

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 5, 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, and John Schoonover. Also present were General Manager Chris DeGabriele, District Secretary Katie Young, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre,

District Legal Counsel, Joan Pugh Newman, Novato resident Ed Grundstrom and District employee Robert Clark, (Maintenance/Operations Superintendent) were in the audience.

CLOSED SESSION

President Baker adjourned the Board into closed session at 7:00 p.m. in accordance with Government Code Sections 54954.5 and 54956.9(a) – Conference with Legal Counsel – Venegas EEOC Complaint (Case 550-2015-00479).

OPEN SESSION

Upon returning to regular session at 7:43 p.m., President Baker stated that during closed session the Board had discussed the issue and gave direction to staff.

Ms. Joan Pugh Newman left the meeting.

MINUTES

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

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

NOES: None

GENERAL MANAGER'S REPORT

Novato City Council Meeting

Mr. DeGabriele advised the Board that he attended the Novato City Council Meeting and provided an update regarding the water supply conditions, the drought and the District Recycled Water Program.

Novato Watershed Tour

Mr. DeGabriele informed the Board that he and Director Fraites attended the Novato Watershed Tour on May 1st and a community meeting is scheduled for May 14th that Director Fraites and Drew McIntyre will attend. He also reminded the Board that Mr. McIntyre serves on the Novato Flood Control Advisory Board.

National Marine Fisheries

Mr. DeGabriele advised the Board that he will be attending a meeting tomorrow with the National Marine Fisheries Services (NMFS) and the County of Marin on the Steelhead Recovery Plan for Novato Creek.

Fluoridation Meeting

Mr. DeGabriele informed the Board that on May 19th he will be attending the Sonoma County Board of Supervisors meeting to hear the report from the Sonoma County Health Department regarding dental health and the recommendation from the Fluoridation Advisory Committee.

OPEN TIME

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

Novato resident, Ed Grundstrom, 2034 Hatch Road, addressed the Board and noted that the District is proposing to raise the rates again. He opined that the San Juan Capistrano decision will invalidate the District's rate structure and suggested that the District modify the way the rates are determined.

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 commented that the water produced at Stafford Lake Treatment Plant is having problems removing metals (Iron, Manganese) and advised that production has been slowed down at the treatment plant to work out the appropriate chemistry.

Director Fraites commented on the Novato Watershed Program tour that he attend on May 1st, indicating that the County of Marin has some rather aggressive plans to reduce siltation in Novato Creek.

Director Rodoni advised the Board that he has been requested by the Sonoma County Water Agency's General Manager to attend the Sonoma County Board of Supervisors meeting next

Tuesday as Water Advisory Committee Chair to provide the water contractors perspective on the drought.

ACTION CALENDAR

BILL ADJUSTMENT

Mr. Bentley advised the Board that Ms. Bolger, an elderly resident who resides alone on Laurel Avenue in Black Point, received a water bill for \$287 in April and that her typical bimonthly bill runs about \$50. He stated that prior to Ms. Bolger receiving her bill a Field Service Representative visited her property to confirm the meter reading and determined it was accurate. He noted that when Ms. Bolger received her bill she called the District and when the District advised that the meter read was accurate she called a plumber who came out after hours, investigated and advised her that she did not have a leak and she was charged \$228. Mr. Bentley informed the Board that Ms. Bolger called and requested a new meter which was installed.

Mr. Bentley advised the Board that under the District's Bill Adjustment Policy, Ms. Bolger is entitled to a \$135 credit, reducing her bill to \$152. He advised the Board that Ms. Bolger believes she did not use 47,000 gallons of water and that she should only be responsible for her normal bill amount, which based on her April 2014 bill, would be \$48. He noted that an additional bill adjustment of \$104 is requested.

On motion of Director Petterle, seconded by Director Fraites the Board approved \$104 additional bill adjustment for Ms. Bolger by the following vote:

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

NOES: None

RATE INCREASE LETTER TO WEST MARIN WATER AND OCEANA MARIN SEWER CUSTOMERS

Mr. Bentley reminded the Board that the West Marin Water and Oceana Marin Sewer customers must be notified of a water or sewer rate increase at least 45 days prior to a public hearing where the Board considers adoption of an increase. He noted that the public hearing is scheduled for Tuesday, June 30, 2015 at 7:00 p.m. at the Dance Palace in Point Reyes Station.

Mr. Bentley advised the Board that the West Marin Water rate increase proposed will generate 5% in additional revenue and is consistent with the structure of the increase proposed for Novato customers wherein the bimonthly service charge is proposed to remain unchanged. He stated that the commodity rate is proposed to increase 6.5% effective July 1, 2015. Mr. Bentley stated that a 5% increase effective July 1, 2015 is proposed for Oceana Marin sewer service.

Mr. Bentley informed the Board that the proposed letters have been reviewed by District's legal counsel to assure compliance with the notification requirements of California law.

On motion of Director Rodoni, seconded by Director Schoonover, the Board approved mailing the proposed rate increase letters to West Marin Water and Oceana Marin Sewer customers by the following vote:

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

NOES: None

Mr. DeGabriele advised the Board that the District did receive a public records request from a local attorney pertaining to the formulation of the District's tiered water rates. He informed the Board that he will respond to the attorney's request with the information prepared for the District board when the rates were adopted and he noted that staff is working with legal counsel on public records act compliance.

Director Petterle asked if most water agencies have tiered rate structures. Mr. Bentley stated that approximately 70-80% water agencies in California have tiered rate structures.

INFORMATION ITEMS

INITIAL REVIEW – FY2015/16 PROPOSED NOVATO OPERATIONS BUDGET

Mr. Bentley provided the initial review of the FY2015/16 Proposed Novato Operations Budget. He stated that the budget proposed projects a cash deficit of \$1.1M, which amount represents the drawdown of the remaining balance of the Bank of Marin loan reserve for the Aqueduct Energy Efficient Project. He stated that a rate increase of 3% is factored into the budget effective June 1, 2015 and that the increase adds \$510,000 to budgeted revenue. Mr. Bentley advised the Board that there will be a budgeted cost increase of 5% in the source of water supply from SCWA and the budget includes \$247,000 for an Assistant General Manager position in anticipation of the General Manager's future retirement. Mr. Bentley informed the Board that the proposed budget includes a staffing level of 52.7 full-time equivalent employees and a 2.7% cost of living salary increase. He advised the Board that the total budgeted operating expenditures are up \$1,284,000 compared to the FY15 budget.

INITIAL REVIEW – FY2015/16 NOVATO RECYCLED WATER SYSTEM BUDGET

Mr. Bentley provided the Board with the initial review of the FY2015/16 Novato Recycled Water Budget. He stated that operating expenses are budgeted to increase 6% and the budget projects purchase of 93.6/MG of tertiary treated water from Novato Sanitary District and 53.5/MG from Las Gallinas Valley Sanitary District at \$1,400/MG. He advised the Board that consistent with

the Novato potable water rate increase, a 4% commodity rate increase is proposed to be effective June 1, 2015 and which will generate \$28,000 in additional revenue.

Mr. Bentley stated that an \$11M project to expand recycled water distribution facilities to central Novato will commence next fiscal year, with \$3.5M anticipated to be expended over the 12-month period. Mr. Bentley indicated that the Recycled Water debt service requirements now exceed available Facility Reserve Charges collected and that debt payments will have to be credited from future Facility Reserve Charges. He advised that Recycled water revenue is not fully covering depreciation.

President Baker requested a future report explaining the difference in Recycled Water cost between Novato Sanitary District and Las Gallinas Valley Sanitary District.

QUARTERLY PROGRESS REPORT – WATER CONSERVATION

Mr. McIntyre provided the quarterly progress report for Water Conservation stating that the Cash For Grass program has the highest number of participants ever and the toilet rebates and Water Smart Home Surveys are up also. He advised the Board that Water Conservation staff are receiving a lot of calls on water wasters and anticipate hiring an additional temporary employee to help with the additional work. He stated that expenditures are up for the year and during the fourth quarter Water Conservation staff is planning another toilet giveaway event along with development of a Recycled Water fill station for residential customers. He provided the Board with a photograph of the Dublin-San Ramon Water District Recycled Water fill station. Mr. McIntyre advised the Board that the Recycled Water fill station will be constructed in the corporation yard by mid-summer, providing an alternate source of irrigation water for residential customers.

Director Petterle asked if the District would have to put in a new Recycled Water line. Mr. McIntyre stated that it would cost over \$100K and routed under the railroad tracks so this fill station would be a short term solution to get an idea of participation levels.

Mr. DeGabriele indicated that Water Conservation staff has increased outreach at public events including: Native Plant Day on April 18th, Novato Clean and Green Day on April 25th, Lose You Lawn seminar at Sloat Garden Center on April 25th, and Tour of Novato on May 2nd.

QUARTERLY PROGRESS REPORT – ENGINEERING

Mr. McIntyre provided the Board with the 3rd quarter progress report for Engineering stating that for the Novato Water System the anticipated Capital Improvement expenditures are \$14M, with the bulk of expenditures related to the Aqueduct Energy Efficiency Project. He stated that for the Novato Recycled Water system, the Capital Improvement expenditures are forecasted to be \$274,500, (\$150K above the approved budget). He informed the Board that the West Marin Water

System Capital Improvement expenditures of \$1,451,000 are forecasted to be below the budgeted amount. He noted that the overall actual performance is 59% completed.

Mr. McIntyre reported to the Board that staff is working on the Recycled Water Central Area Expansion and there has been some development in car wash retrofits. He noted that there have been two completed so far and the District has received two more applications and there will be three car washes using recycled water.

Director Rodoni asked if the Gallagher Well was online. Mr. Clark responded the well is permitted but the system modification requires a series of documents that need to be completed for the state. He noted that Water Quality Supervisor, Pablo Ramudo is working on completing the forms by next week.

THIRD QUARTER PROGRESS REPORT – OPERATIONS/MAINTENANCE

Mr. Clark provided the Board with the 3rd quarter progress report for the Operations/Maintenance department stating that Stafford Treatment Plant started production in early February and was able to treat 120AF of water in a two month period. He stated that crews completed flushing in the Novato area in April. Mr. Clark advised the Board that staff installed five security cameras on the 999 Rush Creek property and will be receiving a new gate card reader which will allow employees access using name badges rather than a manual code.

Mr. Clark advised the Board that crews finished flushing in West Marin in March and that they completed work on the Inverness Park Pump Station emergency generator connection.

President Baker asked if staff has notice a difference since the termination of Phillips & Associates contract for Oceana Marin O&M services. Mr. Clark stated that it has taken more staff time than originally anticipated to repair and complete tasks that Phillips & Associates had left incomplete.

NBWRA MEETING UPDATE – APRIL 27, 2015

Mr. McIntyre advised the Board that he and Director Schoonover attended the North Bay Water Reuse Authority Meeting on April 27th and stated that the Board approved adding the City of American Canyon as an associate member. He noted that an associate member is a minimal level participant who does not have a specific project to sponsor.

Mr. McIntyre advised the Board that Novato Sanitary District has identified two projects in the North Bay Water Reuse Authority Phase 2 program: 1) relocation of the Novato Sanitary District outfall, and 2) full treatment of all Davidson plant flow to Recycled Water Title 22 Standards.

WAC/TAC MEETING – MAY 4, 2015

Mr. DeGabriele provided a summary of the Water Advisory/Technical Advisory Committee meeting on May 4th. He stated that the WAC approved the Renewal Agreement between SCWA and Marin Municipal Water District and that the Water Agency did receive a Temporary Urgency Change Order (TUCO) to reduce releases from Lake Mendocino. He advised the Board that there is very little inflow to Lake Pillsbury and storage there is falling rapidly. He noted that instream flow requirements on the Eel River may need to be reduced and that it is possible for an amendment to the TUCO.

UPDATE ON SWRCB DROUGHT EMERGENCY WATER CONSERVATION REGULATIONS

Mr. DeGabriele provided the Board with an update on the State Water Resources Control Board (SWRCB) Drought Emergency Water Conservation Regulations. He noted that as of 7 p.m. the State Board had not yet adopted amended regulations. He provided the Board with the letter sent from the Sonoma-Marín Saving Water Partnership to the State Board to make an effort to address the State Board on a regional approach and the State Board did not accept such regional approaches.

Mr. DeGabriele stated articles published in the Marin Independent Journal and Pt. Reyes Light advised customers that the drought is still on and to pay attention to outdoor water usage. He advised the Board that at the May 19th meeting, staff will propose two resolutions to meet the SWRCB requirements, one for Novato and one for West Marin similar to the original proposed regulations. He informed the Board that in West Marin staff will propose a limit on outdoor irrigation to two days per week with no percentage reduction.

Director Rodoni asked what the District would have to provide regarding restrictions in West Marin. Mr. DeGabriele stated that there is no longer a requirement to modify the Water Shortage Contingency Plan and a resolution is sufficient.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements, Eco-Friendly Garden Tour, Novato Flood Protection and Watershed Program, and Ltr. to SFRWQCB.

The Board also received the following news articles: Water regs still clarifying, Water partnership asks state to let Marin, Sonoma work together on drought, Marin-Sonoma water agencies will not be able to join forces to fight drought, Marin IJ Editorial: Marin-Sonoma approach to drought restrictions is better, Marin parks chief Linda Dahl announces her retirement, and Novato schools select new superintendent.

The Board received the following miscellaneous items at the Board meeting: WAC/TAC Meeting – May 4, 2015 and Comment Letter – Emergency Conservation Regulation.

President Baker stated that he was sorry to see Linda Dahl leave the County and that she was a sharp and hardworking parks director.

ADJOURNMENT

President Baker adjourned the meeting at 9:02 p.m.

Submitted by

A handwritten signature in black ink, appearing to read "Katie Young", written in a cursive style.

Katie Young
District Secretary