

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 19, 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 Chief Engineer Drew McIntyre. Auditor-Controller David Bentley was absent.

Marc Prado, Reporter from the Marin Independent Journal newspaper, Novato Residents Dietrich Stroeh, Judy Hight, David King, Mark Shirkey, Robert Koch, and Jerry Corda, Indian Valley Golf Course Employee, Terry Leach, District employees Robert Clark (Operations/Maintenance Superintendent) Pablo Ramudo (Water Quality Supervisor), and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

MINUTES

On motion of Director Schoonover, seconded by Director Petterle the Board approved the minutes from the previous meeting as amended by the following vote:

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

NOES: None

PUBLIC HEARING – DROUGHT EMERGENCY WATER CONSERVATION REGULATIONS

Ryan Grisso, Water Conservation Coordinator, provided the Board with the history for the Drought Emergency Water Conservation Regulations and stated that this public hearing is a continuance from the April 21, 2015 public hearing. He advised the Board that for the Novato Water Service Area staff is proposing that the District complies with the amended State Water Resources Control Board Emergency Water Conservation Regulations (State Board Order) by resolution including restrictions on potable water usage for outdoor landscape 48 hours after measurable rainfall, irrigation of potable water of ornamental turf on public street medians, irrigation with potable water of any landscapes outside of newly constructed homes, 24% reduction in overall water production compliance with the State Board Order and no more than three days per week of overhead sprinkler irrigation (odd numbered street addresses authorized to irrigate on Monday, Wednesday and Friday and even numbered street addresses are authorized to irrigate on Tuesday, Thursday and Saturday).

Mr. Grisso stated that in the West Marin Service Area the State Board Order requires either a 25% reduction in water production or limit on outdoor irrigation to two days per week because the area is not an urban water supplier and has less than 3,000 accounts. He stated that staff proposes a resolution mandating that the West Marin Service Area reduce outdoor irrigation to two days per week.

Mr. DeGabriele informed the Board that Novato water production is down 18.6% from February 2014 through April 2015 compared to the same period in 2013. He advised the Board that he will be speaking to the Novato Chamber of Commerce Government Affairs Committee on June 2nd, Novato Unified School District on June 23rd and the North Marin Breakfast Club on June 26th regarding the Drought, Emergency Water Conservation Requirements and the Recycled Water Expansion Project. He stated that he, Mr. Grisso, and Mr. McIntyre met with Novato Unified School District staff last week to discuss their playing field retrofits planned for this summer and that they have agreed to use Recycled Water. Mr. DeGabriele informed the Board that he and Krishna Kumar from MMWD will be attending the Marin County Board of Supervisors meeting on June 2nd to provide a brief updated on the drought and Emergency Water Conservation Requirements along with the Department Heads from the County.

Director Rodoni asked if the State Board would review policies or just look at the results. Mr. DeGabriele stated that the State is overwhelmed with all the reporting that is now modified and submitted online. He advised that he does not anticipate a review of District policies by the State Board.

Director Rodoni asked how the District would report back to the state for the West Marin service area. Mr. Grisso advised that staff would just report the Resolution enacting a restriction on outdoor irrigation to two days per week.

President Baker asked about the meeting with the Novato Unified School District. Mr. DeGabriele stated that they have been good partners and have complied with District's requirements.

President Baker opened the public hearing at 7:14 p.m.

Judy Hight expressed her concern about programming her controller on specific days and was concerned about the compliance with a 24% reduction considering the billing period occurs every two months.

Mr. Grisso advised Ms. Hight that a Water Smart Home Survey offered by the District can assist customer with irrigation controller programming and if the controller cannot accommodate

such days of the week that the District can work out an arrangement with the customer to comply with the regulations. He stated that the compliance with the State is a 24% reduction and it will be measured on a community wide basis not by individual customers. Mr. Grisso stated that the District will mainly be monitoring days of the week watering and water wasters.

Mr. DeGabriele directed Ms. Hight to the District's website and stated that the water cost calculator shows the prospective individual use for future billing periods including a 24% reduction in gallons per day to provide guidance for water use.

Mr. DeGabriele apprised the Board that large turf irrigators such as City of Novato, Novato Unified School District and golf courses may be challenged with 3 days/week irrigation and there is a variance option in the resolution that the General Manager can authorize to accommodate watering of recreational turf.

Hearing nothing further, President Baker closed the public hearing at 7:23 p.m.

On motion of Director Petterle, seconded by Director Schoonover the Board approved Revised Resolution 14-18 entitled "Resolution of the Board of Directors of the North Marin Water District Implementing the State Water Resources Control Board's Mandate on Urban Water Suppliers to Activate Mandatory Restrictions on Water Use" and Resolution 15-04 entitled "Resolution of the Board of Directors of the North Marin Water District Implementing the State Water Resources Control Board's Mandate on Urban Water Suppliers to Activate Mandatory Restrictions on Water Use" by the following vote:

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

NOES: None

PUBLIC HEARING – CONSIDER PROPOSED INCREASE IN WATER RATES FOR NOVATO SERVICE AREA AND RESULTING REVISIONS TO DISTRICT REGULATIONS 54, WATER RATES

Mr. DeGabriele made a brief presentation regarding the proposed 3% increase in water rates. Mr. DeGabriele stated that over 20,000 individual letters had been sent to the District's Novato customers noticing the proposed rate increase and the public hearing and directed customers to a Water Rate Increase Model on the District's website. He stated that the District received approximately 23 letters protesting the rate increase, one letter in support, and 10 phone calls and that the Board had received all of the correspondence. Mr. DeGabriele advised the Board that the increased cost of water for the typical Novato customer would be effective June 1st and that the purchased water will increase 5%. He stated that water purification continues to rise and will cost 4.4% more and that the biggest increase proposed in next year's budget is an additional Assistant

General Manager position created in anticipation of the current General Manager's retirement. He advised the Board that the typical cost of water service for a single family residential customer will go up \$1.70 per month and that there will be no increase in the fixed bi-monthly service charge. Mr. DeGabriele advised the Board that pension liability is down 5% and District employees have been paying their share in pension contribution in accordance with the existing labor agreement.

Mr. DeGabriele discussed the San Juan Capistrano issue of tiered rates and stated that the District imposed tiered rates based on cost of water used and not on the budgeted amount of water. Mr. DeGabriele explained the reason for flushing the District's system and stated that it is completed for water quality purposes to remove sediment in the pipes.

Director Rodoni stated that the District has little control over the cost of the water from Sonoma County Water Agency, nor the cost of the chemicals to treat the water but that the Assistant General Manager position is short-term and is anticipated to be gone in a couple of years.

Mr. DeGabriele stated that the proposed staffing level is 52.7 full-time equivalent which is down 6.4 employees from 2008.

President Baker opened the public hearing at 7:35 p.m.

Dietrich Stroeh applauded the District's overall performance and cost effectiveness and voiced his support for the rate increase.

Mark Shirkey advocated for an increase in fixed charges rather than increasing the commodity rate to stabilize revenue.

Director Rodoni reminded the Board that the fixed bi-monthly service charge had been doubled in the past three years and the Board had directed staff not to increase the fixed charge this year but increases will likely return in the future.

Robert Koch expressed an opposite viewpoint as a means of rewarding customers who have reduced water consumption already and use very little water. He questioned how the District will maintain revenue requirements in the future as consumption continues to decline.

Mr. DeGabriele stated that the District's Board has directed staff to use reduced water consumption in its' financial planning and not count on new development revenue until after the fact to conservatively project revenues.

Hearing nothing further, President Baker, closed the public hearing at 7:47 p.m.

On motion of Director Rodoni, seconded by Director Fraites, the Board approved Resolution 15-05 entitled "Resolution of the Board of Directors of North Marin Water District Amending

Regulation 54- Water Rates” amending Regulation 54 pertaining to Water Rates and Charges to reflect an increase averaging 3% for the typical residential customer in the Novato Service Area by the following vote:

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

NOES: None

GENERAL MANAGER’S REPORT

National Marine Fisheries Service

Mr. DeGabriele advised the Board that he met with NMFS on May 6 to discuss their Steelhead Recovery Plan for the Novato Creek watershed. He informed the Board that he is setting up meetings with local ranchers both upstream and downstream of Stafford Lake to identify areas where fish could not pass and areas which typically are dry and/or nonproductive.

LAFCO Meeting

Mr. DeGabriele informed the Board that he attended the Marin LAFCO meeting last Thursday night where the Municipal Service Review for North Marin Water District and Marin Municipal was released for public comment. He stated that he had a chance to support the work while identifying that the District’s projections are different than the independent LAFCO projections since the District uses a longer planning horizon and different baselines for forecast. He noted that he also informed LAFCO of the highly regulated business the District is in and that the District has regional efforts ongoing with the neighboring agencies and that the District has expanded the use of Recycled Water and will continue to do so.

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. Clark advised the Board that the San Marin Pump Station pump can #3 was being recoated today.

Mr. McInyre advised the Board that staff is working with RMC consultants to submit the permit for implementing the Recycled Water Residential Fill Program at the district. He hopes that the permit will be reviewed and accepted in the next 2-4 weeks.

Director Rodoni advised the Board and staff that his discussion on the drought with Sonoma County Board of Supervisors has been postponed.

MONTHLY PROGRESS REPORT

Mr. DeGabriele provided the Board with the Monthly Progress Report for April. He stated that Novato water production is down 13% and West Marin water production is down 16% compared to one year ago. He advised the Board that Recycled Water and Stafford Treatment Plant are on track and doing well. He noted that Stafford Lake is 81% of capacity, Lake Sonoma is at 87% capacity and Lake Mendocino is at 67% capacity. Mr. DeGabriele informed the Board that Lake Pillsbury is dropping rapidly and he provided the Board with an article from the Press Democrat and a chart showing Lake Pillsbury's historical water storage. He advised the Board that it is likely that further amendments to the Sonoma County Water Agency's Temporary Urgency Change Order will occur to reduce instream flows even further to preserve more water in Lake Mendocino. Mr. DeGabriele informed the Board that staff has gone 335 days without a loss time accident or injury. He stated that on the Summary of Complaints and Service Orders there were some water quality complaints due to Manganese.

Mr. DeGabriele provided the Board with the Monthly Report of Investments for April stating that the cash balance was \$15.3M at the end of April and the weighted average Portfolio rate was at 0.49%.

CONSENT CALENDAR

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

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

NOES: None

NOVATO SPRING WATER LINE, VOLUME 16, ISSUE 34

The Board approved the Novato Spring 2015 *Water Line*, Volume 16, Issue 34 text that focuses on the State imposed drought regulations.

WEST MARIN SPRING WATER LINE, VOLUME 12

The Board approved the West Marin Spring 2015 *Water Line*, Volume 12 text that focuses on the State imposed mandate to limit irrigation to no more than two days per week.

ACTION CALENDAR

REQUEST FOR ADDITIONAL BILL ADJUSTMENT

Mr. DeGabriele advised the Board of the additional bill adjustment that Mr. Stephens requested for a \$987 bill he received for February and March water use of 62,000 gallons. He advised the Board that staff double-checked the meter reading and found it accurate and that the meter is relatively new. He noted that an adjustment as authorized under the Board's Bill Adjustment Policy was offered which would reduce the bill to \$456, a \$531 reduction.

Mr. DeGabriele provided options for the Board to consider but noted that staff recommended to not provide a further bill adjustment.

Director Schoonover asked if the house was being occupied. Mr. DeGabriele responded no.

On motion of Director Fraites, seconded by Director Rodoni, the Board denied any further bill adjustment and let the adjusted bill stand as is (\$456) by the following vote:

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

NOES: None

ADOPT STATE FINANCIAL ASSISTANCE RESOLUTIONS – APPLICATION FOR RECYCLED WATER PROJECT CENTRAL SERVICE AREA PROJECT

Mr. McIntyre reminded the Board of the staff's intent to apply for State Financial Assistance (low interest rate loan) for the Central Service Area Expansion project. He advised the Board that the resolutions needed for the application are similar to those completed for the north and south Recycled Water Project application. He informed the Board that there are three resolutions that have been reviewed by both the General Manager and District's legal counsel.

Mr. McIntyre informed the Board that District legal counsel and staff put together a Recycled Water Agreement with Marin Country Club regarding partial payment for the Ignacio Area expansion and has submitted it to Marin Country Club for their review.

Director Rodoni asked where the sources of the funds are coming from. Mr. McIntyre responded that the typical source of the funds come from California revenue as well as Federal. He noted that a lot of the SRF programs are self-supporting.

On motion of Director Petterle, seconded by Director Fraites the Board approved Resolution 15-06 entitled "Authorizing Resolution", Resolution 15-07 entitled "Pledged Revenues and Fund(s) Resolution", and Resolution 15-08 entitled "Reimbursement Resolution" by the following vote:

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

NOES: None

CLAIM SETTLEMENT – CSAA SUBROGATION

Mr. DeGabriele reminded the Board of the home on McClelland Drive that suffered water damage on December 26, 2014 when a District Field Service Representative erroneously turned the water on while the upstairs plumbing was torn apart. He stated that the homeowner filed a claim with their insurance carrier, CSAA, who funded the damage repair. Mr. DeGabriele stated that CSAA subsequently made a claim against the District and is asking for cost reimbursement of \$22,990. He advised the Board that the District's Risk Manager, Dan Blanquie, handled the claim and came to a settlement of \$16,000. He noted that the District has already reimbursed the homeowners \$500 deductible amount as a gesture of good-faith, so the total amount owed to CSAA is \$15,500.

Director Rodoni requested that staff identify procedures so that a scenario where water is turned on erroneously doesn't occur again.

On motion of Director Fraites, seconded by Director Petterle the Board approved settlement of CSAA's claim in the amount of \$15,500 by the following vote:

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

NOES: None

INFORMATION ITEMS

QUARTERLY REPORT – WATER QUALITY REPORT

Pablo Ramudo, Water Quality Supervisor, provided the Board with the Water Quality Quarterly Report. He stated that Stafford Lake water was used as a source of drinking water beginning on February 2nd. He advised the Board that of the 242 routine samples collected for compliance with the Total Coliform Rule, there were no coliform positive samples this quarter. Chlorine residual concentrations throughout the distribution system were good and disinfection by-product concentrations were well below the maximum contaminant limit.

Mr. Ramudo informed the Board that the District's scaled back flushing program took place over the entire quarter with a two man crew performing the majority of the work as time allowed. He noted that only zone one was flushed this year and that there were areas that had a large amount of typical sediment and discolored water. He informed the Board that the buildup may have been heavier this year due to the lack of pH adjustment in water delivered by SCWA for much of 2014.

Mr. Ramudo informed the Board that Pt. Reyes treatment was optimal throughout most of the quarter and finished water quality was good and that Iron and Manganese were not detected in treated water. He stated that of 23 routine samples collected for compliance with the Total Coliform

Rule, there were no coliform positive samples this quarter and chlorine residual concentrations throughout the distribution system were good. Mr. Ramudo stated that in Pt. Reyes disinfection byproducts were very high in this quarter, primarily due to salinity intrusion and that the concentration of Trihalomethanes (THMs) in particular was the highest yet observed in the Point Reyes system. He noted that levels were at 109 and 116 ug/L, both locations tested were well above the maximum contaminant limit (MCL) value for THMs of 80ug/L, although this didn't trigger a violation as compliance with the regulation for these compounds is based on a running annual average.

Mr. Ramudo advised the Board that the permit for the Gallagher Well pipeline had been approved but it also needed to be permitted as a system source of drinking water. He informed the Board that the permit was completed today and sent to the State for approval and it will not be long before the pipeline can be used.

SECOND REVIEW – PROPOSED FY2015/16 NOVATO WATER EQUIPMENT BUDGET

Mr. DeGabriele advised the Board that this is the second review of the proposed FY2015/16 Novato Water Equipment Budget and there have been no changes from the April 21st initial review. He advised the Board that there will be a public hearing for approval of the Novato budgets at the June 16, 2015 meeting.

SECOND REVIEW – PROPOSED FY 16 & FY 17 NOVATO CAPITAL IMPROVEMENT PROJECTS BUDGET

Mr. DeGabriele provided the second review of the proposed FY 16 & FY 17 Novato Capital Improvement Budget and stated that a couple of changes were made including the cost of the Aqueduct Energy Efficiency project increasing, and that additional water quality sample stations have been removed.

President Baker asked where the water quality sample stations were located. Mr. DeGabriele stated that the sample stations have been scattered out through the distribution system in each hydraulic zones and areas that are isolated. Mr. Ramudo advised the Board that there are approximately 70 samples stations.

Mr. DeGabriele advised the Board that there will be a public hearing for approval of the Novato budgets at the June 16, 2015 meeting.

SECOND REVIEW –FY 2015/16 PROPOSED NOVATO OPERATIONS BUDGET

Mr. DeGabriele provided the second review of the proposed FY 2015/16 Novato Operations Budget stating that minor changes were made including an increase in revenue resulting in a reduction in budgeted deficit and that the total budgeted outlay was nowf \$24.4M. He advised the

Board that there will be a public hearing for approval of the Novato budgets at the June 16, 2015 meeting.

SECOND REVIEW – FY 2015/16 PROPOSED NOVATO RECYCLED WATER OPERATIONS BUDGET

Mr. DeGabriele advised the Board that this is the second review of the proposed FY2015/16 Novato Recycled Water Operations Budget and there have been no changes from the April 21st initial review. He advised the Board that there will be a public hearing for approval of the Novato budgets at the June 16, 2015 meeting.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements, Emergency Repair of Novato Sanitary District 12-inch Force Main, Marin Conservation League – Business Environmental Breakfast, Federal water decision that could affect Russian River flows imminent, and William Wright Obituary.

The Board received the following news articles: Drought comes home to Marin as state demands cuts, California Water Cuts Ignore past changes by some cities, like San Diego, Marin IJ Editorial: Pt. Reyes site offers housing opportunity, San Jose water company imposes mandatory use limit, New Water rules congeal for North Marin and Marin Municipal, Feinstein and Boxer support Coast Guard housing purchase, and Water District should do more to help consumers.

The Board also received the following items at the meeting: Three letters of opposition for the Novato Water Rate Increase, Letter from City of Novato Bob Brown, and the following news articles: C-SMART Public Workshop and House of Representatives Approves Rep. Huffman's Effort to Support West Marin Affordable Housing.

President Baker stated that former District Board of Director Bill Wright's obituary was included in the agenda packet.

ADJOURNMENT

President Baker adjourned the meeting at 8:27 p.m.

Submitted by



Katie Young
District Secretary