

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 7, 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.

Hamilton residents Tracey Ruiz, Tom Martz and Marla Fields, 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

Potter Valley Project Tour

Mr. DeGabriele advised the Board that he attended the Potter Valley Project Tour in mid-April. He stated that the tour was well attended and that PG&E is investing in replacement of the historical redwood pipe tunnel which is scheduled for 2014.

Gallagher Well

Mr. DeGabriele informed the Board that he and Drew McIntyre had a meeting last week with the Department of Fish and Wildlife and U.S. Geological Survey for the Gallagher Well project. He stated that the meeting was productive and there has been a location established for an auxiliary stream gauge. He noted that the next step would be to send the meeting notes out to all of the parties and to engage a consultant to develop a hydrologic design plan. Mr. DeGabriele advised the Board that the auxiliary gage will be installed sometime this summer.

Meeting with Marin County Supervisors

Mr. DeGabriele informed the Board that Drew McIntyre and he met with Supervisors Kinsey and Arnold last week to provide them with a general update on the District and the current water supply conditions.

ACWA Conference

Mr. DeGabriele informed the Board that he will be attending the ACWA Conference in Sacramento on Wednesday and Thursday and Drew McIntyre will be acting General Manager in his absence.

Fluoridation Advisory Committee

Mr. DeGabriele advised the Board that next week the Sonoma County Health Department will be holding the first Fluoridation Advisory Committee meeting and he will report back to the Board.

OPEN TIME

President Fraitres asked if anyone in the audience wished to bring up an item not on the agenda and the following items were discussed:

Tracey Ruiz, a Hamilton resident, expressed her concerns about the trench patches in Hamilton streets resulting from the Recycled Water Expansion Phase 2 project. She opined that the District should repave the full lane width which was done in Phase 1 and that the residents were not informed that Phase 2 would be different from Phase 1. She stated that the residents of Hamilton endured the same issues as in Phase 1 with the loss of power, dust, traffic and the pavement patch work. Ms. Ruiz stated that the patch work lessens the property value of the neighborhood. She stated that there was a petition formed 24 hours prior to the meeting and it already has over 100 signatures requesting full lane width pavement restoration. Ms. Ruiz informed the Board that the residents support the Recycled Water Project but believe that the lanes should be fully repaved and hoping that the District will hear the concerns of the customers. She requested that any decision made by the Board be relayed to the Hamilton forum.

Marla Fields, another resident of the Hamilton community expressed her concerns regarding the project and told the Board that she was proud to live in a neighborhood with purple piping but the patch work on the roads has made the neighborhood deteriorate. She stated that traffic was allowed on the newly paved roads too early and now there are tire marks on the paved road.

STAFF/DIRECTORS REPORTS

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

CONSENT CALENDAR

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

EMPLOYEE SAFETY PERFORMANCE RECOGNITION

NMWD employees have worked a total of 473 consecutive days without a lost time accident. Going back to March of 2009, out of a possible 1,519 days, NMWD employees totaled 1,494 days without a lost time.

The Board authorized recognition for Employee Safety Performance by authorizing employees to select either a \$50 gift card or a NMWD all-weather jacket at their choice. In addition, the Board authorized additional funds in the FY 2013/14 budget for the District's Holiday Party.

REVISED DISTRICT POLICIES NUMBER 16, 18 & 20

The Board was given District policies number 16, 18 and 20 to review and revise at the prior Board meeting on April 16, 2013.

The Board adopted the following revised District policies, Policy Number 16 – Condemnation, Policy Number 18 – Energy Policy, and Policy Number 20 – Purchase of Winter Safety Jackets.

REVISIONS FOR POLICY #26 – ON-CALL AND STANDBY DUTY; OVERTIME POLICY

The Board approved the revised Policy #26 – On-Call and Standby Duty; Overtime with the following revisions:

Policy for On-Call and Stand-By Duty

1. Clarify the hours and holiday weekends for stand-by duty.
2. Clarify job classifications for stand-by crews to provide more flexibility to the Construction/Maintenance Superintendent.
3. Clarify the hours for Construction weekly on-call duty.
4. Remove redundant paragraph for Treatment Plant Operators on-call duty.
5. Define Lab on-call and stand-by duty.
6. Add paragraph to Compensation section about compensatory time off for Ops/EM employees for on-call duty served. This paragraph is in the MOU On-Call Compensation section.

Overtime Policy

1. Delete Compensation for Weekend Lab Work. This section was intended for part-time lab employees and is no longer applicable.

ACTION CALENDAR

ADOPT POLICY #46 – BOARD COMPUTER USE POLICY

Mr. DeGabriele stated that the District is proposing a digital agenda format for delivering and using paperless agendas. He informed the Board that staff proposed a policy for board computer use so that there is guidance for the board in utilization of the computers and that the proposed policy has been reviewed by District's legal staff.

Director Rodoni expressed his gratitude for staff creating the computer use policy and asked if staff had a similar policy. Mr. DeGabriele stated that staff does have a computer use policy.

Director Petterle requested that there be an opportunity for Directors to reimburse the District for the purchase of District issued iPads.

Mr. DeGabriele stated that staff could add a provision to the policy for purchase of the iPad but the Ralph M. Brown Act would still apply to the Directors.

Director Petterle agreed with Mr. DeGabriele and stated that it would be an advantage to the District because the Director would be responsible for the iPad when damage occurs.

On motion of Director Petterle, seconded by Director Rodoni, and carried by the following vote, the Board adopted Policy #46, Board Computer Use.

AYES: Director Fraites, Petterle, Rodoni, Schoonover

NOES: None

ABSTAIN: Director Baker

ABSENT: None

PURCHASE OF IPADS FOR BOARD AND DISTRICT OFFICERS

Katie Young requested the Board approve the purchase of seven iPad's and accessories for the remaining Board members and District Officers. She stated that by using the digitized agenda format the District will be saving money on time and material preparing and delivery Board meeting agendas. She informed the Board that the pilot program conducted by herself and Director Petterle has been successful and believes the digital agendas will be a great addition to the District.

On motion of Director Petterle, seconded by Director Rodoni, and unanimously carried, the Board approved the purchase of seven iPad's and accessories for the remaining Board members and District Officers.

Director Rodoni noted that the estimated time and materials savings is \$3,800 a year.

2012 NOVATO WATER MASTER PLAN

Mr. McIntyre reminded the Board of the 2012 Novato Master Plan which was presented at the April 2nd Board meeting. He stated that since that time staff has incorporated the final edits and comments from the Board and is requesting approval of the final report. He noted that the Master Plan is a guideline for the next five years and will be updated every five years.

On motion of Director Schoonover, seconded by Director Baker, and unanimously carried, the Board accepted the 2012 Novato Water System Master Plan Update final report.

PROPOSED RATE INCREASE LETTER TO WEST MARIN WATER AND OCEANA MARIN SEWER CUSTOMERS

Mr. Bentley stated that there will be a public hearing on proposed rate increase for West Marin Water and Oceana Marin Sewer customers in Pt. Reyes on June 25th and is requesting approval for the letters to inform the customers of the hearing and proposed rate increases. He stated that in West Marin the average rate increase proposed is 8% and that in Oceana Marin, the sewer rate is proposed to increase by 12%.

On motion of Director Rodoni, seconded by Director Baker, and unanimously carried, the Board approved mailing the rate increase letters to customers.

INFORMATION ITEMS

RECYCLED WATER SOUTH PHASE 2 – PUBLIC OUTREACH UPDATE NO. 2

Drew McIntyre provided the Board with an update on the Recycled Water Expansion South Phase 2 Project. He stated that public outreach has improved with the total number of people emailed going from 210 to 235 since last the report and that 250 flyers were distributed, and there were seven articles printed in the paper, four in the Marin IJ and three in the Novato Patch. The District has received 26 project concerns, including 4 positive comments. He noted that some of the project concerns were dust issues, traffic conditions and paving concerns. Mr. McIntyre stated that Argonaut Construction has almost completed the project other than final stripping of the roadways. He stated that in Phase 1, most of the streets required full lane paving restoration, but standard t-section trench restoration was done as well.

Director Baker asked if the full paving restoration was done for aesthetic reasons or part of the project.

Mr. McIntyre responded that the full paving restoration was due to damage of the street and requirements from the City of Novato.

Mr. McIntyre stated that in Phase 2, the District complied with trench restoration requirements pursuant to the City of Novato. He stated that the City's trench restoration requirements are more restrictive than the County of Marin, where the City requires 12 inches on each side of the trench. He advised the Board that the pipeline restoration costs are increasing with the additional trench restoration costs. Mr. McIntyre stated that the District does stand by its work and should there be deterioration of the repaired trench pavement, the District will make the repairs.

Director Rodoni asked if the trench paving was structurally sound and if it has changed in appearance, being less noticeable. Mr. McIntyre stated that the structure of the t-section is sound and there has been no deterioration of the paving.

Director Baker stated that trenching happens throughout the city and all different types of utilities do t-section restoration and in time there will be more in the Hamilton neighborhood.

Director Petterle asked if there are any mechanisms to either age the asphalt or if a slurry seal could occur to blend in the paving. He also asked if the Mello Roos payments by the Hamilton residents would cover this issue.

Mr. McIntyre stated that he spoke with the City regarding the Mello Roos District of Hamilton and it does not cover street maintenance, levy repair or landscaping. He stated that the City has standards on paving and that they do not normally do a micro seal process; instead they use a grind and overlay process. He stated that the District could look into the micro seal process but it is a significant cost and doing so would set a standard for other projects in Novato.

Director Rodoni asked when the District decided to do the full paved lanes in Phase 1 of the project, if that was a joint decision with the City. Mr. McIntyre stated that it was a joint decision between the contractor and the City.

Director Rodoni stated that he was not comfortable about doing anything more in Hamilton because it could cause unintended problems and if the District goes forward and repaves fill lane widths there, every customer in Novato whose street has t-section paving will request a full lane paving even though the City requirements state otherwise.

President Fraites asked if the District has ever done a full paving for aesthetic reasons and Mr. DeGabriele answered no.

President Fraites stated that he walked all the affected streets in the Hamilton area and thought that the patch job completed was exceptional. He agreed that traffic was not kept off long enough leaving some tire marks and that there are very few streets in Novato without patch jobs on

them. He stated that he doesn't believe the District should spend the money to repave the entire road for aesthetics, that it would be too expensive considering the patch work was done properly.

Ms. Ruiz asked if there would be more communication from the District.

Mr. DeGabriele stated that the District does communicate with customers in the Hamilton area and that is why staff has the board item on the agenda in order to update the Board about the public outreach performed on this project. He stated that regrettably the details about how the trench would be restored had not been part of the communication. He stated that the trench restoration would have been the same in Phase 1, had the contractor not extensively potholed and damaged the street, for which the City then required a full lane restoration.

Ms. Fields stated that the roads looked terrible and that it was a mess aesthetically and requested that the Board take a visit out to Hamilton and see the way it looks.

The Hamilton residents left the meeting.

INITIAL REVIEW – NOVATO WATER OPERATIONS BUDGET

David Bentley presented the Novato Water Operations Budget Initial Review to the Board. He stated that for FY14 the proposed budget is \$20.5M for expenditures. He stated that the projected cash surplus for FY14 would be \$445K. He informed the Board that the 11% increase effective June 1, 2013 adds \$1.6M to the budgeted revenue and the projected water sales volume is budgeted at 2.7BG. Mr. Bentley informed the Board that the June 1st increase is comprised of a 20% bimonthly and 8% commodity increase. He noted that the wheeling charge to Marin Municipal is budgeted at \$322K for next year with the new interconnection agreement and the District will be receiving an initial first time payment of \$480K, as well as an annual payment of \$245K towards costs for the AEEP project. Mr. Bentley informed the Board that at June 30, 2013, \$2.8M of funds advanced by the Novato Water System to the Recycled Water System will remain outstanding. He stated that the entire \$2.8M has been budgeted to be repaid in FY14.

Mr. Bentley stated that the total operating expenditures are projected to increase 4% with increased cost for labor and purchases of materials, services and supplies, including \$73K for County Election Department expenses and two studies, \$70K for the Stafford Dam Emergency Action Plan and \$30K to update the 1973 Dam Failure Inundation Map. He stated that for budgeting purposes, a 3% cost-of-living salary increase has been factored into the budget as well as a 1.6% salary increase to offset the negotiated requirements that employees pay an additional 1.6% of salary toward their retirement benefits. Mr. Bentley informed the Board that while the District intends to continue self-insuring worker's compensation, proposals have been requested for workers'

compensation insurance to provide a current calculation of savings (or loss) accrued. He noted that the District has picked a good time to be self-insured considering one proposal came in at \$311K.

Mr. DeGabriele informed the Board that he is looking closely at staffing and looking to add more staff to the Construction/Maintenance Department.

INITIAL REVIEW – RECYCLED WATER SYSTEM BUDGET

David Bentley presented the Recycled Water System Budget Initial Review to the Board. He stated that almost 70% of the proposed \$4.1M expenditure plan is reimbursement to Novato Water for monies borrowed to complete the North & South Service Area expansion. He noted that the projected Recycled Water demand of 130MG next fiscal year is double of the current year, as 28 new accounts are projected to use Recycled Water. Mr. Bentley stated that consistent with the Novato potable water rate increase, an 8% commodity rate increase, will be effective June 1, 2013. He stated that the budget projects purchase of 89MG of tertiary treated water from Novato Sanitary District and 41MG from Las Gallinas Valley Sanitary District at \$1,400/MG. He informed the Board that after fully repaying Novato Water, the cash surplus will be just over \$800K.

Director Rodoni questioned why there isn't an 11% rate increase for the recycled water equivalent to the potable rate increase.

Mr. Bentley stated that the District is trying to maintain the Recycled Water commodity rate equivalent to the potable water rate and that Recycled Water customer typically use much more water resulting in lower percentage increase.

QUARTERLY PROGRESS REPORT – OPERATIONS/MAINTENANCE

Robert Clark provided the Board the 3rd quarter report for the Operations/Maintenance Department. He stated that at the end of December Stafford Lake filled up. He noted that Operations staff began to treat the lake water, producing 425 acre feet during this period. He stated that the annual distribution system flushing programs were started in February with a Zone 1 and 2 system planned, including all dead ends throughout the Novato System. He noted that everything looked clean and the District is debating on not performing a full distribution system flushing next year to save on some staff time.

Director Baker asked if there were some downsides to not flushing.

Mr. Clark stated that it will be further evaluated and this was the second year of partial flushing, and the water was fairly clean.

Mr. Clark stated that in West Marin an inspection and review of the Hazardous Materials Business Plans for both the Point Reyes Treatment Plant and the Oceana Marin Ponds was completed with the Marin County Health Department.

Director Rodoni asked if the new well will be online soon.

Mr. Clark responded that staff is in the process of getting it running. He stated that the second set of water quality tests have been submitted to the Department of Public Health and they would like to see more data for a longer period of time. He opined that it would most likely be early summer when the well would be online.

Director Rodoni asked if Department of Public Health would let the District start well production and then collect the data. Mr. Clark answered no because they want to make sure the well is not under the influence of surface water.

QUARTERLY PROGRESS REPORT – ENGINEERING

Mr. McIntyre provided the Board with the quarterly progress report for the Engineering Department. He informed the Board that with the exception of Novato Recycled Water, Capital Improvement Project expenditures for both Novato and West Marin service areas will not exceed the approved budgeted levels. He stated that for Novato Water System expenditures are forecasted to be \$1.5M and for the Novato Recycled Water system they are expected to be \$6.5M.

Mr. McIntyre informed the Board that some of the projects added in the third quarter are Loma Verde PB (Polybutelyene) Replacements, Sunset Parkway and Cambridge Old Cast Iron Replacement, and PB Replacement: City Measure A, Group 5. He noted that the District tries to get the PB replacements done before the City and County paving projects. He stated in West Marin there were two new projects added, PB Replacement: Balboa, Portola, Mesa, 2nd St and the Gallagher Well & Pipeline Design.

Mr. McIntyre stated that the Well #3 Replacement Project was originally estimated to cost \$165K, but that cost will be combined with the demolition of the old Well #3, so the total project costs are more.

Director Baker asked what the demolition of old Well #3 will involve.

Mr. McIntyre stated that the initial permitting work was to seal and destroy the well but he has been working with the County to modify the well and use it as a monitoring well.

QUARTERLY PROGRESS REPORT – WATER CONSERVATION

Drew McIntyre provided the Board with water conservation update and stated that the overall program participation numbers are steady compared to last year. He noted that there was an

increase in retrofit on resale. He stated that the District was awarded a Prop 84 Grant of \$184K in cooperation with SCWA which will help fund future HET (High Efficiency Toilet) rebates, Cash for Grass rebates, Smart controllers, Clothes Washer rebates, and a Commercial Direct Install HET Program.

Director Rodoni asked why the commercial high efficiency toilets are not doing well and asked how the District could get more participation from them.

Mr. McIntyre stated that overall commercial water conservation activity has been lagging and the District is now starting to see the lag on the residential side as well.

Director Rodoni suggested the District do a promotion or giveaway again.

BOARD REVIEW OF DISTRICT POLICIES NUMBER 29 & 32

Mr. DeGabriele advised the Board that two more policies were included for review, Policy Number 29 – Recognition at Retirement Party and Policy Number 32 – District Vehicles Taken Home Policy. He requested that the Board review the policies and let him know of any changes. He stated that staff will bring the revised policies back to the next meeting for approval.

Director Rodoni suggested Policy Number 32 – District Vehicles Taken Home, include wording stating that it is ok for District employees to make a private stop or run an errand on their way home and that no District employee may transport alcohol in any District vehicles.

GREEN HOUSE GAS EMISSION REDUCTION PROGRESS

Robert Clark stated that in 2006, California enacted the Global Warming Solutions Act (AB32), which set into law the greenhouse gas (GHG) emissions reductions goal to reduce emissions to the 1990 level by 2020. He informed the Board that the District has been committed to reducing its GHG emissions since 2006 by becoming a member of the California Climate Action Registry. He stated that the District has replaced old vehicles with fuel efficient vehicles and employees are not idling as much. He noted that the District has purchased three alternative fuel vehicles.

Mr. Clark stated that the District is currently meeting the goals for 2020 with the current fleet. He noted that as far as the District building, there is not a lot of ways to conserve energy with the older building, HVAC etc. Mr. Clark informed the Board that a survey was completed on employee commute miles, to try and reduce those as well as using alternative ways to get to work to save on fuel. He advised the Board that the District is trying to be more green and working on better ways to conserve energy.

NORTH BAY WATERSHED ASSOCIATION – MAY 7, 2013

Director Baker stated that he represented the District at the North Bay Watershed Association meeting on May 7, 2013 for President Fraites who was unable to attend. He stated that there were two speakers Gordon Becker from CEMAR, who spoke about fish monitoring and Caitlin Sweeney from SFEP, who spoke about Flood Control and Flood Mapping. He stated that the NBWA Board authorized \$5K to the Marin County Fish and Wildlife Commission for a newsletter.

WAC/TAC MEETING

Mr. DeGabriele stated that he and Director Rodoni attended the Water Advisory Committee meeting where Drew McIntyre made a great presentation on the District's Recycled Water Expansion Program. He stated that the major issue discussed at the meeting was the water supply conditions and the Temporary Urgency Change Order. He informed the Board that the State Water Resource Control Board did issue the Temporary Change Order to the Agency, which enables lower flows in both the upper Russian River from Lake Mendocino to Dry Creek and in the lower Russian River. He stated that as of May 1st the instream flow in the upper Russian River will go from 185cfs to 75cfs to preserve water in Lake Mendocino for the fishery releases. He noted that in the lower Russian River the flow will drop to 85 cfs. Mr. DeGabriele stated that the agency will be monitoring the water quality and fisheries and that the Agency has done a good job communicating with the State.

Mr. DeGabriele stated that there could be a chance that during the summer there will be water restrictions and the WAC wants to make sure all Water Contractors are working together. He noted that the District is fortunate that there has been no mandatory diversion restrictions identified in the order.

Mr. DeGabriele informed the Board that the Technical Advisory Committee has an ad hoc committee formed who will be meeting every other week to monitor the water supply conditions and will be developing messaging to the community and discuss plans to go forward.

Director Rodoni stated the District has to remain on top of the plan and that there could be definite issues later in summer.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements, March 2013 Equipment Auction Report, FY13 3rd Quarter Labor Cost Report and Eco-Friendly Garden Tour.

The Board also received the following news articles: Pages from the Past – 25 years ago April 1988, Utility Seeks rate hike for beleaguered Dillon Beach, Supes delay vote on coastal

program as EAC ramps up opposition, Dry Creek restoration begins in summer, KRCB Watershed Series Update, W. Edward Nute Receives Award and Reservoirs full but water use is high.

CLOSED SESSION

President Fraites adjourned the Board into closed session at 9:16 p.m. in accordance with Government Code Section 54956.8, Conference with Real Property Negotiator (Chris DeGabriele & David Bentley) regarding 15 Gustafson Ct, Novato, CA.

OPEN SESSION

Upon returning to regular session at 9:30 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 9:31 p.m.

Submitted by

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

Katie Young
District Secretary