

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
June 19, 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.

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 Rodoni and unanimously carried the Board approved the minutes from the previous meeting as presented.

**GENERAL MANAGER'S REPORT**

**Meeting with Marin Municipal Water District**

The General Manager reported that he and Drew McIntyre met with Marin Municipal Water District staff on June 13 to re-open discussions on the Interconnection Agreement. He said that this is the first meeting with the MMWD staff on this subject since the departure of former General Manager Paul Helliker.

**Meeting with City of Petaluma Staff**

Mr. DeGabriele advised that he met with the Petaluma City Manager and Public Works Director on June 18 to discuss water service to the South Petaluma Boulevard Industrial Park. He said that as a result of that meeting, he will conduct a rate analysis for customers in that area.

**General Manager Out of Office**

Mr. DeGabriele informed the Board that he will be on vacation June 27 through July 2 and that Drew McIntyre will be Acting General Manager during his absence.

**OPEN TIME:**

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

### Solar Energy Project Update

Robert Clark gave an update on the Solar Energy project. He said that trenching and boring under the golf course access road has begun and the project may take a week longer than anticipated. He reported that there have been problems with traffic control on the road leading to the golf course and he has directed the contractor to have two flaggers onsite at all times to direct traffic. He said that work is progressing on the array field and at Stafford Treatment Plant.

### Recycled Water Pipeline Installation

Director Baker reported that Drew McIntyre took him to the recycled water pipeline installation wherein he observed the recycled water pipe fusing being performed by Ranger Pipelines.

### Recycled Water Sub-Committee Meeting

Director Baker stated that he, Director Schoonover, Mr. DeGabriele and Mr. McIntyre attended the Recycled Water Sub-Committee meeting today, June 19.

## **HEARING/APPROVE: PROPOSED FY13 CAPITAL EQUIPMENT BUDGET**

David Bentley presented the proposed FY13 Capital Equipment Budget for final review, public hearing and approval, and advised that there have been no changes since the last review. He said that the District five-year financial plan includes \$250,000 for FY13 equipment expenditures and the proposed FY13 equipment cost is budgeted for \$233,000.

President Petterle opened the public hearing and hearing no comment, closed the public hearing.

On motion of Director Schoonover, seconded by Director Fraites and unanimously carried, the Board approved the FY13 Capital Equipment Budget as presented.

## **HEARING/APPROVE: FY13 & 14 NOVATO CAPITAL IMPROVEMENT PROJECTS BUDGET**

Mr. Bentley presented the two-year Novato Capital Improvement Projects Budget for final review, public hearing and approval and stated that there have been no changes since the last review. He advised that the proposed FY13 budget (\$1.8M) and proposed FY14 budget (\$1.9M) are less than the \$2M per year incorporated into the District's Five-Year Financial Plan.

President Petterle opened the public hearing and hearing no comment, closed the public hearing.

On motion of Director Fraites, seconded by Director Schoonover and unanimously carried, the Board approved the FY13 and FY14 Novato Capital Improvement Projects Budget as presented.

**HEARING/APPROVE: FY 12/13 PROPOSED NOVATO WATER OPERATIONS BUDGET**

Mr. Bentley presented the proposed FY12/13 Novato Water Operations Budget for the Board's final review, public hearing and approval and advised that there have been changes since the last review decreasing the proposed budget by \$177,000. He briefly discussed the changes to the budget since the last review. Mr. Bentley stated that the proposed FY13 budget projects a cash increase of \$940,000; the 11% rate increase effective June 1 adds \$1.5M to budgeted revenue and the total budgeted outlay, at \$17.4 M, is down 3% from the current year. He stated that water sales is conservatively budgeted at 2.7 billion gallons, which is 3.5% below the current fiscal year estimated actual. Mr. Bentley said that on a standardized accounting basis \$884,000 is the budgeted net income for the year. He said that the connection fee revenue is budgeted at 30 equivalent dwelling units, the wheeling charge for Marin Municipal is budgeted to quadruple, and the recycled water system is budgeted to payback \$1.7M to Novato water as its grants and loan monies come in this fiscal year.

President Petterle opened the public hearing and hearing no comment, closed the public hearing.

On motion of Director Fraites, seconded by Director Schoonover and unanimously carried, the Board approved the FY12/13 Novato Operations Budget as presented and authorized the General Manager to pay demands arising from execution of the budgeted expenditure plan.

**HEARING/APPROVE: FY13 PROPOSED RECYCLED WATER SYSTEM BUDGET**

Mr. Bentley stated that fourteen new recycled water accounts are projected to come online in FY13; a 7% commodity rate increase was enacted June 1 that will add \$17,000 to annual revenue. He said that it is anticipated that the Deer Island Recycled Water Facility will operate through September; thereafter, recycled water will be purchased from Novato Sanitary District and Las Gallinas Valley Sanitary District. He said the major assumption is that pricing will be \$1,500/MG. Mr. Bentley stated that the proposed FY13 budget includes \$5.5M for continued expansion of the North and South Service Areas within the next 12 months; 25% funded by grants and 75% funded by a 20-year SRF loan. He said that as grant and loan monies are received, \$1.7M is budgeted to be repaid to Novato.

President Petterle opened the public hearing and hearing no comment, closed the public hearing.

On motion of Director Baker, seconded by Director Fraites and unanimously carried, the Board approved the FY13 Novato Recycled Water System Budget as presented and authorized the General Manager to pay demands arising from execution of the budgeted expenditure plan.

### **MONTHLY PROGRESS REPORT**

Mr. DeGabriele reported that for May, water production in Novato is up 7% compared to last year. He noted that June production will be up considerably as the average production is approximately 11.2 mgd, up 1.5 mgd from last June. He stated that May water production in West Marin was up 2%, and down 3% for the year, and that Stafford Treatment Plant is scheduled to start-up July 1. Mr. DeGabriele advised Stafford Lake storage is down due to the limited rainfall received this winter and elevation is currently 188.3 feet. He stated that recycled water production is similar to the prior year. He noted that in Safety and Liability, staff worked 139 days without a lost time accident or injury, and there was one incident this fiscal year to date. He further noted that the Summary of Complaints and Service Orders shows a decrease in complaints compared to last May and down 9% from one year ago.

Mr. Bentley reported that in May the District had a cash balance of \$11.6M and the cash balance fell over \$800,000 primarily due to payments for the Recycled Water Expansion. The weighted average portfolio rate is 0.42% for the month of May.

President Petterle requested that staff consider a more graphic way to identify the correlation between amount of rainfall, temperatures and water use.

### **CONSENT CALENDAR**

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

### **CANYON GREEN SUBDIVISION**

The Canyon Green Subdivision project subdivides a 7.47 acre parcel into 25 lots for 25 single family homes with normal and high pressure water service and an irrigation service for common area landscaping on the location of the former Novato Community Hospital. New water facilities include 1,580 feet of pipe, three new residential fire hydrants, 25 one-inch meters and one one-inch meter with one-inch RPP backflow device. A six-inch fire service and one two-inch meter and one 5/8-inch meter installed in the 1960s will be killed.

The Board approved Resolution No. 12-14 entitled, "Authorization of Execution of High Pressure Water Services Facilities Construction Agreement with Green Valley Corporation."

**REVISED RESOLUTIONS SETTING WATER CONSERVATION REBATE AMOUNTS**

The District was awarded a Prop 84 Grant in the amount of \$183,750 which will help fund future HET rebates, Cash for Grass rebates, Smart Controller rebates, Clothes Washer rebates and a Commercial Direct Install High-Efficiency Toilet (HET) program. The Prop 84 Grant has minimum rebate amount requirements, and the District's current rebate levels for the Residential HET Rebate and the Weather Based Irrigation Controller Rebate Program must be raised to meet the minimum amounts.

The Board approved Revised Resolution 06-01 of the North Marin Water District Board of Directors Setting Water Conservation Rebate Amounts for Novato Service Area and Revised Resolution 06-02 of the North Marin Water District Board of Directors Setting Water Conservation Rebate Amounts for West Marin Service Area.

**ACTION CALENDAR**

**APPROVE: RECYCLED WATER NORTH SERVICE AREA - ONSITE RETROFIT CONSTRUCTION PROJECT (GROUP 1) AWARD CONSTRUCTION CONTRACT**

Mr. McIntyre advised that this is the first group of retrofit projects for existing customers who are converting to recycled water in the North Service Area. He said that the project was advertised and eight contractors expressed interest, six contractors attended the mandatory pre-bid meeting and three bids were received. He said the engineer's estimate was \$190,000 and the low bid, from Ashlin Pacific Construction Inc. of Petaluma, was for \$160,000. He said an evaluation of all bids were performed, references for Ashlin Pacific were checked and no complaints were filed with the State License Board against Ashlin Pacific. Mr. McIntyre said that the variance between the first and second low bidder was 51% and that Ashlin Pacific stated during a post-bid discussion that they are comfortable with their bid.

Director Baker stated that the engineer's estimate is \$190,000; and that the second and third bids were significantly over the engineer's estimate. He stated he is concerned that Ashlin Pacific's bid is so much lower than the engineer's estimate. He asked for reassurance from Mr. McIntyre that the low bidder's references have been checked thoroughly.

Mr. McIntyre stated that he had discussions with Ashlin Pacific and they stated that they did not make any mistakes on their bid. He further stated that there have been no claims filed against their license and references from local agencies were good. Mr. McIntyre said that if the low

bidder's references check out and the bid is deemed responsive and responsible, the contract must be awarded to the contractor or all bids rejected.

On motion of Director Rodoni, seconded by Director Baker and unanimously carried, the Board approved award of the Recycled Water North Service Area On-site Retrofit Construction Project (Group 1) contract to Ashlin Pacific Construction, Inc. and authorized the General Manager to execute an agreement with Ashlin Pacific Construction, Inc.

**APPROVE: WEST MARIN LOAN AND REPAYMENT**

Mr. Bentley advised that West Marin Water System generates six figures of income in cash every year, and the question is how to finance its \$200,000 debt to Novato Water and the \$700,000 Point Reyes Treatment Plant Solids Handling Facility project. He said that in the past, inter-district loans have been used to fund West Marin projects. Mr. Bentley stated that staff is proposing to allocate \$1M of the \$8M Bank of Marin loan for the Aqueduct Energy Efficiency Project (AEEP) to finance the Solids Handling Facility and allow West Marin water to repay Novato water in full. He stated that because this is a long-term commitment, staff proposes a resolution be approved that will document the terms of repayment.

Director Schoonover asked if staff sees any problems or pitfalls with this reallocation. Mr. Bentley responded no. He said that this would avoid paying a 1% fee for a separate \$1M loan.

Director Schoonover moved staff's recommendation.

Director Baker expressed his concern to tap money from the AEEP loan for West Marin projects.

Mr. DeGabriele stated that the District took the \$8M loan in anticipation that AEEP would move along more quickly than it has. He advised that the AEEP has been delayed as a result of Caltrans moving their Marin-Sonoma Project forward and will now be phased, the first phase to begin next fall (2013). He said that the District took advantage of a low interest rate; however, it is now having to make monthly payments on the loan. He said that the loan to West Marin will help with payments for the Bank of Marin loan. Mr. DeGabriele commented that trends are going in the right direction for the District's 5-year financial plan, costs are being held down and reserves will increase as Novato is paid back for the Recycled Water Expansion project. He stated that Mr. Bentley's recommend approach will help the District fully utilize money now rather than wait to use it.

Director Baker asked if the District would be in a bind further down the line as the AEEP project proceeds.

Mr. DeGabriele responded that it is possible that the project will come in over the estimate, but there will be a much better indication as bids come in for the first phase of the project. He said that that would give staff time to make a determination whether additional funding for the second phase of the AEEP would need to be secured. He said that right now he doesn't anticipate that.

Director Rodoni stated that it's a win-win situation for West Marin and Novato. He pointed out that West Marin needs money for its projects and will pay \$70,000 of the interest on the loan to Novato.

Director Rodoni provided the second to the motion. The Board voted unanimously to approve Resolution No. 12-15 entitled, "Resolution of the Board of Directors of North Marin Water District Authorizing The Transfer of \$1 Million in Loan Funds and the Associated Repayment Obligation from Novato Water to West Marin Water Effective June 30, 2012."

### ***INFORMATION ITEMS***

#### **ADDITIONAL REVIEW – FY 13 WEST MARIN BUDGETS**

Mr. Bentley stated that since the last review, \$30,000 has been added to the West Marin Capital Improvement Projects budget for construction of a streamgage on Lagunitas Creek to monitor the impact of the Gallagher Well. He said that \$23,000 has been added for maintenance of the streamgage and it will be an ongoing cost.

Director Rodoni asked if the other parties (National Park Service and Marin Municipal Water District) who may benefit from the new streamgage will be asked to contribute to the maintenance.

Mr. DeGabriele said that the District is obligated to develop a plan that the Department of Fish and Game will accept to determine what the effect the Gallagher Well will have on the streamflow between the existing gage and the downstream gage. He said that the benefit to the National Parks Service (NPS) and Marin Municipal Water District (MMWD) would be difficult to identify and that hopefully the gage will not have to be in too long. Mr. DeGabriele opined that the District would be better off to have the USGS install the gage so that it's an independent third-party gage.

Director Rodoni suggested that the information collected may be of value to the other parties especially in drought years.

Mr. DeGabriele responded that staff will approach NPS and MMWD.

Mr. Bentley stated that this is the only change to the budget, and he reviewed the highlights of the proposed budget as previously presented and said that the final review and public hearing is scheduled for July 3 in Point Reyes.

### **NORTH BAY WATER REUSE AUTHORITY BOARD MEETING - MAY 21, 2012**

Mr. McIntyre presented a summary of the North Bay Water Reuse Authority (NBWRA) Board meeting held on May 21, 2012 and informed the Board about the reconciliation and reassessment of costs for Phase 1 for the period FY 2005-06 to FY 2010-11. He stated that the Second Amended MOU stipulates that a reconciliation (or "true up") for all agencies is based upon actual grant monies received during the past five years. Mr. McIntyre further stated that actual grant allocations have changed based upon which agencies were ready to proceed with their projects. He said that a reconciliation table was developed that shows some agencies have overpaid and some have underpaid. Mr. McIntyre advised that the table shows that the District is required to pay Sonoma County Water Agency (the NBWRA Administrator) \$602,072 because payments made to Novato Sanitary District (\$280,440) and to Las Gallinas Valley Sanitary District (\$115,597) were not taken into account towards NMWD's participation in the NBWRA. He further advised that the District actually owes SCWA \$206,036 which is included in the FY13 Recycled Water budget. He said that the District will invoice both NSD and LGVSD for reimbursement and upon receipt of said payments, the District will issue a check to SCWA for a total of \$602,073.

### **POINT REYES WELL #3 REPLACEMENT PROJECT - CALIFORNIA COASTAL COMMISSION CONSIDERATION**

Mr. DeGabriele informed the Board that last Friday the California Coastal Commission did adopt the waiver from a Coastal Development Permit that was recommended by the commission's deputy director. He advised that he attended the meeting in Huntington Beach in the event the commission had any questions. He further advised that well construction should begin soon.

### **MISCELLANEOUS**

The Board received the following miscellaneous items: Disbursements, Water Bill Terminology - "Service Charge", April 2012 Vehicle/Equipment Auction Sale Report, Recycled Water Sub-Committee Meeting Agenda (6/19/12).

The Board also received the following news articles: State fish and game fines help finance variety of Marin nature programs and Marin Voice: Keeping our drinking water safe.

### **CLOSED SESSION**

President Petterle adjourned the Board into closed session in accordance with California Government Code Section 54957 for Public Employee Performance Evaluation (One), Title: General Manager.



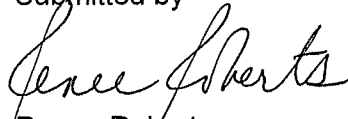
**OPEN SESSION**

Upon returning to regular session at 8:56 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 8:57 p.m.

Submitted by



Renee Roberts  
District Secretary

