

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
July 1, 2008**

**CALL TO ORDER**

President Fraites called the regular meeting of the Board of Directors of North Marin Water District to order at 7:30 p.m. at the Dance Palace, Point Reyes Station and the agenda was accepted as presented. Present were Directors Jack Baker, Steve Petterle, Dennis Rodoni and John Schoonover. Also present were Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

District employees Robert Clark (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance Superintendent) and Martin Burch of the West Marin Citizen were in the audience.

**MINUTES**

On motion of Director Schoonover, seconded by Director Petterle and unanimously carried the Board approved the minutes from the previous meeting as mailed.

**OPEN TIME**

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

**STAFF / DIRECTORS' REPORTS**

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

**General Manager Vacation**

Mr. McIntyre reminded the Board that the General Manager is out of town until July 15 and that he is Acting General Manager in his stead.

**Recycled Water Facility**

Mr. McIntyre provided an update on the Recycled Water Facility and stated that the system's start-up problems for the 2008 irrigation season have been corrected and that recycled water continues to be delivered to Stone Tree Golf Course. He advised that a final inspection of the facility by the State Water Resources Control Board will occur tomorrow, July 2. He said that the inspector will tour the facility and go over the records for final closeout of the State Revolving Fund loan agreement for the project.

### Employer Assisted Housing Loan Program

Mr. Bentley that advised District employee Miguel Venegas is in escrow on the purchase of a house in Novato, and at the next meeting, a formal request for approval of \$125,000 under the District Employee Assisted Housing Loan Program will be on the agenda.

### Stafford Treatment Plant

Mr. Clark advised the Board that beginning July 6, the Stafford Treatment Plant operators will begin their 148 hour week and produce on average approximately 5 million gallons per day.

### **WEST MARIN ITEMS**

#### **HEARING/APPROVE: WEST MARIN WATER BUDGET**

Mr. Bentley presented the proposed West Marin Water Budget for final review and approval. He advised that a notice advising of the rate increase and public hearing was printed on every West Marin water bill in accordance with Prop 218 and a Public Hearing Notice was published in the Point Reyes Light on June 26, 2008.

Mr. Bentley stated that a 9% commodity rate increase was implemented in each of the past three years, and this year another 9% commodity rate, amounting to \$34 annually for the typical single family residential customer, plus an increase on the bi-monthly service charge (from \$10 to \$11) is recommended. He advised that the West Marin Water System exhausted its cash reserve in 2005 when it implemented the Long Range Improvement Projects Plan developed in 2001 and is now \$573,000 in debt to the Novato Water System with an anticipated debt of \$672,000 next year. He further advised that the 5-year financial plan continues to include \$1.6M for construction of the Gallagher Well and Pipeline, and the District is endeavoring to obtain Federal funds through the National Park Service and perhaps through state water bond funding. He noted that with the uncertainty of future funding, it is unknown when the \$672,000 debt can be repaid to Novato.

Mr. Bentley identified the Improvement Projects budgeted for the upcoming fiscal year, including \$130,000 to replace the 30,000 gallon Inverness Park bolted steel tank; \$36,000 to replace the treatment plant motor control center; and \$20,000 to prepare an engineering design report for solids handling at the Point Reyes Treatment Plant. He said that the Long Range Improvement Projects Plan commencing in FY 10 include \$175,000 for tank seismic upgrades and \$200,000 (spread over four years) to continue replacement of the old galvanized water lines serving Paradise Ranch Estates system. Mr. Bentley said the budget projects a net surplus next fiscal year of zero and anticipates another loan from Novato Water in the amount of \$38,000. He stated that five new services are projected per year, water sales are budgeted to increase 7%, and

expenditures are projected to increase 4%. He noted that North Marin Water District continues providing water service to the Point Reyes service area with the lowest water rates of any water system in the West Marin coastal area.

Director Rodoni asked when the Gallagher Well and Pipeline project cost was last updated and Mr. McIntyre responded within the last year. Director Rodoni inquired that since the Prop 50 money was denied, if there was any additional funding available in the future. Mr. Clark said that in order to be successful in procuring funding, the District would need to join larger San Francisco region organizations that have funding available. He said that there are numerous large projects competing for limited funds and the Gallagher Pipeline project is relatively small in comparison. Director Rodoni further inquired if the project would continue to be deferred unless funding becomes available. Mr. Bentley said that the 760 West Marin customers cannot afford to pay 100% of the Gallagher Well and Pipeline project costs. Director Rodoni said that should federal money become available for the project, a decision would need to be made whether to move forward with the project and to seek funding through a loan or from the Novato Water system. Mr. Bentley stated that Director Rodoni had a good point. Mr. McIntyre advised that staff is continuing to move forward with the permitting of the project so that if funds become available, the environmental permitting work will have been completed.

Director Petterle asked what would happen if the rate increase was not approved. Mr. Bentley stated that the additional funds that would be generated by the rate increase would have to be borrowed from Novato. He advised that this increase is part of a series of past and future increases designed to eventually pay back Novato.

Director Rodoni stated that he has asked staff to increase the amount of rate hikes next year because West Marin Water needs to begin repaying Novato customers.

President Fraites opened the Public Hearing. Martin Burge, West Marin Citizen, asked for confirmation that the annual increase would amount to \$34 for a single family residence and Mr. Bentley replied in the affirmative.

Hearing nothing further, President Fraites closed the Public Hearing.

On motion of Director Schoonover and seconded by Director Baker, the Board unanimously approved Resolution No. 08-13 entitled, "Resolution of the Board of Directors of North Marin Water District amending Regulation 54 – Water Rates"; adopted the FY 09 West Marin Water System Budget as proposed; and authorized the General Manager to pay demands arising from execution of the budgeted expenditure plan.

### **HEARING/APPROVE: OCEANA MARIN SEWER BUDGET**

Mr. Bentley presented the proposed FY 09 Oceana Marin Sewer budget and advised that there is no rate increased proposed. He further advised that the public hearing was noticed on the sewer bills mailed to customers in accordance with Prop 218 and was noticed in the Point Reyes Light on June 26, 2008. Mr. Bentley stated that Oceana Marin has a cash balance of \$128,000 and that the \$55 monthly charge will be adequate to maintain the system until FY 13. He said that Phillips and Associates contract for Operations and Maintenance of the Oceana Marin Sewer System began today, July 1, 2008. He advised that three new customers are expected to come on-line annually; and clean up costs for the sewer spill that occurred in February amount to \$62,000. Mr. Bentley said that he is still negotiating with the insurance carrier to settle the sewer spill claim.

President Fraites opened the Public Hearing and hearing nothing, closed the Public Hearing.

On motion of Director Baker and seconded by Director Schoonover, the Board unanimously adopted the FY 09 Oceana Marin Sewer System Budget and authorized the General Manager to pay demands arising from execution of the budgeted expenditure plan.

### **INFORMATION ITEMS**

#### **SWRCB LICENSE 4324B REPORT**

Mr. McIntyre reminded the Board that the District secured Water Right License 4324B for diversion of water in Lagunitas Creek in a dry year from the State Water Resources Control Board in 2007. He said that the District is required to file an annual monitoring report to the Division of Water Rights containing flow data from May 1 through November 1 and that the 2007 report shows that there were 38 days where the stream flows measured at the USGS Park gauge were below the required levels pursuant to the original Water Rights Order 95-17 (i.e. 8cfs). He noted that water releases are controlled by Marin Municipal Water District. Mr. McIntyre stated that the report shows that during those low flow periods, water diversions were higher than the required 0.67cfs required during a dry year. He said that this data reveals that the District may have challenges to ensure that diversions do not exceed 0.67cfs during a dry year. He said this is not a problem now as this year has been designated a normal year. He said that this data will be monitored annually to determine what changes will be necessary to operate during a dry year.

Director Rodoni said it is important that the District has outreach material ready to go in the event that a dry year is declared to advise customers to reduce their water use so that water right limits are maintained.

## **NOVATO ITEMS**

### **CONSENT CALENDAR**

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

#### **COLLEGE OF MARIN – PHASE I – SWING SPACE - INDIAN VALLEY CAMPUS**

This project consists of changes needed for the renovation of the existing Transportation Technology complex. An 8-inch main extension is required for fire protection; however, the District is requiring upsizing to a 16-inch diameter pipeline for possible future looping project identified in the District's Novato Water Master Plan. New water facilities required include 250 feet of 16-inch PVC main, one commercial fire hydrant, one 4-inch fire service and one 1-1/2-inch domestic service.

The Board approved Resolution No. 08-14 entitled, "Authorization of Execution of Water Service Facilities Construction Agreement with Marin Community College District."

#### **HIGH IMPACT WATER CONSERVATION MAILER**

As a follow-up to the recently approved Water Conservation Master Plan 2008, staff has developed a Public Outreach Campaign for Summer 2008 to educate customers on the water supply situation and available water conservation programs. An important part of this campaign is an Outreach Direct Mailer that will focus attention on residential customers using more water than the typical Novato customer and to increase their awareness of and participation in District Water Conservation Programs. This mailer is time-sensitive to reach applicable customers during the summer months and will be produced at a cost not to exceed \$17,000.

#### **NEXT GENERATION MARIN GREEN SCHOOLS PROGRAM**

The Next Generation Marin Green Schools Program has expanded into the Novato area and implemented their program at San Marin High School and includes a variety of assemblies and lessons. The District sponsored this program at the Community Partner level of \$2,500 last year and the Board approved sponsoring at the same level for the 2008/2009 school year.

### **ACTION CALENDAR**

#### **APPROVE: AGREEMENT RENEWAL WITH RISK CONSULTANT**

Mr. Bentley said that DB Claims Services Group has served as the District's risk consultant since 1985 when the District became self insured for its general liability insurance coverage. He said that DB Claims has helped the District with review of insurance contract language, served as claims adjustor and has provided assistance with special projects. He said that they are currently advising the District on the selection of the vendor (AIG or Scottsdale) for its umbrella liability

insurance policy. Mr. Bentley advised that the contract is for 3 years and typically runs less than \$1,000 annually.

On motion of Director Baker and seconded by Director Rodoni, the Board unanimously authorized the Auditor-Controller to renew the agreement with DB Claims Services Group for a three-year period commencing July 1, 2008.

**APPROVE: LETTER TO CUSTOMER RE BI-MONTHLY SERVICE CHARGE**

Mr. Bentley reported that District customer Kathleen King has written a series of letters saying that because of financial hardship, she will only pay the water usage portion of her bill, and will not pay the bi-monthly service charge (currently totaling \$40). He said that it is District policy not to subsidize low income ratepayers and has offered a payment plan to the customer to make paying the overdue amount less burdensome. He said that staff has drafted a response letter for Board approval advising the customer that she will have to pay the bi-monthly service charge and if she needs help, a payment schedule can be arranged without any penalties.

Director Petterle asked if staff looked at her consumption and Mr. Bentley responded that the customer uses very little water. Director Petterle said that he felt uncomfortable sending the draft letter as written and would rather work with the customer to help her to reduce consumption.

Director Baker stated that, although he respects his colleague's opinion, staff needs to remain consistent in dealing with these types of situations. Director Baker moved staff's recommendation to send the draft letter to the customer.

There was a discussion amongst the Board.

Director Rodoni asked for more information: has she been a customer for a long time; has there been a prior bill-paying problem? Mr. Bentley said that he believed the customer is relatively new and has never paid the bi-monthly service charge.

Director Fraites asked if the Board would consider rewriting the letter.

Director Rodoni seconded the motion. He stated that it is appropriate to send the letter, because it is a policy of the District not to waive fees; but that staff should work with the customer to help her come up with a payment plan. He said that he could make a donation to help her situation.

Director Petterle said that he can't support sending the letter as the tone is not commensurate with the \$40 that she owes. He suggested that the letter be rewritten with a softer tone and offer assistance in reducing her water usage and to also state that it is District policy not to

waive fees. He further suggested that the final statement be that the current charges need to be paid or payment arrangement made or water service will be discontinued.

Director Rodoni withdrew his second of the motion.

Director Petterle moved to send a letter to the customer that is softer in tone; acknowledging that the District needs to receive payment and that the District will allow her to make payments over time, and to offer a free Water Smart Home Survey audit.

Director Baker said that the amount due is not a large amount; however, the Board needs to resolve the matter as the situation will continue and it will come back to the Board for further action.

Director Petterle acknowledged that it is important to follow the policy; however, he would like to work with the customer first.

Mr. McIntyre asked if the Board is comfortable with staff rewriting the letter or would the Board wish to review it. Director Petterle said that he would like to see the letter before it is mailed.

Director Rodoni seconded.

The motion carried by the following vote:

AYES: Directors Fraites, Petterle, Rodoni, Schoonover

NOES: None

ABSTAIN: Director Baker

ABSENT: None

There was consensus among the Board that staff would email the revised letter to Director Petterle for his review and approval before mailing the letter to the customer.

### **INFORMATION ITEMS**

#### **2009 MEDICAL PLAN COST INCREASE**

Mr. Bentley reported that the 2009 medical insurance premiums negotiated by Calpers shows an increase of approximately 8.5%, which is less than normal. He said that the District pays 90% of the premium and employees pay the remaining 10%; and he also provided charts illustrating the cost increase of insurance premiums over the last 10 years and a history of total annual health care costs.

#### **SCWA WATER PROJECT DEIR**

Mr. McIntyre reported that the Sonoma County Water Agency (SCWA) Board of Directors directed their staff to defer the release of the Water Project Draft EIR. He said that SCWA staff was

advocating postponing release of the document until after the Biological Opinion was released. He advised that the Biological Opinion has been delayed again and is not scheduled for release until October at the earliest. Mr. McIntyre stated that the Technical Advisory Committee had two meetings with the SCWA staff prior to the June 24<sup>th</sup> Board meeting to advocate for release of the DEIR and that Mr. DeGabriele's statement to the SCWA Board requesting the Agency not to delay its release is included in the tonight's agenda packet. He advised that the SCWA Board adopted a resolution indicating that they would consider release of the Water Project DEIR in October 2008.

**EMPLOYEE PETITION FOR RECOGNITION AS FORMAL EMPLOYEE ASSOCIATION**

Mr. McIntyre reported that 45 of the 54 eligible District employees have signed a petition requesting recognition as a formal employee association. He said that staff is reviewing the District Employer-Employee Relations Policy and will come back to the Board with options after the formulating a timeline and path forward to address the petition. He advised that the District officers, department heads and confidential employees would not be eligible for membership in the employee association.

**MISCELLANEOUS**

The Board received the following miscellaneous information: Insurance Proceeds from Totaled Truck, Lake Sonoma 25<sup>th</sup> Anniversary Celebration; Background and Introduction to the Sonoma County Salmonid Coalition; TAC Meeting Cancellation Notice; Swimming Uphill for Salmon.

The Board received the following news articles: City's Top Official Leaving (6/26), Bee Exclusive: Capital Gushes Waster Water (6/19).

**ADJOURNMENT**

President Fraites adjourned the meeting at 8:28 p.m.

Submitted by

Renee Roberts  
District Secretary