Order issued by the State Water Resources Control Board (SWRCB) in 2013, the SCWA was required to conduct a long term reliability study of Lake Mendocino and to work with other stakeholders north of Healdsburg on future water supply planning.

Mr. Seymour advised the Board that even though the study and his presentation focuses on Lake Mendocino and the upper Russian River the entire river system must be operated in balance to provide water supply for consumptive uses (both urban and agricultural) and for environmental needs, particularly for threatened and endangered anadromous fisheries.

Mr. Seymour described the Russian River system and that the natural river is used as a conduit for water deliveries from both Lake Mendocino and Lake Sonoma to the SCWA diversion facilities near Forestville. He described the riverbank filtration process utilized with Ranney Collector wells commenting that the water quality is unusually exceptional and requires only adjustment for pH

to reduce corrosion in household plumbing and disinfection as required by the State Division of Drinking Water Quality.

Mr. Seymour advised that the watersheds of both Lake Mendocino and Lake Sonoma are similar in size but that Lake Sonoma's location is a "sweet spot" for rainfall that streams into the region from Pacific Ocean storm events, and collects much more runoff.

Mr. Seymour explained that SCWA controls the lake operation in the water supply pool and the US Army Corps of Engineers controls the operation when lake storage rises into the flood control pool. He stated that in the past four years Lake Mendocino has never entered the flood control pool and that most of the change from historical water storage volumes has been related to the Potter Valley Project operation.

Mr. Seymour also explained that the water year classification which determines in stream flow requirements in the Russian River are based on inflow to Lake Pillsbury on the Eel River. He further explained that the Eel River water has been diverted into the Russian River through the Potter Valley hydroelectric project (PVP) since the early 1900s and that Scott Dam, forming Lake Pillsbury was constructed in the early 1920s to reliably deliver water to the PVP for year round hydroelectric power generation. He noted that historically up to 160,000 AF/year of water would be diverted from the Eel River and reliably fills Lake Mendocino. Mr. Seymour stated that since 2004 that volume has been reduced by over 50% as a result of the Federal Energy Regulatory Commission requirements on the previous relicensing of the PVP and the National Marine Fisheries Biological Opinion requirement to keep more water for anadromous fish in the Eel River. He explained that when the Eel River Biological Opinion was being studied, the hydrologic model anticipated a 15% reduction in diversion from the Eel River into the Russian River, however the modeled conditions did not all get reflected in the adopted Biological Opinion.

Director Rodoni asked if considering this information it would make sense to raise Lake Mendocino as it has been proposed by Mendocino County. Mr. Seymour replied that that original authorization contemplated a higher dam and that it's not a bad idea but without the Potter Valley Project, the reservoir will go dry.

The Board thanked Mr. Seymour for his presentation.

**PUBLIC HEARING: DROUGHT EMERGENCY WATER CONSERVATION REGULATIONS**

Mr. DeGabriele advised the Board that the State Water Resources Control Board (SWRCB) issued revised draft Emergency Water Conservation Regulations on Saturday, April 18<sup>th</sup> which contained major changes from the regulations adopted on March 17<sup>th</sup> and that the requirement to limit day/week for outdoor irrigation has been removed along with the provision to modify Water

Shortage Contingency Plans. He advised the Board that the State Board has now prescribed tiers of water conservation standards from 4% to 32%, in 4% increments based on the residential gallon per capita per day (GPCD) performance by each agency during July, August and September 2014. He noted that for the District, the reported residential GPCD averaged 129 during that period and the District would be assigned a 24% conservation savings target.

Mr. DeGabriele informed the Board that the State Board Fact Sheet explaining the regulation also included an open question whether for multiple agencies can collectively meet the conservation standard on a combined basis. He stated that yesterday the Technical Advisory Committee Ad Hoc met and agreed to propose a regional approach to the State Board under the Sonoma Marin Saving Water Partnership (SMSWP). Mr. DeGabriele advised the Board that he worked with the Sonoma County Water Agency staff and drafted a letter to the State Board proposing a regional agreement under the SMSWP and the letter is now being reviewed by the SMSWP members. He noted that the deadline to submit comments to the State Board is tomorrow.

Mr. DeGabriele stated that he believes the draft regulations will be revised further before the SWRCB adopts them on May 5<sup>th</sup> or 6<sup>th</sup> and that is why he is requesting the Board continue the public hearing to the May 19<sup>th</sup> meeting.

Mr. DeGabriele stated that in the West Marin Service Area, there is a separate water supply permit because there are less than 3,000 connections and the service area is classified in a separate category that will have two requirements: 1) to reduce water usage by 25% or; 2) limit outdoor irrigation to two days per week. He noted that the Board would likely be asked to approve separate resolutions for the West Marin Service area and Novato Service Area.

Director Rodoni asked if the District could potentially have to reduce 25% more than last summer.

Mr. DeGabriele stated that the Governor's order needs clarification but calls for a 25% threshold across the board compared to 2013.

Director Rodoni recommended proposing gallons per capita per day target for customers.

On motion of Director Schoonover, seconded by Director Petterle and approved by the following vote, the Board continued the public hearing for the Drought Emergency Conservation Regulations to the May 19, 2015 meeting:

AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

NOES: None

Director Rodoni asked with the delayed action on water conservation regulations what the message to customers about the drought should be. Mr. DeGabriele advised the Board that customers need to keep doing what they are to reduce water consumption and that the drought is still on.

### **MINUTES**

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

AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

NOES: None

### **GENERAL MANAGER'S REPORT**

#### **Novato City Council Meeting**

Mr. DeGabriele advised the Board that next Tuesday he will be attending the Novato City Council meeting to provide a presentation on the local water supply conditions, the drought and update the City Council on the Central Service Area Recycled Water Expansion Project.

#### **Novato Watershed Tour**

Mr. DeGabriele informed the Board that on Friday, May 1<sup>st</sup>, there will be a Novato Watershed Tour conducted embarking from Stafford Lake.

### **OPEN TIME**

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

Mr. McIntyre advised the Board that the middle connection on the Aqueduct Energy Efficiency Project is schedule to be begin tomorrow morning around 4:30am. He stated that District crew will be assisting the contractor and that it should be the last interruption of flow as part of the project.

Mr. McIntyre informed the Board that he and Director Fraites attended Congressman Huffman's 3<sup>rd</sup> annual Environmental Roundtable update and that Congressman Huffman is still optimistic about the sale of the Point Reyes Coast Guard housing property. Director Fraites advised

that Congressman Huffman is now a ranking member of the new Water/Power/Oceans Committee and that it is difficult to get climate change legislation considered in Congress.

Director Schoonover inquired about the San Juan Capistrano appeals court decision on tiered rates and whether or not it affects the District. Mr. DeGabriele advised that the District's legal counsel is currently reviewing the decision and he will keep the Board informed.

Mr. Bentley informed the Board that today was a milestone for the District which was incorporated on April 21, 1948 and that today the District is 67 years old.

### **QUARTERLY FINANCIAL STATEMENT**

Mr. Bentley provided the Board with the Quarterly Financial Statements stating that operating revenue is 5% below budget, water consumption operation is 1% below budget and there has been a \$469K net income in the first nine month. He stated that the cash balance increased to \$2.4M because CalTrans paid some of the Aqueduct Energy Efficiency Project (AEEP) money owed to the District. Mr. Bentley stated that water consumption in Novato is down 20% compared to the last year and revenue is down 15%. He noted that the expenses are down 5% due to the water purchased from Sonoma County Water Agency. He stated that the District spent \$11M on Capital Improvement Projects, mostly on the AEEP and Novato ended the quarter with \$12M in the bank.

Mr. Bentley advised the Board that Recycled Water consumption is down 6% and revenue is up 1% due to the 6.5% commodity rate increase. He stated that the cash balance is \$1.6M.

Mr. Bentley stated that in the West Marin Service Area water consumption is down 20% and operating revenue is down 10%. He noted that the drought surcharge brought in \$37K and that the District is anticipating \$655K in Prop. 50 grant funds for the Gallagher Well Pipeline Project. He stated that the cash balance for West Marin Water Service Area is \$465K.

Mr. Bentley informed the Board that in Oceana Marin that revenue is up 5% and operating expenditures are lower than the previous year. He noted that the cash balance for Oceana Marin is \$305K at the end of March.

### **MONTHLY PROGRESS REPORT**

Mr. DeGabriele provided the Board with the Monthly Progress Report for March stated that water production was down 16% in Novato but there was an increase in March water usage in both Novato and West Marin compared to a year ago. He stated that Stafford Treatment Plant is producing good quality water and that recycled water production is up in March. Mr. DeGabriele informed the Board that Stafford Lake is at 90% capacity, Lake Mendocino is at 60K acre feet and

Lake Sonoma is at 214K acre feet. He noted that the freeboards and storage ponds in Oceana Marin look good and that there has been over 305 days without a lost time accident.

Mr. DeGabriele stated that in the Summary of Complaints and Service Orders that overall the complaints were down 8% compared to a year ago and no water quality complaints were received.

Mr. Bentley provided the Monthly Report of Investments for March stating that the District had a cash balance of \$14.5M and that the average weighed portfolio was earning 0.50% in interest.

### **CONSENT CALENDAR**

On the motion of Director Schoonover, seconded by Director Petterle the items on the consent calendar were approved by the following vote:

AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

NOES: None

### **WATER AGREEMENT – WELDON EXHIBITS – 33 COMMERCIAL BLVD.**

Weldon Exhibits is in the business of designing and building displays for museums around the globe. The Tenant Improvement Project proposes modifications to the existing building at 33 Commercial Boulevard, Novato which includes remodel of 7,200 sq.ft. of the existing 10,610 sq. ft. building including converting existing restrooms to disabled accessible restrooms, adding a lunch room, addition of fire sprinkling and other miscellaneous improvements. New water facilities include 60 ft. of 6-inch PVC pipe, 10 ft. of 6-inch steel pipe and one 6-inch fire service.

The Board approved Resolution No. 15-02 entitled: “Authorization of Execution of Water Service Facilities Construction Agreement with DeRecat Property LLC.”

### **CONSULTING SERVICES AGREEMENT WITH PRUNUSKE CHATHAM, INC.**

Prunuske Chatham Inc. has been preparing yearly monitoring reports for the District for the past two years on the Leveroni Creek Bank Stabilization Project. Staff requested that Prunuske Chatham Inc. continue to provide yearly monitoring reports for the final three years of the State required five year reporting period.

The Board authorized the General Manager to execute a new General Services Agreement for Consulting Services between NMWD and Prunuske Chatham, Inc. with a not to exceed limit of \$20,000.

## **RECORD RETENTION PROGRAM – DESTRUCTION OF RECORDS**

The District's policy for the Retention of Documents and Destructions of Specified Documents was approved by the Board in 2002 and revised in 2003. The Policy states that once a year, on or about April 21, the documents designated as eligible will be destroyed in an appropriate manner. This year, destruction of records is scheduled for April 24, 2015.

The Board approved Resolution 15-03 entitled: "Resolution of the Board of Directors of North Marin Water District to Approve Destruction of Certain Records."

## **ACTION CALENDAR**

### **LETTER TO CITY OF NOVATO RE JUNIOR ACCESSORY DWELLING UNITS**

Director Fraites recused himself from this item and left the meeting.

Mr. DeGabriele reminded the Board of the April 7<sup>th</sup> meeting where the Board considered applying a connection fee to Junior Accessory Dwelling Units, a new housing classification now included in the Novato Zoning Code. He noted that at the meeting, the consensus of the Board was to not impose a connection fee. He stated that the Board and staff have suggestions for the City of Novato and some suggestions in regard to processing the Junior Accessory Dwelling Units and monitoring water use. Mr. DeGabriele advised the Board that staff has taken that information and prepared a draft response letter to the Mayor for the Board's consideration.

Director Rodoni indicated that he was pleased with the approach to accommodate the City of Novato and to enable the Junior Accessory Dwelling Units to move forward without a connection fee.

President Baker advised that he had provided edits to staff on the letter that were included.

Bob Brown, City of Novato, extended the City's appreciation on the District's decision..

Ellen Nicholisis, Lily Pad, extended her gratitude for the Board's decision and asked if there would be a request in West Marin for a Junior Accessory Dwelling Unit, would the Board have to vote again. Mr. DeGabriele replied that the Boards decision would stand for both Novato and West Marin Service Areas.

On motion of Director Schoonover, seconded by Director Petterle and approved, the Board authorized the President to sign the reply to the Mayor of the City of Novato regarding Junior Accessory Dwelling Units by the following vote:

AYES: Directors Baker, Petterle, Rodoni and Schoonover

NOES: None

ABSTAIN: Director Fraites

Director Fraites rejoined the meeting.

**AUTHORIZE STAFF TO DRAFT RATE INCREASE LETTERS FOR WEST MARIN WATER AND OCEANA MARIN SEWER CUSTOMERS**

Mr. Bentley advised the Board at the January 20<sup>th</sup> meeting, staff presented an update of the five-year financial plan for both West Marin Water and Oceana Marin Sewer. He stated that annual rate increases of 5% were included in the assumptions for both systems and is recommended and proposed to become effective July 1, 2015 for both systems. He stated that staff will incorporate the 5% increase into the rate increase letters to be reviewed and approved by the Board at its May 5<sup>th</sup> meeting. Mr. Bentley advised the Board that the letters will be mailed to each customer and must be postmarked on or before May 16<sup>th</sup> to meet the minimum 45-day notice deadline. He informed the Board that a public hearing to consider the proposed increases is scheduled for Tuesday, June 30<sup>th</sup>, in Pt. Reyes. He noted that in West Marin the median single family residential customer will see a \$30 increase in annual water cost and in Oceana Marin a 5% increase will increase sewer service cost \$36 annually.

On motion of Director Rodoni, seconded by Director Petterle and approved, the Board authorized staff to draft rate increase letters to West Marin Water and Oceana Marin Sewer customers, inviting them to the June 30<sup>th</sup> public hearing and advising them of the proposal to enact a 5% increase by the following vote:

AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

NOES: None

**MEMORANDUM OF AGREEMENT AMONG CALIFORNIA DEPARTMENT OF TRANSPORTATION (CALTRANS), PACIFIC GAS AND ELECTRIC (PG&E), AND NORTH MARIN WATER DISTRICT**

Mr. McIntyre advised the Board that in July 2014, Caltrans notified the District that PG & E operates and maintains a high-pressure gas transmission pipeline within its construction easement and that operation of heavy construction equipment within this overlapping easement may jeopardize the integrity of the pipeline.

Mr. McIntyre stated that since July 2014, District legal counsel and staff have been working with CalTrans and PG & E's legal counsel and staff to develop a Memorandum of Agreement (MOA) that is acceptable. He stated that the intent of the MOA is to replicate the District's existing easement rights as they relate to the uses of the 30-foot permanent construction access easement fronting the Martinovich parcel while also addressing PG & E's concern regarding protection of their

high-pressure gas line. He informed the Board of the MOA's key items: 1) language that insures the District free access to District facilities with no unreasonable interference; 2) the District shall notify PG & E at least 14 days before commencing any scheduled construction involving heavy construction equipment; 3) PG & E acknowledges that advance notification is not required in the event of an emergency; and 4) PG & E will install and maintain three gas pipeline markers across the 290 foot wide Martinovich parcel to mark the location of their facilities and to provide contact information for PG & E.

President Baker asked whether the District knows where PG & E's high pressure gas main is and its size and material type within the overlapping District construction easement. Mr. McIntyre stated that the District does have that information.

On motion of Director Petterle, seconded by Director Schoonover, the Board authorized the General Manager to execute the Memorandum of Agreement among California Department of Transportation, Pacific Gas & Electric and North Marin Water District regarding easements on Sonoma County Parcel Number 019-330-012 by the following vote:

AYES: Directors Baker, Fraites, Petterle, Rodoni and Schoonover

NOES: None

### **INFORMATION ITEMS**

#### **INITIAL REVIEW – FY16 & FY17 CAPITAL IMPROVEMENT PROJECT BUDGET**

Mr. Bentley explained the annual budget review process to the Board and advised that there will be three reviews before approval. He stated that in the Capital Improvement Project Budget (CIP) there is an \$11M gross project outlay for FY16 and \$15.6M for FY17. He stated that the major project for the District next fiscal year is the Recycled Water Central Expansion Project (\$3.5M) which is funding by \$2.25M from Marin Country Club with the balance from Federal and State Grants and SRF loans with SRF loan debt service paid from Novato potable water funds. He informed the Board that the other projects included are the AEEP (\$2.8M), San Mateo 24" Inlet Outlet Pipe (\$150K), Radio Read Meter Retrofit (\$500K), Replacement of PRE Tank 4A (\$50K) and the office/yard building refurbish (\$1.5M). He noted that the refurbish of the office will be done in two fiscal years and that the District office needs significant work done. Mr. Bentley stated that the proposed FY16 CIP includes 36 projects, down from 40 approved for FY15.

**INITIAL REVIEW – PROPOSED FY 15/16 EQUIPMENT BUDGET**

Mr. Bentley reviewed the proposed FY 15/16 Equipment Budget stating that a \$5K threshold is now used to list items in the equipment budget and it reduces the number to big ticket items that are planned purchases. He stated that the equipment budget proposes to replace a backhoe and two ½ pick-up trucks.

President Baker asked how staff targets vehicles for replacement. Mr. Clark responded that the target is a combination of vehicles miles/hours and maintenance costs on individual vehicles. He also reminded the Board that the District has a great mechanic keeping the vehicles well maintained.

**NBWA MEETING – FRIDAY, MAY 1, 2015**

Director Baker advised the Board and staff that he would be attending the North Bay Watershed Association Meeting on Friday, May 1, 2015.

**MISCELLANEOUS**

The Board received the following miscellaneous information: Disbursements, Self-Insured Workers' Comp – 3<sup>rd</sup> Quarter Status Report, FY15 – 3<sup>rd</sup> Quarter Labor Cost Report, and Copy of the Novato Rate Increase Letter.

The Board received the following news articles: Making Sense of Water, California Water Authorities to Use New Tool in Fight Against Water Wasters, County seeks relief from state water restrictions, and Sacramento-area agencies push back against proposed cuts.

Mr. Bentley advised the Board about the worker's compensation performance and that there is still one large claim outstanding, but being self-insured has been worthwhile.

President Baker asked if it was common to be self-insured. Mr. Bentley stated that more agencies have become self-insured because of the high premium required for first dollar coverage.

President Baker asked how long the District has been self-insured. Mr. Bentley responded that out of the last 8 years the District has been self-insured for 6 years and has accumulated over \$565K in cash savings.

**ADJOURNMENT**

President Baker adjourned the meeting at 8:56 p.m.

Submitted by



Katie Young  
District Secretary