

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
February 21, 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 and Auditor-Controller David Bentley. Chief Engineer Drew McIntyre was absent.

George Clyde from West Marin Radio Station KWMR, Novato resident Harry Brophy and District employees Robert Clark (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance Superintendent) and Pablo Ramudo (Water Quality Supervisor) 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**

Chris DeGabriele informed the Board that Marin Municipal Water District General Manager, Paul Helliker, has resigned. He said that the separation agreement with Marin Municipal states that Mr. Helliker may continue as ACWA Region 1 Chair as well as Chair of the Bay Area Water Agency Coalition and Chair of the Bay Area Integrated Regional Water Management Plan Coordinating Committee. He advised that for Mr. Helliker to remain Chair of Region 1, he will need a resolution of support from a Region 1 agency and that Mr. Helliker has asked if North Marin would be willing to do that. Mr. DeGabriele asked the Board for guidance and to provide feedback to him over the next week.

**OPEN TIME**

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

Novato resident Harry Brophy addressed the Board on the subject of water supply. He expressed concern over proposed development in Novato and the impact such development would have on water supply for current residents.

Director Baker suggested that Mr. Brophy put his questions and concerns in writing and staff will respond.

### **STAFF / DIRECTORS' REPORTS**

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

Director Fraites asked for information on a water leak he observed on Canyon Road last week. Doug Moore advised that the service line that serves the former Novato Community Hospital site had a leak.

### **MONTHLY PROGRESS REPORT**

Mr. DeGabriele provided the Monthly Progress Report for the month of January. He stated that water production in Novato and West Marin has rebounded - about 1% over last year in Novato and 4% below last year in West Marin. He said there was no production in either Stafford Treatment Plant or the Recycled Water Facility in January. He noted that Stafford Lake is of concern with 471 MG in storage at the end of January, about 32% of its capacity and 85% based on January normal. Mr. DeGabriele stated that in Oceana Marin both treatment and storage ponds have good freeboards. He advised that under Safety and Liability, a lost time accident occurred in January wherein the District mechanic injured his finger. He returned to work on February 9 and will be on light duty until next week. Mr. DeGabriele reported that the Summary of Complaints and Service Orders indicates that complaints are up 21% from a year ago mostly due to consumer system problems or high bill complaints; however, high bill complaints are down 30% for the year through January.

Mr. Bentley provided the investment report and stated that at the end of January, there was \$11.4M in the bank, a decrease of \$1M from the end of December and the weighted average portfolio rate was 0.45% for the month of January.

### **ACTION CALENDAR**

#### **APPROVE: REQUEST TO SOLICIT FINANCIAL AUDIT PROPOSALS**

Mr. Bentley stated that the four-year contract with Charles Z. Fedak & Company to perform the District's annual financial audit has ended, and it is time to solicit proposals for another four-year contract. He said that staff proposes to mail out letters to CPA firms and will send out a more formal request for proposal that will include last year's financial statements to those firms expressing interest.

On motion of Director Schoonover, seconded by Director Rodoni and unanimously carried, the Board authorized staff to solicit proposals to perform the District's annual audit for a four-year period.

**APPROVE: RATE INCREASE NOTICE**

Mr. Bentley stated that the second of three authorized 11% water rate increases is due to go into effect on June 1, 2012 and that to satisfy the California Government Code requirement, the District must provide a 30-day notice of said increase to all affected customers. He said that a short statement on the water bill is the most cost-effective way to achieve this. He pointed out that customers can refer to the Water Cost Calculator on the District's website to determine the impact the increase would have on their water bill.

Director Rodoni stated that he believed that at the public hearing in May 2011, the public was informed that there would be an additional Board review prior to the enactment of the 11% water rate increase. He said that he understands the reason why customers must be notified; however, he believes that the amount of increase is subject to Board approval. Director Rodoni stated that he didn't believe an 11% rate increase is a "done deal".

Director Baker stated that his recollection was that the 11% rate increase was approved for three consecutive years.

Mr. Bentley stated that the Board did adopt 11% rate increases for three consecutive years and is so stated in District regulations. He said that the Board has the authority to change that, and that he would bring back the financial plan for further review if the Board so desires.

Director Rodoni pointed out that the SCWA charge to the District for purchased water is 2.5%, nearly 5% less than projected, giving the Board enough information to review and determine if the 11% increase is appropriate. He asked if the proposed statement on the bill will leave the District enough "wiggle room" if the amount of increase were to change.

Mr. DeGabriele reminded the Board that the Five-Year Financial Plan was reviewed at the Board Planning Workshop in January and the conclusion was that the rate increases will keep the District on track to meet its reserve target of 70% of operating expenses by 2017. He said that if the District were not to implement the rate increase, then the target will have to be moved or the period of time to achieve it be lengthen. Mr. DeGabriele stated that the District is obligated to notify customers of the rate increase; it may create consternation from customers, but it is factual that the Board adopted the series of increases.

Director Petterle stated that his recollection is that the increases were approved and that there may have been an ancillary discussion that if something changes, the Board would not consider itself locked into the 11% increase. He said that the topic should be reviewed at the next meeting and that in the meantime, the Board should vote on the proposed notification language. He suggested that next meeting's review should only include changes that would potentially affect the rate increase, factors that would result in a reduction and what impact it would have on the District's financial plan.

On motion of Director Fraites, seconded by Director Baker and unanimously carried, the Board approved placing the proposed message on the water bill for Novato customers commencing March 1, 2012.

Director Rodoni commented that it is the due diligence of the Board to review the rate increase.

**AUTHORIZE: AFFIRMATIVE VOTE FOR SCWA FY 2012/13 BUDGET**

Mr. DeGabriele said that at the last meeting he provided a recap of the Water Advisory Committee meeting held on February 6 and had let the Board know that he had expected the District's water rate to come down from the figure shown in the SCWA's draft budget. He advised that the rate did not come down; the cost of purchased water to the District next year is \$707.49 per acre foot, up 2.5% from this year's wholesale water rate. He explained that the reason is because the increase in SCWA deliveries through January were all attributable to Marin Municipal Water District deliveries and their deliveries are not factored into the denominator of the rate calculation. Mr. DeGabriele informed the Board that there will be a special WAC meeting on March 5 to consider the SCWA budget; and because the information presented at the last meeting was misleading, he wanted to recommend that the Board authorize the WAC representative (Director Rodoni) to vote for the SCWA FY 2012/13 budget.

On motion of Director Baker, seconded by Director Schoonover and unanimously carried, the Board authorized the WAC representative to vote affirmatively for the FY 2012/13 SCWA budget.

**INFORMATION ITEMS**

**QUARTERLY PROGRESS REPORT – WATER QUALITY & QUARTERLY BACTERIOLOGICAL QUALITY MONITORING REPORT**

Pablo Ramudo provided the Water Quality quarterly progress report and stated that water served to the communities of Novato and Point Reyes met federal and state primary and secondary water quality standards during the second quarter. He reported that Stafford Lake water was used throughout the quarter and production ceased December 30, 2011. He noted that lake conditions

have been very different this year and that anoxic conditions in the bottom of the lake have resulted in dissolved metals in the raw water. He explained that the water needed to be treated with chlorine dioxide and additional chlorine to increase the oxidation rate in the mixing basin. Mr. Ramudo further explained that using chlorine resulted in higher disinfection byproducts in the distribution system. He said that the Solar Bee mixers and an air compressor were used to force oxygenated water down to the bottom of the lake.

Director Fraites asked if the nutrients in Stafford Lake was caused by dairy runoff; and further inquired if discussions with the Grossi Ranch have been held in regards to this issue.

Mr. Ramudo responded that all runoff adds nutrients to the lake, but the majority of nutrient loading is likely caused by dairy runoff and that discussions with Mr. Grossi have occurred. He said that the District has offered help to modify the way the manure is managed, and staff will ask Mr. Grossi to change manure spreading practices in the grazing areas. He said that there has not been a firm commitment yet.

Director Fraites stated that he would prefer to have a reduction in runoff rather than to treat the lake water with chemicals. Mr. Ramudo concurred.

Mr. Ramudo reported that water quality in the Point Reyes System was good throughout the quarter. He stated that salinity intrusion was a factor; however sodium levels dropped off in late December. He reported that a distribution sample had disinfection byproducts above the maximum contaminant level; the system is still in compliance because the disinfection byproducts rule holds that compliance will be based on a running annual average. Mr. Ramudo advised that a pilot treatment system to reduce disinfection byproducts has been installed at Inverness Park tanks and a second system will be installed in Paradise Ranch Estates tank #2.

### **URBAN AREA WATER COST COMPARISON**

Mr. Bentley provided the 2012 Urban Area Water Cost Comparison which shows that the District ranks 12 out of 17 agencies. He noted that 14 of the 16 agencies have increased their rates over the past year; and even with the 11% increase to District water rates on June 1, 2011, the District's rates will remain below the median.

### **PREPARING FOR DRY YEAR CONDITIONS**

Mr. DeGabriele advised that absent a "Miracle March", dry year conditions will exist on the Russian River and Lagunitas Creek. He further advised that rainfall in the Lagunitas Creek watershed is 10 inches below a dry year threshold - anything less than 28 inches on April 1 triggers a dry year on Lagunitas Creek. He said that this means that summer flows in Lagunitas Creek will be reduced by 25% - down to 6 cubic feet per second (cfs). Mr. DeGabriele informed the Board that

the District has never operated without the Giacomini Dam in place with flows that low. He stated that he included in the Board packet the West Marin Water Shortage Contingency Plan that directs the District, beginning April 1, to inform customers of a public hearing regarding water shortage emergency and what contingency measures the Board may consider implementing. He advised that from April 1 through June 30, the District is to request a 15% voluntary reduction from water use from the prior normal year and from July 1 through November 1, the District is to request a 25% mandatory reduction in water use from the prior normal year. Mr. DeGabriele stated that water demand in West Marin has fallen by 20% compared to three years ago, which adds complexity to define a normal year. He said that this will be a decision of the Board to determine diversions in compliance with the Water Shortage Contingency Plan and agreements made with environmental groups when the senior Giacomini water rights license was acquired.

Mr. DeGabriele informed the Board that as a fallback, the District can request Marin Municipal to release water into Lagunitas Creek for rediversion, but it is expensive. He said staff will be reviewing this in the next couple of weeks and wanted to provide the Board with current information. He stated that staff will know what the water supply conditions are by the April 2 meeting.

Mr. DeGabriele stated that dry conditions on the Russian River has been declared, and it is good news because instream flows are reduced from a normal year requirements and that preserves more water in Lake Mendocino and Lake Sonoma. He noted that at the end of last week, approximately 62,000 acre feet were stored in Lake Mendocino and over 205,000 acre feet in Lake Sonoma. He said that there should be enough water in Lake Mendocino this year to meet requirements for instream flow and for later releases for the fishery. Mr. DeGabriele advised that there is a good chance that the Russian River will go to a critically dry threshold; and if that's the case, that means that instream flows in the Russian River could go down further. Conditions will be reviewed again March 1.

Mr. DeGabriele said that Stafford Lake is very low and staff is considering staffing changes to fully utilize labor as water production at Stafford Treatment Plant this summer will be reduced. He advised that Mr. Clark is identifying labor shifts within the District but there is no conclusive plan at this time.

Director Rodoni asked Mr. Bentley to provide the Board with the cost implications of purchasing water from SCWA this summer.

**PUBLIC POLICY FACILITATING COMMITTEE MEETING - FEBRUARY 9, 2012**

Mr. DeGabriele reported that he and Director Rodoni attended the Public Policy Facilitating Committee meeting and materials that were distributed are included in the Board packet. He said there was a thorough review of the Biological Opinion progress to date and that the National Marine Fisheries Service representative, Bill Hearn, indicated that things are going well, but there is still concern with the Corps of Engineers fulfilling their obligation to pay for habitat improvement in Dry Creek. Mr. DeGabriele advised that he and Director Rodoni will meet with SCWA General Manager and a Sonoma County Supervisor to discuss ways to persuade the Corps of Engineers to help fund the project.

**STUDENTS AND TEACHERS RESTORING A WATERSHED (STRAW) AT STAFFORD LAKE**

Mr. Clark provided a quick update on the project at Stafford Lake. He reported that all projects went well and he advised that the STRAW project has a new sponsor, Point Reyes Bird Observatory, and has relocated to Sonoma County.

**MISCELLANEOUS**

The Board received the following miscellaneous information: Disbursements, and Draft Agenda- Adaption Strategies and Information Needs in Response to Extreme Events.

The Board also received the following news articles: Marin Municipal Water District chief Helliker resigns, but will stay on to ease transition, Sonoma County Water Agency Press Release- Additional Federal Funding Secured for Russian River Biological Opinion Projects, George Grossi commended by county, MALT head to retire after 28 years and Valerie Brown endorses Mark Bramfitt in supervisorial race.

President Petterle adjourned the meeting at 8:26 p.m.

Submitted by



Renee Roberts  
District Secretary