

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 15, 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.

Lance Wyeth, representing Peter and Marijke Donat, and District employee Robert Clark (Operations/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 amended.

GENERAL MANAGER'S REPORT

Fire Hydrant Knocked Over

Chris DeGabriele reported that on May 2, a motorist knocked over a fire hydrant on Indian Valley Road resulting in lost water pressure, and affected customers in the area were issued Precautionary Water Alert notices. He said that water samples came back clean on Friday, the alert was lifted and customers were notified.

Bay Friendly Garden Tour

Mr. DeGabriele stated that on Saturday, May 19, there will be a Bay Friendly Garden Tour that will include three Novato homeowners' gardens showcasing natural gardening techniques. He said that this event is coordinated throughout the Bay Area.

Drip Irrigation Seminar

Mr. DeGabriele advised that a drip irrigation seminar will be held at the District headquarters on May 31 from 7 p.m. to 9 p.m. in cooperation with the Urban Farmer's Store and the Native Plant Society. He said that on the following Saturday, June 2, there will be a hands-on drip irrigation class at Green Point Nursery in Novato.

MONTHLY PROGRESS REPORT

The General Manager provided the Monthly Progress Report for April. He stated that water production in Novato is up 1% year-to-date compared to last year due to the dryer than normal winter, West Marin production is down 3% from a year ago; and there has been no additional production at Stafford Treatment Plant (the plant will start up on July 1). He further stated that the Recycled Water Plant did start up and recycled water is now being delivered to StoneTree Golf Course. Mr. DeGabriele advised that Stafford Lake accumulated over 17 inches of rainfall for the year and the lake's elevation is just under 190 feet; lake storage is 947MG or 68% full. He said that there is ample water in the Russian River system. Mr. DeGabriele stated that there was no irrigation field discharge in Oceana Marin last month and freeboards are in good shape in the irrigation and storage ponds.

The Manager advised that the Summary of Complaints and Service Orders show that complaints are up by two complaints compared to last year; and for the year, down about 9%, or 100 complaints, primarily due to fewer service repair reports and fewer high bill complaints.

Mr. Bentley advised that at the end of April, the District cash balance was \$12.4M, up \$120,000. He said that during April, State Revolving Fund loan monies and grant proceeds in the amount of \$506,000 for the Recycled Water Project were received. He said that absent the \$8M loan from Bank of Marin, the cash balance is up \$48,000. He advised that the District portfolio is earning 0.41%.

CONSENT CALENDAR

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

NOTICE OF COMPLETION FOR RECYCLED WATER EXPANSION NORTH SERVICE AREA PLUM STREET TANK REHABILITATION PROJECT (BLASTCO)

Blastco Inc. has fulfilled their obligations under the contract for the Recycled Water Expansion North Service Area Plum Street Tank Rehabilitation Project including corrections of all work deficiencies and punch list items. The Board authorized the General Manager to execute and file a Notice of Completion for the project.

ANNEXATION NO. 11 TO PARADISE RANCH ESTATES (PRE-1) IMPROVEMENT DISTRICT, 12719 SIR FRANCIS DRAKE BLVD., INVERNESS

The Board declared its intent to proceed with Annexation No. 11 at the April 17, 2012 Board of Directors meeting, and provide service to the property located at 12719 Sir Francis Drake Blvd.,

and \$20,000 for FY 14. He further stated that the only significant project in the proposed budget is the Aqueduct Energy Efficiency Project and \$3.9M is budgeted for it over the next two years. He said that the net project outlay is \$1.8M and \$1.9M, respectively, for the next two fiscal years and that these budgets stay within the \$2M per year parameter established in the five-year financial plan.

SECOND REVIEW – FY 2012/13 PROPOSED NOVATO OPERATIONS BUDGET

Mr. Bentley stated that the changes to the proposed Novato Operations Budget from the previous review is related to the Recycled Water System Expansion. He said that Novato has been cash-flowing much of the Recycled Water Expansion Project pending receipt of grant and loan monies. He said that more of the project will be completed this year than planned and will allow less money to be spent in FY13 and FY 14 even though the total project cost will remain the same. He said that Recycled Water will be able to repay Novato Water more than anticipated in FY 13, \$1.1M versus \$900,000. Mr. Bentley stated that Novato water sales volume is again conservatively budgeted at 2.7BG and that Stafford Lake production is budgeted at 750MG, less than the 800MG in this year's budget. He advised that the overall operating expenditures are proposed to increase \$215,000 over this year's budget due to increased purchased water cost because less water will be produced at Stafford and the 4% increase in Russian River water cost. He advised that the budget includes a reduction in staffing due to the anticipated retirement of two employees.

SECOND REVIEW – FY 2012/13 PROPOSED NOVATO RECYCLED WATER OPERATIONS BUDGET

Mr. Bentley stated that staff's estimate of expenditures for Recycled Water during the current fiscal year has increased \$400,000 since the last review and that will reduce the amount of expenditures over the next two years by the same amount. He said that this will allow the Recycled Water System to payback Novato water an extra \$200,000 over each of the next two fiscal years. Mr. Bentley said that the recycled water demand is estimated at 62MG up from about 50MG this year as 14 new accounts will come on-line with the Recycled Water System Expansion. He stated that a major assumption is the purchase of 39MG of recycled water from Novato Sanitary District and Las Gallinas Valley Sanitary District at \$1500/MG and the pricing is yet to be determined. The proposed budget includes \$5.5M for continued expansion of the North and South Service Areas; \$1.7M is budgeted to repay Novato water. Mr. Bentley reminded the Board that they will have another opportunity to review the budget on June 19 when the public hearing and approval is scheduled.

Mr. DeGabriele commented that continually reviewing the five-year financial plan has been beneficial in developing the budget and that the "dashboard" that Mr. Bentley presents helps the Board and staff look out five years as well as look at the current year's budget.

Director Rodoni stated that Mr. DeGabriele and the TAC deserve congratulations because they have worked very hard for many years to get SCWA to bring this plan forward. He said that as presented, the plan is manageable especially if the project is pre-funded.

Mr. DeGabriele briefly reviewed the Santa Rosa Plain Groundwater Studies and said it is another area where SCWA and Sonoma County stakeholders are working collaboratively.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements, AWWA Regulatory Advisory, Russian River Coho Salmon Captive Broodstock Program Building Ribbon-Cutting Program, Thank you letter from Marilan Amaroli, Potter Valley Project Tour, Eel River Tour, VOMWD's 50th Anniversary Invitation, MMWD Bond Issue Notice.

The Board received the following news articles: Sausalito man appointed to State Water Board, Bubbly water for North Marin, PD Editorial: Mark Bramfitt best fit in 1st, North Bay Water Reuse Program Awarded \$3.8 M in federal funding, Novato man says he'll fight water district over bill.

CLOSED SESSION

President Petterle adjourned the Board into closed session at 8:20 p.m. for: Conference with Real Property Negotiator (Chris DeGabriele) regarding North Marin Water District Lagunitas Creek Water Right (Government Code §54956.8).

OPEN SESSION

Upon returning to regular session at 8:33 p.m., President Petterle stated that during the closed session the Board had discussed the issues and no reportable action had been taken.

ADJOURNMENT

President Petterle adjourned the meeting at 8:34 p.m.

Submitted by



Renee Roberts
District Secretary