

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
July 3, 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 Dance Palace, Point Reyes Station 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.

Three West Marin customers and District employees Robert Clark (Operations/Maintenance Superintendent) and Doug Moore (Construction/Maintenance Superintendent) were in the audience.

MINUTES

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

GENERAL MANAGER'S REPORT

General Manager Vacation

Chris DeGabriele advised that he will be on vacation beginning Wednesday, July 11 and will miss the Board of Directors meeting on July 17. He further advised that David Bentley will be Acting General Manager in his absence.

Oceana Marin Homeowners Association Meeting

Mr. DeGabriele stated that he will attend the Oceana Marin Homeowners Association semi-annual meeting on Saturday, July 21 in Tomales and will provide an update on District activities in Oceana Marin.

OPEN TIME:

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

A customer stated she was interested in information on salinity levels in the water. She asked if ongoing tests are conducted and if there are studies that will predict sea level rise in the next 20-30 years.

Mr. DeGabriele responded that the District performs on-going tests that monitors chlorides in the water and also takes samples weekly to determine salinity levels. He said salinity is a concern because the District wells are located in the tidal reach of Lagunitas Creek and salinity levels will

increase and become more severe in the future. He stated that the District long-term plan is to relocate and construct a well upstream at the Gallagher Ranch, above the tidal reach, and hopefully, above the sea level rise influence of Lagunitas Creek. He said the Gallagher Well project is planned to begin in the next couple of years and that funding of the expensive project will be an issue.

STAFF/DIRECTORS REPORTS

President Petterle asked if staff or Directors wished to bring up an item not on the agenda and there was no response.

PUBLIC HEARING/APPROVE: WEST MARIN WATER FY 2012/2013 BUDGET 12-16

David Bentley presented for the Board's third review, public hearing and approval, the proposed FY 2012/13 West Marin Water Budget. He advised that since the last review \$25,000 was added to the Capital Improvements Budget for the Well #3 Replacement Project to cover costs of sealing the old well, plus electrical and crew costs, bringing the total budgeted project cost to \$165,000. Mr. Bentley stated that a 9% rate increase is proposed; 6% commodity rate increase for residential customers and 7% commodity rate increase for non-residential customers, plus a 25% increase in the bi-monthly service charge to \$25 for the typical customer with a 5/8 inch meter.

Mr. Bentley advised that a letter was mailed to all West Marin Water customers noticing the rate increase, rate protest procedures and invitation to tonight's meeting; two protest letters were received by mail prior to the meeting. He stated that another protest letter was received tonight from Bruce and Mark Lerner.

Mr. Bentley reviewed the budget and stated that the major Capital Improvement Projects budgeted for the FY 2012/13 are \$400,000 to construct Phase 1 of the Point Reyes Treatment Plant Solids Handling Facility project and \$165,000 for the Well #3 Replacement. He advised that the budget incorporates the \$1M Bank of Marin loan to West Marin Water - \$250,000 of which will be used to repay Novato Water and \$700,000 will finance the construction of the Solids Handling Facility. He further advised that West Marin customers will be responsible for paying \$69,000 in annual debt service for the next 19.5 years to repay their share of the Bank of Marin loan. Mr. Bentley stated that operating expenditures are budgeted to increase 5% over FY 2011/12 primarily for maintenance of the new Gallagher streamgauge.

President Petterle opened the public hearing.

Bruce Lerner addressed the Board and stated that he submitted his letter of protest tonight. He said his water use is very conservative and his bill averages approximately \$25 and the service charge will be more than his water use charge. He opined that the service charge should be based on water use rather than a flat rate.

Hearing nothing further, President Petterle closed the public hearing.

Director Rodoni stated that the Board has had a lot of discussion on raising the fixed charge realizes its impact on the low water user. He explained that the District's fixed costs are not covered by the commodity rates, and the Board tries to achieve a balance between the fixed costs and commodity rates to support the infrastructure necessary to deliver water to customers.

On motion of Director Schoonover, seconded by Director Fraites and unanimously carried, the Board approved Resolution 12-16 entitled, "Resolution of the Board of Directors of North Marin Water District Amending Regulation 54 - Water Rates". Under the same motion, the Board adopted the FY13 West Marin Water System Budget as presented and authorized the General Manager to pay demands arising from execution of the budgeted FY13 West Marin Water expenditure plan.

PUBLIC HEARING/APPROVE: OCEANA MARIN SEWER FY 2012/2013 BUDGET 12-17

Mr. Bentley presented the Oceana Marin Sewer FY 2012/2013 budget for the Board's third review, public hearing and approval. He said that no rate increase is recommended. He advised that a notice was published twice in the Point Reyes Light advising customers of the public hearing and the District's intention to collect sewerage service charges on the Marin County tax roll and inviting customers to present protests and objections to the report identifying Oceana Marin sewer customers and amounts to be collected.

Mr. Bentley stated that the major project budgeted for FY 2012/13 is the relining of 3,150 feet of cross country sewer line in three areas of the Oceana Marin subdivision. He informed the Board that the five-year agreement with Phillips and Associates to provide Operation and Maintenance for the Oceana Marin Sewer System will expire June 2013 and will be renegotiated. Mr. Bentley said that operating expenses will remain the same as FY 2012.

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 Resolution No. 12-17 entitled, "Resolution of the Board of Directors of North Marin Water District Electing to have Oceana Marin Sewer Service Charges Collected on the Tax Roll of the County of Marin, State of California, Commencing Fiscal Year 2012-2013." Under the same motion, the Board adopted the FY13 Oceana Marin Sewer System Budget as proposed and authorized the General Manager to pay demands arising from execution of the budgeted FY13 Oceana Marin expenditure plan.

Director Rodoni commented that it is likely that a rate increase may be needed next year as the Cross-Country Sewer Pipeline Lining Project will exhaust two-thirds of existing cash reserves.

INFORMATION - WEST MARIN

SHORT-TERM WATER SHORTAGE CONTINGENCY MEASURES

Mr. DeGabriele stated that because just one of two wells in Point Reyes Station is in full production, staff has developed a plan to notify its West Marin customers to limit their water use should there be an inability to meet demand due to hot weather. He said that staff will contact the top thirty customers by telephone and a public service announcement will be broadcast on KWMMR radio with the following message: "One of the two NMWD Point Reyes water supply wells is failing. A replacement well is scheduled to be constructed in mid-August. Recent hot weather has resulted in increased water use and has made it difficult for the NMWD well supply to keep up with water demand. NMWD requests West Marin customers to temporarily conserve water until the hot weather subsides, at which time NMWD expects to advise that normal water use can resume."

He asked for feedback from the Board.

Director Rodoni suggested that the message identify the areas that are affected, specifically Point Reyes Station, Olema, Bear Valley, Paradise Ranch Estates and Inverness Park.

Director Baker suggested that the top thirty customers receive advance notice of the request to limit water use in the event of a heat spell.

Mr. Clark advised that at this time with the existing wells in operation, there is 5% more capacity than the peak demand day over the last three years.

WEST MARIN CAPITAL IMPROVEMENTS PROJECTS - FY11-12 PRELIMINARY YEAR-END PROGRESS REPORT

Mr. McIntyre stated that this is a preliminary year-end progress report on the West Marin Capital Improvements Projects and that the final numbers will be included in the year end financials. He stated that the Board approved seven capital improvement projects at the beginning of this fiscal year and added two projects during the year; PRE Tank 2 Retaining Wall Repair and PRE Tank 3 THM Reduction Measures to address water quality issues. He said that six of the eight projects have been completed at or below budget; two projects are over budget (Point Reyes Well #3 and Infiltration Study and Repair in Oceana Marin). He noted that after combining all projects, however, the total costs of the improvement projects will be below the approved budget.

Mr. McIntyre informed the Board that staff has deferred PRE Tank 4A Replacement and postponed the PRS Tank 2 Seismic Upgrade so that the District will be in a better position to pay for the Solids Handling Facility Project. He said that as soon as the Solids Handling Facility is

completed, the two remaining projects will be prioritized. He updated the Board on the Point Reyes Well #3 project and said that the project is moving forward and is expected to be completed in mid-August.

Mr. McIntyre stated that the West Marin Water Master Plan was last updated in 2001 and that all priority projects, with the exception of the PRE Tank replacement and final tank seismic upgrade, have been completed at a cost of approximately \$1.9M. He noted that significant improvements on West Marin facilities were made to increase storage, pump stations and pipelines that improve reliability in the system. He said that a new West Marin Master Plan update is budgeted in FY 2013/14.

Director Rodoni congratulated Mr. McIntyre for satisfying all requirements necessary to start the construction of Well #3. He requested Mr. McIntyre provide the Board with the cost breakdown and reasons why the cost of the well project has gone up substantially from the original engineer's cost estimate. Additionally, Director Rodoni stated that he would like the PRE Tank Seismic Upgrade be prioritized possibly using new loan funds to complete the project.

CONSENT CALENDAR

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

WATER SERVICE AGREEMENT - 7370 REDWOOD BLVD - RETAIL BUILDING 12-18

This project calls for the removal of the existing building and construction of a new retail building. Water facilities required include ten feet of six-inch pipe, one six-inch fire service assembly, three one-inch domestic water services with one-inch reduced pressure principal (RPP) backflow preventers and one 5/8-inch meter for irrigation service with a 3/4 inch RPP backflow preventer. The existing 1-1/2 inch meter will be killed.

The Board approved Resolution 12-18 entitled, "Authorization of Execution of Water Service Facilities Construction Agreement with Novato Realty Partners, LLC."

ACTION CALENDAR

APPROVE: RESPONSE TO MARIN COUNTY CIVIL GRAND JURY REPORT - PRE-SCHOOLERS LEARN TO SHARE - CAN LOCAL GOVERNMENTS?

Mr. Bentley stated that the District is not required to respond to the Civil Grand Jury Report, but that staff has drafted a response letter for the Board's approval.

Director Schoonover said that the letter addresses the ways in which North Marin Water District shares services with other agencies.

Director Fraites expressed his disappointment with the Grand Jury report and the unprofessional way in which the report findings are presented. He said that District staff runs a "great ship" and that the report is an insult to the special agencies who take care of business in the county.

Director Rodoni stated that there is tremendous amount of pressure from media, Grand Juries and legislatures who don't understand that California was built by special districts that were formed to provide services the people demanded. He said that much of the criticism is that there are too many special districts.

On motion of Director Rodoni, seconded by Director Baker and unanimously carried, the Board approved the proposed response to the Marin County Civil Grand Jury's recommendations.

INFORMATION ITEMS

NBWA MEETING - JULY 6, 2012

Mr. DeGabriele presented the agenda for the North Bay Water Association meeting to be held on July 6, 2012, and Director Fraites said that he will attend.

MISCELLANEOUS

The Board received the following miscellaneous item: Disbursements, and received the following news article: North Marin Water District to meet at the Dance Palace.

CLOSED SESSION

President Petterle adjourned the Board into closed session at 8:05 p.m. in accordance with Government Code Section 54957.6; Conference with Labor Negotiators; District's Designated Representatives – Chris DeGabriele and David Bentley; Employee Organization – North Marin Water District Employee Association.

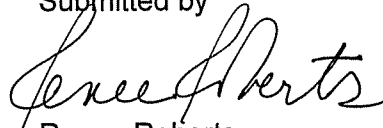
OPEN SESSION

Upon returning to regular session at 8:13 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 8:14 p.m.

Submitted by

A handwritten signature in cursive script that reads "Renee Roberts".

Renee Roberts
District Secretary

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