

MINUTES OF SPECIAL MEETING
OF THE BOARDS OF DIRECTORS OF
NORTH MARIN WATER DISTRICT
AND
NOVATO SANITARY DISTRICT
October 11, 2012

CALL TO ORDER

Novato Sanitary District President Di Giorgio called the Special Meeting of the Boards of Directors of North Marin Water District and Novato Sanitary District to order at 1:30 p.m. at the Novato Sanitary District headquarters and the agenda was accepted as presented. Present were North Marin Water District President Stephen Petterle and Directors Jack Baker, Rick Fraités, Dennis Rodoni and John Schoonover and Novato Sanitary District President Mike Di Giorgio and Directors Jean Mariani, William C. Long, Jerry Peters and Dennis Welsh. Also present were North Marin Water District General Manager Chris DeGabriele, Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre, and Novato Sanitary District Manager-Engineer Beverly James and Deputy Manager-Engineer Sandeep Karkal.

There were several people in the audience including Clay Kuzmo from the Covello Group.

OPEN TIME

President Di Giorgio asked if anyone in the audience wished to bring up an item not on the agenda and there was no response.

REVIEW COOPERATIVE EFFORTS BETWEEN NOVATO SANITARY DISTRICT AND NORTH MARIN WATER DISTRICT

Chris DeGabriele stated that it had been at least ten years since the two Boards of Directors met and he asked that the Directors introduce themselves.

After introductions were completed, Mr. DeGabriele stated that the purpose of the Special Joint Board of Directors meeting was to review the cooperative efforts between the Novato Sanitary District (NSD) and North Marin Water District (NMWD). He said that the two districts have a long history of cooperation most recently with the Mutual Aid and Assistance Agreement executed in 2010 and the Third Revised Inter-Agency Agreement for Recycled Water executed in 2011. He said that the Mutual Aid Agreement enables the two districts to share resources (laboratory, labor and equipment) as necessary. Mr. DeGabriele stated that NSD and NMWD have worked together in the development, construction and operation of recycled water beginning in 1991 when the two districts jointly funded a reconnaissance level study performed by Nute Engineering of recycled water potential in the Novato area to irrigate several proposed golf courses. He stated that StoneTree Golf Course was a project coordinated by both districts; the treatment facility was

constructed on NSD property and has been in operation for five years. He said that today is the dedication of the Recycled Water Treatment Facility at NSD's Davidson Street Treatment Plant which will be the principal treatment facility for recycled water in the Novato North Area. Mr. DeGabriele informed both boards that he and Ms. James were able to work together because they understand that the customers served are one and the same for both districts. He asked the Directors if there are areas of future cooperation between the districts that they feel should be considered.

Beverly James stated that both agencies are conscious of providing value to its customers and take its fiduciary responsibility seriously. She said that one of the motivating forces for the cooperation between the two agencies is to look for those opportunities where they can provide good utility services to customers in recognition of the cost as infrastructure is a big investment for the community. Ms. James said that both she and Mr. DeGabriele are open to look for opportunities to continue to share resources and joint projects in a sustainable way.

Director Schoonover commented that both agencies have done much in areas of cooperation and should not shut the door on anything and continue to work together.

Director Rodoni asked, in regard to isolation in an emergency, if there is an opportunity for cross-training to ensure that the two district staffs become familiar with and knowledgeable of each other's system.

Ms. James said that there has been some discussion about that and it is a good idea to move ahead with cross-training.

Mr. DeGabriele advised that Director Rodoni sits on the Local Agency Formation Commission (LAFCO) and that LAFCO's municipal service reviews have not identified any reason that the two agencies should consolidate and have not identified any underlying service need or cost benefit in that regard. He mentioned that those issues have come up in the public discussion and added that the Marin County Civil Grand Jury recently released a report on special district cooperation to which both NMWD and NSD responded. Ms. James commented that she did not want to imply that there would be any objection on NSD's part if the Boards of Directors felt they wanted to explore consolidation. She said that staff would approach that professionally at the Boards' direction.

Director Long congratulated both General Managers for their good working relationship.

Director Welsh suggested that operators become certified in both wastewater and potable systems.

Mr. DeGabriele stated that it has been difficult for NMWD treatment plant operators to become certified in its wastewater operations because of the small size and remote location of the Oceana Marin wastewater system. He said that this is an area of cooperation to explore further. Ms. James commented that there may be more opportunity in the distribution and collection system and that there are NSD staff that are certified in both.

President Di Giorgio stated that treating water uses approximately 20% of energy in the state and asked if it were possible for energy cooperation for pumping water since pumping is a major cost of energy for both agencies. There was a discussion on digester gas energy production.

Director Long asked if there were any concerns or opportunities for closer coordination or issues with respect to other government agencies such as the County of Marin or Novato Fire Protection District.

Ms. James stated that both districts are participating in the Novato Creek Watershed study which offers an excellent opportunity to work closely with the county and city of Novato. She advised that Novato city managers meet quarterly primarily focused on emergency operations and issues impacting city streets, utilities and planning.

Mr. DeGabriele summarized other cooperative opportunities that both districts are involved in. He stated that the North Bay Watershed Association (NBWA) is a good networking group for public agencies, environmental groups and regulators to share ideas and projects. He said that both districts benefited from the Integrated Regional Water Management Plan (IRWMP) and that the NBWA was an advocate in that process resulting in grant funding from the IRWMP. Mr. DeGabriele stated that the North Bay Water Reuse Authority (NBWRA) is another area of cooperation where directors of NMWD and NSD sit on its Board of Directors along with their counterparts in Sonoma and Napa Counties.

There was a discussion on the city permitting process and high connection fees for developers who desire to connect to NSD and/or NMWD, a discussion on the districts' boundaries and the pros and cons of de-annexation of areas within county open space.

REVIEW RECYCLED WATER - NORTH SERVICE AREA - THE COVELLO GROUP

Beverly James introduced Clay Kuzma of The Covello Group, the Project Engineer, for the Recycled Water North Service Area Project. Ms. James complimented The Covello Group on the fine job they have done for both districts in managing the complicated project.

Mr. Kuzma's PowerPoint presentation summarized the Recycled Water Treatment Plant and Distribution Pipelines, Treatment Facilities Project components and provided a status and cost

summary of the project. He noted that the project met the American Recovery and Reinvestment Act (ARRA) funding obligations and delivered water on September 18, 2012. His presentation summarized distribution system Segments 1, 2 and 3, and the Plum Street Tank Rehabilitation, and provided the Pipeline Project Cost Summary.

Mr. Kuzma thanked Drew McIntyre and Carmela Chandrasekera of NMWD and Sandeep Karkal and Craig Deasy of NSD for their hard work in getting the projects finished despite challenges and setbacks.

Director Petterle asked Mr. DeGabriele to explain how the Deer Island Recycled Water Treatment facility fits in with the Recycled Water North Service Area Project.

Mr. DeGabriele explained that the Deer Island facility was built in 2006 and was designed to meet the StoneTree Golf Course requirements and that that facility will remain on standby status so that if for any reason the Davidson Street recycled water treatment plant is not available to produce recycled water for the Novato North system, then the Deer Island facility will be able to provide some recycled water so that potable water will not have to be used to serve the golf course and other customers.

Director Long asked Mr. DeGabriele to explain how the money received or any surplus generated would be accounted for.

Mr. DeGabriele stated that this is identified in the Inter-Agency Agreement; NMWD is charging the end user the equivalent cost of potable water, NMWD will then pay NSD for operation/maintenance costs of the Recycled Water Treatment Facility and those costs will be invoiced. He said that the remaining marginal costs will be deposited in NMWD's Recycled Water Treatment Facility fund held by NMWD to pay for capital replacements and expansion.

Ms. James added that an addendum to the NSD contract with Veolia has been negotiated and they will be operating the facility for the first year and detailed records on time spent and expenses will be kept so that actual costs of operation will be known.

ADJOURNMENT

President Di Giorgio adjourned the meeting at 2:40 p.m.

Submitted by



Renee Roberts, Secretary
North Marin Water District