

**NORTH MARIN
WATER DISTRICT**

**NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING
October 2, 2012 – 7:30 p.m.
District Headquarters
999 Rush Creek Place
Novato, California**

Information about and copies of supporting materials on agenda items are available for public review at 999 Rush Creek Place, Novato, at the Reception Desk, or by calling the District Secretary at (415) 897-4133. A fee may be charged for copies. District facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the District Secretary as soon as possible, but at least two days prior to the meeting.

Est. Time	Item	Subject
7:30 p.m.	CALL TO ORDER	
	1.	APPROVE MINUTES FROM REGULAR MEETING , September 18, 2012
	2.	GENERAL MANAGER'S REPORT
	3.	OPEN TIME: (Please observe a three-minute time limit)
		This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.
	4.	STAFF/DIRECTORS REPORTS
		CONSENT CALENDAR
		The General Manager has reviewed the following items. To his knowledge, there is no opposition to the action. The items can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person.
	5.	Consent Approve: Auditor-Controller's Annual Statement of Investment Policy
8:00 p.m.	INFORMATION ITEMS	
	6.	TAC Meeting - October 1, 2012
	7.	MISCELLANEOUS Disbursements <u>News Articles:</u> Mendocino County judge tosses out state's frost-protection rules "Right to Water" Bill Gets Governor's Signature Marin Voice: Why Marin chiefs oppose state fire fee New plant pumps recycled water from San Rafael to Novato Dairy Task Force set to begin Measure A endorsement

All times are approximate and for reference only.

The Board of Directors may consider an item at a different time than set forth herein.

(Continued)

Est. Time	Item	Subject
	8.	<i>Closed Session:</i> 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. In accordance with California Government Code Section 54957 for Public Employee Performance Evaluation (One), Title: General Manager.
9:00 p.m.	9.	<i>ADJOURNMENT</i>

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DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
September 18, 2012

6 **CALL TO ORDER**

7 President Petterle called the regular meeting of the Board of Directors of North Marin Water
8 District to order at 7:30 p.m. at the District Headquarters and the agenda was accepted as
9 presented. Present were Directors Jack Baker, Rick Fraites, Dennis Rodoni and John Schoonover.
10 Also present were General Manager Chris DeGabriele, Secretary Renee Roberts, Auditor-Controller
11 David Bentley and Chief Engineer Drew McIntyre.

12 District employees Robert Clark (Operations/Maintenance Superintendent), Doug Moore
13 (Construction/Maintenance Superintendent) and Katie Young were in the audience.

14 **MINUTES**

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

17 **GENERAL MANAGER'S REPORT**

18 **Las Gallinas Valley Sanitary District Recycled Water Facility Dedication**

19 Chris DeGabriele reminded the Board that next Tuesday, September 25, is the Las Gallinas
20 Valley Sanitary District Recycled Water Facility dedication, and stated that he prepared suggested
21 comments for the District's NBWRA Board representative, Director Schoonover, to make at the
22 event.

23 **On-Line Publication Feature Article**

24 Mr. DeGabriele informed the Board that an on-line magazine, *Energy Digital and Business*
25 *Review USA*, has asked for an interview to prepare a featured article about the District. He said that
26 there will be no cost to the District, but the publisher asks for contact information for District
27 consultants and vendors and then solicits them to purchase an ad that will be embedded in the on-
28 line publication. He stated that before he proceeds, he wanted to make sure the Board was
29 comfortable with this.

30 Director Baker expressed his concern and stated that he would discourage the Manager
31 from being interviewed. Director Fraites stated that he thought it was a good idea.

1 General Manager Vacation

2 Mr. DeGabriele announced that he will be on vacation and out-of-state Thursday,
3 September 20 through Monday, September 24 and that Drew McIntyre will be Acting General
4 Manager.

5 **OPEN TIME:**

6 President Petterle asked if anyone in the audience wished to bring up an item not on the
7 agenda and there was no response.

8 **STAFF/DIRECTORS REPORTS**

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

11 Recycled Water Retrofits

12 Mr. Clark advised that during the coming weeks he and his staff will be working on recycled
13 water retrofits and that Green Point Nursery will come on- line next week in the North Service Area.
14 He further advised that in the South Service Area, a homeowner's association will come on-line. He
15 said that there is a lot of work to be done.

16 Director Petterle asked if there will be press releases? Mr. DeGabriele said that there will be
17 press releases as part of the Recycled Water dedication events with Las Gallinas Valley Sanitary
18 District and Novato Sanitary District.

19 Outstanding Invoice

20 Mr. Bentley stated that Director Baker had inquired about an outstanding invoice for
21 unauthorized use of water from a hydrant on Club Drive. He said District staff had reported an
22 unauthorized use of water from a hydrant. He said he located the company, Oasis Pool and Spa,
23 and rendered a bill for the cost of water plus cost of installing a hydrant meter.

24 Internet Scam

25 Mr. Bentley stated that he became aware of an internet scam that involved the North Marin
26 Water District name using old District checks from a closed Bank of the West account. He said that
27 there is no risk to the District.

28 Director's Absence at Next Meeting

29 Director Fraites stated that he will miss the October 2nd meeting.

1 SCWA Presentation on Zebra and Quagga Mussels

2 Director Baker advised that he went to a presentation by Sonoma County Water Agency
3 staff on the increasing problem of zebra and quagga mussels in North Coast waterways. He said
4 the Agency's prevention planning efforts are currently underway to prevent the spread of invasive
5 quagga mussels from entering Lakes Sonoma and Mendocino and other North Coast waterways.
6 He stated that he thought it would be a good idea to ask Brad Sherwood, SCWA Public Information
7 Officer, to make a brief presentation to the District Board on the topic.

8 **INTERVIEWS - APPLICANTS FOR DISTRICT/ADMINISTRATIVE SECRETARY**

9 The Board interviewed Katie Young and Sue Kessler for the District/Administrative Secretary
10 position being vacated by Renee Roberts who is retiring in December.

11 **MONTHLY PROGRESS REPORT**

12 Mr. DeGabriele reported that in August, water production in Novato and West Marin was up
13 6% and 5% respectively, recycled water production was down 7% and Stafford Treatment Plant
14 production was down 46%. He stated that the Stafford Lake level is also down and is about the
15 same elevation as 2009 even though two times the amount of water had been produced during July
16 and August 2009, an indication of dry conditions this year. He further stated that the Stafford
17 Treatment Plant will operate through September and October. Mr. DeGabriele advised that Oceana
18 Marin storage and treatment ponds are in good shape as the rainy season approaches and that this
19 year is predicted to be an El Niño year. He noted that in Safety and Liability, staff worked 231 days
20 without a lost time accident or injury and there have been no incidents through the first two months
21 of the fiscal year. He said that the Summary of Complaints and Service Orders for the month of
22 August are down; year-to-date complaints are up by 25%, principally due to high bill complaints and
23 water quality taste and odor complaints.

24 Mr. Bentley reported that the month of August ended with a balance \$8.2M in the bank and
25 that the District is expending a lot of money on the Recycled Water projects resulting in a \$2M
26 decrease in the cash balance in the month of August. He said that grant and loan funds are still
27 expected. The portfolio is earning an average rate of 0.45%.

28 **CONSENT CALENDAR**

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

31 **CITY OF NOVATO - ADMINISTRATIVE OFFICE, 922 MACHIN AVE. 12-22**

32 The City of Novato Administrative Office Project proposes construction of approximately
33 23,600 square feet of office space on six parcels bounded by Cain Lane, the Civic Green and

1 Machin Avenue. New water facilities include 300 feet of pipe, one 6-inch fire service, two new
2 commercial fire hydrants and one two-inch meter. Water service to the parcels had been
3 established prior to 1949 and two services were upsized and one service was killed in 2009.

4 The Board authorized Resolution No. 12-22 entitled, "Authorization of Execution of Water
5 Service Facilities Construction Agreement with City of Novato."

6 **RESOLUTION OF APPRECIATION FOR RETIRING EMPLOYEE MARY ANN DOWDEN 12-23**

7 Mary Ann Dowden will be retiring from the District after 30 years of employment. The Board
8 conveyed its appreciation for Ms. Dowden's years of service by authorizing Resolution No. 12-23
9 entitled, "North Marin Water District Resolution of Appreciation to Mary Ann Dowden."

10 **ACTION CALENDAR**

11 **APPROVE: SCHEDULE A SPECIAL MEETING WITH NOVATO SANITARY DISTRICT**

12 Mr. DeGabriele said that the Recycled Water North Service Area and the Novato Sanitary
13 District (NSD) Recycled Water Treatment Facility is expected to be dedicated on October 11 and the
14 NSD has suggested that the two Districts' Board of Directors hold a joint meeting to memorialize the
15 effort, to review areas of cooperation between the two districts and to review the Recycled Water
16 North Project. He said that it is proposed that the dedication for the project be held at 3 p.m. on
17 Thursday, October 11 and that a joint Board of Directors meeting be held at NSD offices at 1:30
18 p.m. on that date.

19 Director Rodoni asked the Manager if the issue of the districts being consolidated should be
20 mentioned at the meeting. Director Rodoni said the subject has been talked about at NSD; and in
21 the spirit of good governance, the Board should consider having this discussion. Mr. DeGabriele
22 said that the prior discussions have not resulted in a conclusion that the districts need to be
23 combined, but that it would be good to bring the subject up at that time.

24 Director Petterle stated that this is not something that has been discussed at the District
25 Board level and it is not something that he would personally support and would like to proceed with
26 caution. He said that there has been no indication that the District Board would support this.

27 Director Baker said he supported Director Petterle's statement. He stated that there was a
28 study approximately 30 years ago with the City of Novato, NSD and the District, and it was
29 determined that there was not enough benefit to Novato residents to consolidate. He stated that he
30 assumed the city would want to be included in discussions.

31 Director Fraites stated that the Water District is run extremely well and does not see any
32 advantage to Novato residents to combine the two districts.

1 Director Rodoni said that it may be important, from an outsider's perspective, that the two
2 districts are discussing the issue.

3 On motion of Director Rodoni, seconded by Director Baker and unanimously carried, the
4 Board set a special meeting for October 11, 2012 with the Novato Sanitary District Board of
5 Directors at 1:30 p.m. to be followed by the Recycled Water Treatment Facility dedication ceremony.

6 Mr. DeGabriele advised that the District has committed funds to the Las Gallinas Valley
7 Sanitary District (LGVSD) and NSD Recycled Water dedications that have not been budgeted. He
8 said that LGVSD has hired an event planner and publicist. He said that some of the consultants and
9 contractors are helping to offset the cost of the event and the District's portion is approximately
10 \$6,000. He stated that he does not have a budget yet for the NSD dedication.

11 **INFORMATION ITEMS**

12 **NORTH BAY WATER REUSE AUTHORITY BOARD MEETING - AUGUST 20, 2012**

13 Mr. McIntyre provided a summary of the North Bay Water Reuse Authority (NBWRA) Board
14 of Directors meeting held on August 20, 2012. He reminded the Board that the District is
15 participating in Phase 1 only and the other member agencies are participating in Phase 2. He said
16 that it was anticipated that three new agencies would be joining the NBWRA, and the preliminary
17 2012-13 budget of \$809,100 was reduced to \$672,000 to reflect additional members participating
18 in the cost. He said it is still the goal to add Phase 2 participants; but there is uncertainty in the
19 scope of Phase 2, and the NBWRA will wait before inviting more agencies to join. Mr. McIntyre
20 advised that although the total budget was reduced, the elimination of new potential Phase 2
21 agencies' participation has resulted in an increase to all member agencies, including the District.

22 Mr. McIntyre noted that the District has received approximately 68% of total grant funding
23 totaling \$3M in ARRA and WaterSmart grants and will allow the completion of the Phase 1 projects
24 (Novato North and South area projects). He said that the District will maintain its membership in
25 NBWRA until the \$1.6M in future grant funds are dispersed for continuation of the Novato Central
26 project. He reminded the Board that the terms of the ARRA grant funds requires that the sanitary
27 districts recycled water treatment plants be up and running and that the distribution systems have
28 the ability to deliver recycled water to at least one end-user. Mr. McIntyre acknowledged the good
29 work of Robert Clark, Pablo Ramudo and their staff because of the significant change in
30 responsibility to retrofit the end-users' irrigation systems.

31 Mr. McIntyre reported that the bids for Phase 2 of the Recycled Water South project were
32 opened a few weeks ago. He said that the engineer's estimate was \$1.3M, the low bid was \$1M
33 and the second and third low bids were \$1.4M. He advised that there was a \$440,000 discrepancy

1 between the first low bid and second and third bids. He said that he received a letter from the low
2 bidder stating that they had made a mistake and requested that they be allowed to withdrawal their
3 bid. He said that after staff reviews the bid documents, staff will most likely recommend to the Board
4 that the low bidder be allowed to withdrawal their bid.

5 **TECHNICAL ADVISORY COMMITTEE MEETING - SEPTEMBER 10, 2012**

6 Mr. DeGabriele reported on the Technical Advisory Committee meeting held on September
7 10, 2012. He stated that there was an introduction of the SCWA consultant, John Farnkopf of
8 HF&H Consultants who will conduct a wholesale water rate study; a presentation on the Sonoma
9 County Efficiency Financing program; and an update on the Local Hazard Mitigation program where
10 the Agency has receive a funding commitment from FEMA to help improve pipeline and production
11 facilities withstand natural hazards. He advised that he informed the TAC that he will be soliciting
12 projects for next fiscal year's funding under the L/R/T2 program and will again advocate to raise the
13 L/R/T2 sub-charge this year to refund the contractors who have not received their full allocation. Mr.
14 DeGabriele said that there was also an update on the Biological Opinion Status, and he urged the
15 Directors to view the Russian River Watershed Association high school video contest winning
16 entries on YouTube.

17 Mr. DeGabriele stated that at the last meeting, Director Baker asked for a report on how the
18 WAC and TAC are getting along. He said that in general, the water contractors staff, TAC and
19 Sonoma County Water Agency staff are doing fine. He said that when Grant Davis took over as the
20 Agency Manager about two and a half years ago, he suggested to him that he focus on completion
21 of the Biological Opinion and obtain Corps of Engineers funding for their share, develop a long
22 range financial plan and develop a plan for the next water supply project. Mr. DeGabriele opined
23 that Mr. Davis is doing a good job with these significant projects and has addressed the first two
24 issues. Mr. DeGabriele opined that the Agency staff is very cautious at times. He said that he is
25 always available to offer assistance to the Agency General Manager.

26 Mr. DeGabriele stated that the WAC is more complicated. He said that the WAC Chair and
27 WAC Vice-Chair ran for the same seat on the Sonoma County Board of Supervisors and that three
28 of the county supervisors will reside in the City of Santa Rosa. He stated that there are some
29 concerns among agencies in dealing with the elected officials. He informed the Board that there is
30 also new staff at the County - new County Administrator, County Counsel and new County Health
31 Officer. Mr. DeGabriele said that on a day-to-day basis, people get along, but there is ongoing
32 tension between the County of Sonoma, the Agency and the City of Santa Rosa.

1 **MISCELLANEOUS**

2 The Board received the following miscellaneous items: Disbursements and SCWA Local
3 Hazard Mitigation Plan Update.

4 **CLOSED SESSION**

5 President Petterle adjourned the Board into closed session for; Conference with Labor
6 Negotiators; District's Designated Representatives – Chris DeGabriele and David Bentley; Employee
7 Organization – North Marin Water District Employee Association In accordance with Government
8 Code Section 54957.6 and

9 Public Employee Performance Evaluation (One), Title: General Manager In accordance with
10 California Government Code Section 54957

11 **OPEN SESSION**

12 Upon returning to regular session at 9:36 p.m., President Petterle stated that during the
13 closed session the Board had discussed the issues and no reportable action had been taken.

14 **ADJOURNMENT**

15 President Petterle adjourned the meeting at 9:37 p.m.

16 Submitted by

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Renee Roberts
District Secretary

MEMORANDUM

To: Board of Directors

September 28, 2012

From: David L. Bentley, Auditor-Controller

Subj: Approve Auditor-Controller's Statement of Investment Policy

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RECOMMENDED ACTION: Approve the Investment Policy as Presented.

FINANCIAL IMPACT: None

Following is the District's Statement of Investment Policy which is presented to the Board annually for review. There are no changes in this investment policy from that approved by the Board last year.

North Marin Water District Statement of Investment Policy

1) Investment of sinking fund or reserve money of the North Marin Water District shall be made in securities in which North Marin Water District is legally empowered to invest such funds in accordance with Section 53601 of the Government Code, taking into consideration the probable income as well as the probable safety of said funds, exercising the judgment and care, under the circumstances then prevailing, which individuals of prudence, discretion and intelligence exercise in the management of their own affairs, not in regard to speculation, but in regard to the permanent disposition of said funds.

2) As far as possible, all money shall be deposited for safekeeping in financial institutions insured by the Federal Deposit Insurance Corporation or may be invested as provided in Section 53635 of the Government Code.

3) Money may be invested in the Local Agency Investment Fund in accordance with Section 16429.1 of the Government Code.

4) A minimum of 20% of the District's investment portfolio shall remain liquid (i.e., in demand deposit accounts or equivalent) at all times. In addition, the weighted average life of the portfolio shall not exceed 2½ years.

5) No investments shall be made in financial futures or financial option contracts that are otherwise allowed pursuant to Section 53601.1 of the Government Code except that the District may sell option contracts against securities owned or positions owned by the District.

6) Interest earned through investment of the pooled District treasury shall be credited to the various water, sewer, and reserve account funds in direct proportion to their percentage of the total District treasury.

7) Accounts shall be maintained in North Marin Water District accounting records to record the reserve and inactive funds invested at all times in accordance with the State Controller's chart of accounts as authorized by Section 53891 of the Government Code.

8) Reserve fund account balances shall be maintained separately and shall reflect at all times the balance in each reserve fund in a manner consistent with generally accepted accounting practices.

9) Depositories having custody of North Marin Water District funds shall be directed to forward copies of all correspondence concerning North Marin Water District funds to the

Approved by GM CD

Date 9/28/2012

Auditor-Controller of North Marin Water District. In the Auditor-Controller's absence, the General Manager of the District shall serve as Treasurer. In addition to the Auditor-Controller, the General Manager and a Senior Accountant shall be signatories on all investment accounts maintained by the District. Banking Institutions shall require authorization from two signatories to execute any non-recurring wire transfer.

10) Verification that moneys have been on deposit at all times and collateralized in amounts equal to or in excess of funds designated by the Board of Directors as reserve funds shall be made in the annual audit of records.

11) The Auditor-Controller shall render a monthly investment report to the Board.

12) Criteria for selecting investments and the absolute order of priority shall be: (a) safety, (b) liquidity, (c) yield.

13) No more than two-thirds of District deposits in a depository shall be collateralized by mortgage backed securities, with the remainder to be backed by non-mortgage backed securities.

14) The Auditor-Controller shall maintain a list of authorized broker/dealers who are approved for investment purposes. All authorized broker/dealers must certify that they have received and read the District's Investment Policy and will follow the guidelines therein, and must submit a copy of their firm's most recent audited financial statement annually. Staff shall investigate broker/dealers who wish to do business with the District to verify their experience with California public sector agencies.

RECOMMENDATION

Approve the Investment Policy as presented.

FOR ACCESSIBLE
MEETING INFORMATION
CALL: (707) 543-3350
ADD: (707) 543-3031



TECHNICAL ADVISORY COMMITTEE

MONDAY, OCTOBER 1, 2012

9:00AM

Utilities Field Operations Training Center
35 Stony Point Road, Santa Rosa, CA

1. Check In
2. Public Comment
3. Recap from September 10, 2012 TAC Meeting and Approval of Minutes
4. Local Hazard Mitigation Plan Update
5. SCWA Water Supply/Transmission System Operations Status
6. SCWA Proposed Strategic Plan
7. Water Supply Strategies Action Plan Update
8. Draft Potential Projects for Future Evaluation
9. Biological Opinion Status Update
10. Items for next agenda
11. Check Out

Draft Minutes of Technical Advisory Committee
35 Stony Point Road, Santa Rosa, California
September 10, 2012

Attendees: Susan Gorin, City of Santa Rosa
Miles Ferris, City of Santa Rosa
Glen Wright, City of Santa Rosa
Linda Reed, City of Santa Rosa
Jennifer Burke, City of Santa Rosa
Linda Hall, City of Santa Rosa
Toni Bertolero, City of Sonoma
Damien O'Bid, City of Cotati
Richard Burt, Town of Windsor
Remleh Scherzinger, City of Petaluma
Darrin Jenkins, City of Rohnert Park
Chris DeGabriele, North Marin Water District
Mike Ban, Marin Municipal Water District
Grant Davis, SCWA
Jay Jasperse, SCWA
Spencer Bader, SCWA
Pam Jeanne, SCWA
Dale Roberts, SCWA
Cary Olin, SCWA
Kory Hebner, SCWA
Amy Bolton, SCWA
Kent Gylfe, SCWA
Steve Koldis, SCWA
Don Seymor, SCWA

Public Attendees: Richard Dowd, City of Santa Rosa BPU
Brenda Adelman, RRWPC
David Keller, FOER
Bob Anderson, United Wine Growers
John Farnkopf, HF&H Consultants

1. Check-in
Chair Chris DeGabriele called the meeting to order at 9:06a.m.
2. Public Comment
None
3. SCWA Water Rate Study
Spencer Bader introduced John Farnkopf, consultant, who made a PowerPoint presentation on the Wholesale Water Rate Study recommended to be undertaken by the WAC. Questions followed from the committee.
4. Sonoma County Sustainable Energy Bond Program
Amy Bolton, SCWA, presented information on the Sonoma County Efficiency Financing program. They are hoping to sell a \$50M bond to finance aggregated energy and water efficiency projects. A joint powers agreement would ultimately be formed. Deep retrofits are what they are aiming to achieve. Performance bonds will be required from the vendors. Questions followed from the committee.

5. Local Hazard Mitigation Plan Update
Steve Koldis, SCWA, made a verbal presentation on the Local Hazard Mitigation Plan update. WAC and TAC committees will be requested to contribute to the update. Threats to water supplies were studied. Total FEMA funds of \$7.69M dollars have been committed or are under review. Every five years an update must be completed per Federal regulations. September 24 is the deadline for comments to the plan from the current project list Steve distributed. The current plan and the revised plan will be presented to the WAC/TAC on November 5. December 11 is the date the plan will be presented to the SCWA Board. Individual comments will be sent from TAC members to SCWA. Questions from the committee followed.

6. L/R/T2 Program Funding for FY 2013/14
Chris DeGabriele reviewed the report sent to the committee via email. The L/R/T2 program will continue so that contractors who have not received their allocation are made whole.

7. Biological Opinion Status Update
Pam Jeane, SCWA, reviewed the Biological Opinion Status update sent to the committee via email. Questions from the committee followed.

8. Integrated Regional Water Management Plans Update
Bay Area IRWM projects were to be submitted on September 7.
North Coast IRWM next round of planning will take approximately 30 days. Unknown when they will be prioritized.

9. RR Watershed Association Video Contest Winner
Kory Hebner, SCWA, coordinated the contest and presented the videos of the contest winners. She gave an overview of the contest which has been in place for the past nine years.

10. Items for Next Agenda

October 1 TAC
Local Hazard Mitigation Plan Update
Biological Opinion Status Update

November 5 WAC/TAC
Biological Opinion Status Update
IRWM report
Water Supply Coordination Council

11. Check Out
Next TAC meeting is October 1
Next WAC/TAC meeting is November 5

Chair Chris DeGabriele adjourned the meeting at 10:37a.m.

DISBURSEMENTS - DATED SEPTEMBER 27, 2012

Date Prepared: 9/25/12

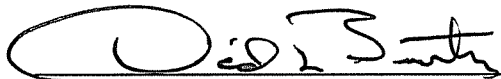
The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:

Seq	Payable To	For	Amount
P/R*	Employees	Net Payroll PPE 9/15/12	\$120,204.58
EFT*	US Bank	Federal & FICA Taxes PPE 9/15/12	45,115.11
EFT*	US Bank	State Tax & SDI PPE 9/15/12	8,622.78
1	AirGas NCN	September Cylinder Rental (Carbon Dioxide) (STP)	23.05
2	Alpha Analytical Labs	Lab Testing (Novato)	154.00
3	Athens Administrators	Sept Workers Comp Admin Fee	1,000.00
4	AT&T	Telephone Charges: Leased Lines	63.10
5	Bacha, John	Refund Overpayment on Account	578.97
6	Bay Area Barricade Service	Blue & White Spray Chalk, Blue & White Marking Paint (60-17oz cans)	225.57
7	Borges & Mahoney	Preventative Maintenance for Chlorine Injector (STP)	274.14
8	Calif Contractors Supplies	9" Reciprocating Blades (50) (\$185) & 12" Reciprocating Blades (50) (\$266)	451.88
9	California State Disbursement	Wage Assignment Order (3)	1,518.50
10	California Bank of Commerce	Prog Pymt #6: Retainer on Disney Construction Project	56,192.80
11	Chase Card Services	Podium Rental for Solar Dedication	35.20
12	Cummings Trucking	Rock & Sand (64 yds each)	5,545.58
13	Disney Construction	Prog Pymt #6: Construct Recycled Water South Phase 1B (Balance Remaining on Contract \$707,172)	505,735.20
14	Encore Events	Rental of Folding Chairs (35) (\$27), Coffee Pot, Bev Container & Aisle Stanchion (Solar Dedication)	154.80

Seq	Payable To	For	Amount
15	Charles Z. Fedak	Progress Payment #4: Financial Statement Audit FY12 (Bal Remaining on Contract \$6,000)	5,500.00
16	Frey, Darryl	Novato "Washer Rebate" Program	50.00
17	Golden Gate Petroleum	Gasoline (\$4.06/gal) & Diesel (\$4.36/gal)	4,385.70
18	Grainger	Halogen Floodlights (6), Measuring Tapes (6) (\$69), Steel Chain (140') (\$262) & Thermostat for Lab Refrigerator	360.91
19	InfoSend	August Processing Fees for Water Bills (\$2,121) & Postage (\$3,053)	5,175.19
20	Jacobs Associates	Review & Comment of SMART Horizontal Directional Drilling for RW North Segment 2 Project (Bal Remaining on Contract \$215.00)	107.50
21	Lincoln Life	Deferred Compensation PPE 9/30/12	11,043.33
22		Cafeteria Plan - Childcare Reimbursement	416.66
23	Maggiora & Ghilotti	Prog Pymt #3: Construction Phase 1A for RW South Project (Balance Remaining on Contract \$61,237)	154,472.20
24	MCC Control Systems	Programming Modifications for Treatment Plant PLC's	595.00
25		Cafeteria Plan - Uninsured Medical Reimbursement	398.08
26	Muench, Kevin	Refund Overpayment on Closed Account	819.48
27	Nationwide Retirement Solution	Deferred Compensation PPE 9/30/12	1,025.00
28	Neopost USA	Sept Postal Meter Rental	65.10
29	New Pig	Absorbent Socks for Auto Shop Spills (40)	133.32
30	Pace Supply	1" Copper Pipe (\$716) (3,840'), Couplings (35) (\$16,700), Double Check Valves (2), Bushings (7), Meter Gaskets (30), Hyd Ext (6) (\$787), Reducers (3), Meter Box, Box Lid, Meter Box Ext (2), Nuts (806) (\$544), Bolts (6), End Rings (2), Air Release Valve (\$473) & Meter Stops (8) (\$1,463)	21,043.80

Seq	Payable To	For	Amount
31	Parkinson Accounting Systems	August Accounting Software Support	2,340.00
32	PERS Retirement System	Pension Contribution PPE 9/15	44,765.08
33	PG&E	Power: Bldgs/Yard (\$3,519), Rectifier/Controls (\$512), Pumping (\$29,521), Treatment (\$7,805) & Other (\$133)	41,493.22
34	Point Reyes Prop Mgmt Assn	Sept HOA Dues (25 Giacomini Rd)	75.05
35	Radio Shack	Network Cable Coupling	16.25
36	Rainin Instrument	Pipets Calibration (Lab)	182.40
37	Reiser, Heidi	Refund Overpayment on Closed Account	9.49
38	Edith Robbins	Engineering Services: Perry's Deli-Pt Reyes (Bal Remaining on Contract \$18,717.50)	1,282.50
39		Vision Reimbursement	184.00
40	Sonoma County Water Agency	August Contract Water	630,360.57
41	Staples Business Advantage	Replacement Calculator (Dowden/Filippi)	98.62
42		Cafeteria Plan - Uninsured Medical Reimbursement	29.20
43	Syar Industries	Asphalt (7.41 tons)	904.32
44	Township Building Services	August Janitorial Service	1,754.84
45	Verizon California	Telephone Charges: Leased Lines (\$732) & Min (\$28)	760.30
		TOTAL DISBURSEMENTS	<u>\$1,675,742.37</u>

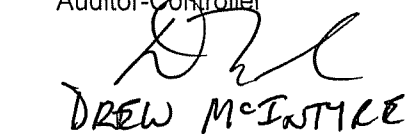
The foregoing payroll and accounts payable vouchers totaling \$1,675,742.37 are hereby approved and authorized for payment.



Auditor-Controller

Date

9/24/12


DREW MCINTYRE

General Manager

Date

9/24/12

DISBURSEMENTS - DATED SEPTEMBER 20, 2012

Date Prepared: 9/18/12

The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:

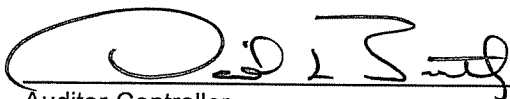
Seq	Payable To	For	Amount
1	Able Fence	Gate Hinge Replacements for Yard Gate (2)	\$162.00
2	Ackerman, Gerald	Retiree Exp Reimb (Monthly Health Ins)	90.69
3	Adams, Douglas	Novato "Toilet Rebate" Program	100.00
4	All Star Rents	Rental of Carpet Shampooer for Apartment	51.58
5	Alpha Analytical Labs	Lab Testing (Novato-\$2,097 & STP-\$193)	2,290.00
6	Autoworld	Brake Pad Kit ('01 Dodge Dakota)	216.00
7	Bank of Marin	Bank of Marin Loan Principal & Interest (Pymt 11 of 240)	46,066.67
8	Bastogne	Refund Payment on Closed Account	100.00
9	Bay Area Barricade Service	Digging Bars (3)	99.27
10	Bradbery, Ronald	Retiree Exp Reimb (Monthly Health Ins)	90.69
11	Bundesen, Gerald	Retiree Exp Reimb (Monthly Health Ins)	779.57
12	Butti, Lou	Retiree Exp Reimb (Monthly Health Ins)	779.57
13	Calif Public Health Services	Drinking Water Treatment Operator Certification Renewal (Garrett) (2/1/13-1/31/16) (Budget \$70)	60.00
14	Calif Contractors Supplies	3" Brushes (250)	530.21
15	California Water Service	July/August Water Service (OM) (1 CCF)	142.77
16	CSW/Stuber-Stroeh Engineering	Prog Pymt #16: Aqueduct Energy Efficiency Project (Bal Remaining on Contract \$94,584)	16,015.80
17	Derby, Richard	Retiree Exp Reimb (Monthly Health Ins)	90.69
18	Diggs, James	Retiree Exp Reimb (Monthly Health Ins)	779.57
19	Domingo, Evan	To Replace Cancelled Check (Lost)	440.77

Seq	Payable To	For	Amount
20	Eyler, John	Retiree Exp Reimb (Monthly Health Ins)	90.69
21	Ferrari, Ken	Novato "Cash for Grass" Program	400.00
22	Ford, W.R.	Refund Security Deposit on Hydrant Meter Less Final Bill	1,148.09
23	Gerencser, Akos	Novato "Toilet Rebate" Program	100.00
24	Graybar	Power Supply (\$63), Radio Antenna & Surge Assembly for Reservoir Hill RW Tank (\$288)	351.29
25		Cafeteria Plan - Childcare Reimbursement	603.47
26	Hardy Diagnostics	Media for Coliform Test (Lab)	114.96
27	Hertz Equipment Rental	Roller Rental (8/23-8/24/12) (Yard Paving)	492.60
28	HUB International Insurance	Insurance for Dowden Retirement Party	126.02
29	Hull, Gordon	Refund Excess Advance for Construction Over Actual Job Cost (Heidrun Meadery)	446.38
30	Johnstone, Daniel	Retiree Exp Reimb (Monthly Health Ins)	90.69
31	Journey Ford/Lincoln	Window Washer Sprayer & Exhaust Temperature Sensor (\$50) ('08 F250)	54.03
32	Kemira Water Solutions	Ferric Chloride (9.94 tons)	7,351.43
33	Maltby Electric	Electrical Wire for South Yard Gate Sensor	98.67
34	Marin County Treasurer	Semi-Annual Bond Service PRE-1 Revenue Bond	2,300.00
35	Matchette, Tim	Retiree Exp Reimb (Monthly Health Ins)	230.18
36	McAghon, Andrew	August Sludge Removal (12 yds)	3,360.00
37	MegaPath	DSL Internet Service (9/12/12 -10/11/12)	142.88
38	Metrohm USA	Part for I.C. (Lab)	267.56
39	Moore, Barbara	Novato "Washer Rebate" Program	50.00
40	MSC Industrial Supply	Bolts (100) (STP)	31.65
41	Nelson, John O.	Retiree Exp Reimb (Monthly Health Ins)	90.69

Seq	Payable To	For	Amount
42	North Bay Watershed Assoc.	FY 12/13 Dues (Watershed Stewardship Plans) (Budget \$6,460)	6,452.62
43	NMWD Employee Association	Payroll Deducted Dues - August	940.00
44	Novato Sanitary District	Electric Power for Deer Island Recycled Water Facility (2011-2012)	8,000.00
45	Novato Chevrolet	A/C Condenser (\$317) & Condenser Hose "O" Rings ('04 Chevy C1500)	325.38
46	Office Depot	Label Tape (\$29) (Le Brun), Dividers (48) (\$56), 3 Ring Binders (20) (Eng), Typewriter Ribbons (4) (\$46), Business Card Stock (1,000) (\$51) & Glue Sticks (4)	221.21
47	Pace Supply	Couplings (4) (\$81) & 1" Copper Pipe (360') (\$1,566)	1,647.48
48	Palladium Realty	Refund Overpayment on Closed Account	27.79
49	Pape Material Handling	Seat Cushions (\$235) ('97 Hyster Forklift), Hose & Hydraulic Oil (\$49) (2.5 gal)	306.02
50	Phillips & Associates	Sept O & M of O.M. Wastewater Treatment System	5,187.96
51	PVS Minibulk	Sodium Hypochlorite (1,049.55 gal)	1,603.34
52	Red Wing Shoe Store	Safety Boots (Arendall & Reed)	397.94
53	Roberts & Brune	Meter Box (\$417) & Meter Box Cover (\$183)	600.73
54		Cafeteria Plan: Uninsured Medical Reimbursement	182.19
55	Sequoia Safety Supply	Safety Glasses (11)	36.71
56	Siemens Water Technologies	Service on Lab Deionized Water System	192.48
57	Sierra Chemical	Chlorine (2 tons)	1,013.33
58	Simmons, Carol	Novato Washer Rebate" Program	50.00
59	Smail, John	Retiree Exp Reimb (Monthly Health Ins)	90.69
60	Smith, Dennis	Novato "Washer Rebate" Program	50.00
61	Sonosky, Norma	Retiree Exp Reimb (Monthly Health Ins)	90.69

Seq	Payable To	For	Amount
62	SpeedTech Lights	LED Corner Strobe Lights (12) (\$877) & 55" LED Light Bars (2) (\$2,037) for 2 New 3/4 Ton Pickups	2,914.80
63	SPG Solar	Stafford Lake Solar Project Construction Close Out Cost	3,562.40
64	Staples	Premium Paper (2 reams)	36.69
65	SuperMedia	Quarterly Telephone Directory Charge	48.25
66	Thompson, Daniel	Refund Excess Advance for Construction Over Actual Job Cost (Perry's Deli Fire Service)	11,572.45
67	UNUM Life Insurance	September Group Life Ins Premium	684.20
68	Velloza, Richard	Retiree Exp Reimb (Monthly Health Ins)	90.69
69	VWR International	Media (Lab)	85.78
70	Wildcat Engineering	Prog Pymt #1: Onsite Retrofit for Recycled Water South Project (Bal Remaining on Contract \$123,443)	39,529.97
71		Cafeteria Plan: Childcare Reimbursement	208.33
		TOTAL DISBURSEMENTS	<u>\$172,977.25</u>

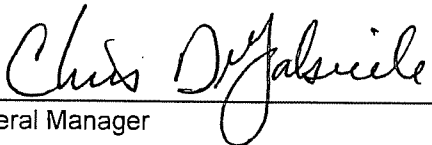
The foregoing payroll and accounts payable vouchers totaling \$172,977.25 are hereby approved and authorized for payment.



Auditor-Controller

Date

9/13/12



General Manager

Date

9/17/2012

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Mendocino County judge tosses out state's frost-protection rules

By *GLEND A ANDERSON & CATHY BUSSEWITZ*

THE PRESS DEMOCRAT

Published: Wednesday, September 26, 2012 at 3:13 p.m.

A Mendocino County judge on Wednesday overturned controversial state water rules designed to regulate how grape growers in Sonoma and Mendocino counties divert water from the Russian River.

Superior Court Judge Ann Moorman declared the law to be "constitutionally void" and "invalid."

"There is not substantial evidence in the record to show the regulation, as enacted, is necessary," she said.

The regulations were aimed at preventing endangered and threatened fish from becoming stranded and dying when farmers take water from the river to protect their crops from frost. Grape growers spray water on the vines to form a protective shield of ice when temperatures fall below freezing.

Moorman said the state Water Resources Control Board failed to do its homework before adopting the regulations. They lacked scientific basis, infringed on water rights and wrongly required farmers to gather information and create regulations themselves at great expense.

She also said the regulations were too sweeping and general, failing to take into consideration different conditions in the watershed and applying the rules to all farmers, regardless of whether they drew water directly from streams.

Although the regulations would not have banned the use of river water for frost protection, the judge warned of economic devastation.

"Without water to frost protect, complete crop loss due to frost damage would be far more prevalent in certain areas of Sonoma County and much of Mendocino County," Moorman wrote. "Crop failure due to frost damage has measurable and potentially catastrophic economic consequences to the individual farmer, employees and county revenues."

Sonoma and Mendocino county farmers and their advocates lauded the decision, which affects hundreds of farmers along more than 1,700 miles of streams in the Russian River watershed.

"A lot of us are just tired of government intruding on our property rights," said Duff Bevill, founder of Bevill Vineyards Management near Healdsburg. The judge "recognized that it was an overreach on the state's part, he said."

Bevill is part of a group of grape growers in Sonoma and Mendocino counties, called Russian River Water Users for the Environment, that sued the state in October. They said the regulations were unconstitutional, too broad and didn't address steps that growers had already taken to protect salmon and steelhead populations.

A second lawsuit was filed by Rudolph and Linda Light, vineyard owners in Mendocino County, and both cases were consolidated into the Mendocino County

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Superior Court. The state water rules were set to go into effect last March, but in February Moorman postponed enforcement of the regulations.

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Water Resources Control Board officials declined immediate comment Wednesday, saying they were reviewing the ruling.

Environmentalists said the court decision is unfortunate.

"We have seen significant instances of harm to protected fish as well as to downstream water users and water rights holders as a result of substantial spikes in pumping water for frost control," said David Keller, Bay Area director of Friends of the Eel River. "The prior state regulations have not been sufficient to control the excesses. The new law, just invalidated, was a good-faith effort to address these problems."

The regulations were triggered by strandings of salmon in the Russian River and its tributaries. They occurred when sudden declines in water levels trapped fish in small pools and on land. Regulators cited two incidents in 2008, one each in Sonoma and Mendocino counties.

In her ruling, Moorman concluded that farmers may have contributed to the strandings but there were other, unusual factors at work. She cited low humidity, sharp drops in temperature, below-average stream flows from dry conditions; and the failure of the Sonoma County Water Agency to release additional water from Lake Mendocino quickly enough to combat the sudden decline in stream flows due to frost protection draws.

"No one factor alone caused the strandings; it was the culmination of these unique conditions," Moorman wrote.

She noted that farmers and water agencies have taken steps to prevent similar conditions. They include building additional off-stream water storage reservoirs, installing more water gauges to better predict sudden water drops, and better coordination of water draws and of releases from Lake Mendocino.

Dave Koball, a member of the Mendocino County Farm Bureau and manager of Fetzer/Bonterra vineyards, said he hopes water regulators will be more willing now to work with farmers to improve fisheries rather than subject them to regulations. "We'll have more success working together," he said.

The ruling upheld nearly every contention raised by farmers in their lawsuits, attorneys for the plaintiffs noted.

"I'm very impressed," said Ukiah attorney Jared Carter, who represented the Lights, who were out of the country Wednesday and unavailable for comment.

Sacramento attorney Nick Jacobs, who represents a group of Sonoma County farmers, said the ruling is good both for farmers and the environment because it calls for regulators to conduct additional studies on the impacts of water diversions.

"That's good for farmers, that's good for fish," he said.

You can reach Staff Writer

Glenda Anderson at 462-6473 or glenda.anderson@pressdemocrat.com.

com.

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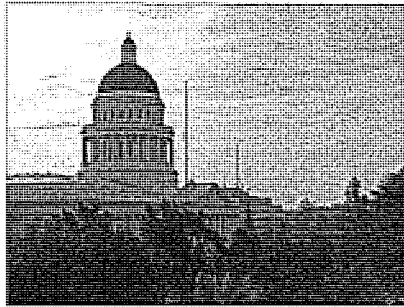
Home > News > Water News

“Right to Water” Bill Gets Governor’s Signature

Submitted by Lisa Lien-Mager on Wed, 09/26/2012 - 5:50pm in State Legislation Water News

ACWA-opposed legislation establishing a “right to water” in state law has been signed into law.

AB 685 (Eng) declares it is the policy of the state that every human has the right to clean, affordable, and accessible water adequate for human consumption, cooking and sanitary purposes and directs state agencies to consider the policy when revising or adopting regulations, policies and grant criteria. Gov. Jerry Brown signed the measure Sept. 25.



ACWA and other opponents voiced concern throughout the legislative session that the measure could negatively affect the ability of water agencies to provide safe, clean and affordable water to all their customers.

The association worked with a coalition to offer amendments to address these concerns. However, the coalition and the bill’s sponsors were unable to reach an agreement. In the final days of the session, Assembly Member Mike Eng (D-Monterey Park) wrote a letter to the Assembly Daily Journal attempting to clarify the intent behind some provisions. The letter did not satisfy ACWA’s concerns.

ACWA and numerous member agencies and others wrote letters to the governor requesting a veto.

Latest Water News



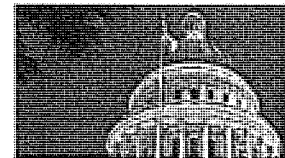
Stewardship Council’s New Executive Stops by ACWA Region Briefing



Blog Post: Regions 5 and 8 Tackle Prop 218, ESA at Joint Meeting



\$25 Million Available from DWR for Environmental Stewardship Projects



Governor Signs Bills on Metal Theft, Quagga Mussels

MORE WATER NEWS »

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BOD M&U

Marin Voice: Why Marin chiefs oppose state fire fee

Posted:

marinij.com

AS OUR CONSTITUENTS begin to receive notices of the new impending "SRA Fee," the Marin County Fire Chiefs' Association believes it is important to share our concerns associated with the new "Fire Prevention Fee" with the public, our locally elected officials and our state legislators.

The fee is \$115 if the property is within an existing fire district.

Due to the nature and geography of the county, all unincorporated areas within Marin are considered part of the SRA.

We have consistently opposed the many iterations of this bill since first presented several years ago as a way to generate additional revenues for the state.

The county has approximately 15,285 homes located in SRAs, which are designated zones that are primarily protected by a fire protection district or the Marin County Fire Department.

These homeowners already pay local taxes for year-round fire prevention and protection services.

As a result, homeowners within the SRA will be significantly impacted, resulting in \$1.75 million dollars leaving the county.

We believe this fee is onerous to the residents who will not see any direct benefit from California Department of Forestry and Fire Protection (Cal Fire), the state's firefighting agency.

Additionally, the judicious use of special taxes by local agencies allows the funding of programs of interest to their constituents such as fire protection, prevention and paramedic services.

Each of these measures is required to reach a two-thirds threshold of acceptance from the electorate.

In many cases, the new "Fire Prevention Fee" is double that of any local measure, while not receiving any scrutiny from the electorate.

We believe ill-conceived fees, such as this, skew the relationship between the local agencies and their constituents as these local measures are considered by the electorate.

Each year, Marin firefighters are called upon to assist in the control and containment of wildfires across the state. We do this with the understanding that outside resources will be available to the county if required.

The current economic environment combined with the new "SRA fee" will further strain local resources, ultimately diminishing local agencies' ability and willingness to respond outside established service areas.

The intended and unintended consequences of this legislation will negatively impact fire districts in particular and the fire service in general for years to come, unless it is repealed.

Finally, we believe the "SRA fee" is unwise and unwarrantable and encourage your outreach to our state representatives, state Sen. Mark Leno, Assembly Member Jared Huffman and Gov. Jerry Brown, to provide your position on the legislation.

Richard Pearce is chief of the Tiburon Fire Protection District and a leader of the Marin County Fire Chiefs' Association.

BOD MVS C

New plant pumps recycled water from San Rafael to Novato

Posted:

marinij.com

With a lot of pride, a ton of teamwork and a touch of humor, officials Tuesday unveiled a new recycling plant that began pumping water from San Rafael's Las Gallinas Valley Sanitary District to irrigate schools, parks and fields in Novato.

The \$8 million, 5,000-square-foot plant will recycle wastewater from the kitchens and bathrooms of the Las Gallinas district, which includes north San Rafael and Terra Linda. In a partnership with the North Marin Water District, the Las Gallinas district built a \$5 million purple pipe to distribute the recycled water to the Hamilton Field area of Novato.

"We've realized a pipe dream," said Chris DeGabriele, general manager of the North Marin Water District, to applause and a few chuckles at Tuesday's dedication ceremony at the treatment plant.

The pipe that will carry the treated water is purple due to federal standards that stipulate that color so that it will be immediately evident what type of water is being conveyed.

The project was 10 years in the making and about three years in the building, said Mark Williams, general manager of Las Gallinas Sanitary.

"Three years, two grants and two loans later, we have a recycled water plant and distribution system," Williams said.

The money for the plant came from federal and state grants and a \$6.6 million loan from the Bank of Marin. The money for the \$5 million pipeline came from federal and state grants and a loan from the state. Under terms of an agreement between the two districts, North Marin will pay operating costs of the recycling plant; the projected costs were not immediately available, but officials estimated the total would be less than \$50,000 the first year.

"We are moving toward treating wastewater as a resource, not a waste. This project helps achieve that goal," said Steven Moore of the state Water Resources Control Board. "This is a multi-agency collaboration that provides a drought-free supply of potable water."

Moore noted that because North Marin will be using recycled water to irrigate, it is freeing up drinkable water that would otherwise be used for watering.

"It (the plant) will make 45 million gallons of water annually to be distributed in the Hamilton area," Williams said.

The pipeline from San Rafael to Novato is 2.5 miles long and took about nine months to build, DeGabriele said.

Larry Loden, a Las Gallinas Valley Sanitary District board member, regaled the crowd of about 100 board members, district officials and employees, politicians and others with tales of the infamous California drought of the mid-1970s.

"During the drought, if you used too much water, they came to your house with a sledgehammer and broke your water meter," Loden said to laughter from the audience.

Living through the drought (and the fact that his wife's roses did not) made Loden realize the importance of conserving water, he said.

Loden said his district intends to recycle more water, a sentiment echoed by Williams.

"This is a step toward being a water supplier instead of just a wastewater treatment plant," Williams said. "Being able to recycle water makes our services even more sustainable."

Contact Janis Mara via email at jmara@marinij.com. Follow her at [Twitter.com/jmara](https://twitter.com/jmara).

Dairy task force set to begin

By Lynn Axelrod

When California Food and Agriculture Secretary Karen Ross began organizing a 32-member California Dairy Future Task Force she may have been thinking about the kind of distress that dairyman Dominic Grossi described to the *Citizen* last week:

"Imagine waking up and working all day long seven days a week as dairymen do and not only do you not get paid, you then have to borrow money to stay in business and feed your family."

Grossi, who heads the Marin Farm Bureau and runs his family's dairy in Novato, was summing up the anguish of many farmers who are coping with one of the bleakest economic periods in living memory.

Secretary Ross said the task force was needed to change an outdated system and to create new markets. The group will have its

first meeting in Modesto on October 23 and 24. Their charge is to produce recommendations by the end of the year.

THE COST IN LIVES

The need for change was driven home by this summer's drought – the worst in more than 60 years, with officially declared disaster areas in 32 states. It drove up feed prices at the same time dairies continued coping with losses sustained by the national economic collapse of 2008 to 2009.

Milk production costs had soared by 28 percent from 2006 to 2009. Feed costs alone increased 33 percent in 2007 and went up another 12 percent in 2008, according to a study issued by McKinsey and Company in 2010. The reasons included the conversion of corn, a dairy feed staple, to produce ethanol; crop shortfalls from bad weather around the world; and speculation on anticipated poor grain harvests.

Most dairy producers' margins of profit "went negative" by the spring of 2009 and large chunks of equity were lost. That year 100 California dairies closed and several farmers committed suicide.

Ross asked members to read an earlier report by McKinsey that was issued in two parts in 2006 and 2007. It examined how to create a "Consumer-Driven Dairy Growth Strategy." "The Secretary believes it is a foundation upon which to begin building a future for the dairy industry," Steve Lyle, the department's public affairs director, told the *Citizen*.

The study made five core recommendations: minimize environmental costs; continue investing in promotion, marketing and product innovation; increase investments in production efficiencies; reform laws and regulations; and refinance the state's quota system. Quota is an entitlement system that dairies must qualify for. It allows a dairy to receive a minimum share of the revenue that is pooled from all California dairies.

MARIN COSTS SKYROCKET

Milk is the "long-standing premier commodity for Marin," county Agricultural Commissioner Stacy Carlsen wrote in his 2011 crop report. It produced 44.7 percent of the total agricultural value.

Marin has 27 cow dairies according to Ellie Rilla, the Community Development Advisor at U.C. Cooperative Extension. Of these, 17 are what she terms "non-organic," with three to four transitioning to organic production. Rilla was the U.C.C.E. Marin director for 21 years until 2009.

Marin's conventional dairies today receive \$16 to \$18 for every hundred pounds of milk, according to Farm Bureau president Grossi. The return to dairies is based on a highly complicated state formula. He told the *Citizen*, "This is actually a pretty high price by historical standards and is looking like it may go up another dollar in the near months, but unfortunately our cost of production has continued to skyrocket.

"I can't speak for other dairymen but I can tell you that our cost per CWT [every 100 lbs.] is about \$19 right now. This is the highest it has ever been."

So the bottom line is that costs are greater than return by about \$1. This may not seem much by itself but if an average conventional Marin dairy milks about 400 cows that produce about 26,000 lbs. of milk per day, the daily loss is \$260 per day, or \$95,000 per year. The number of cows in Central Valley dairies, Rilla said, run between 5,000 and 10,000.

Ethanol production has dramatically impacted what Grossi pays for corn feed. Before 2006 he never paid more than \$145 per ton, and often \$120. Last year the cost was between \$270 and \$300. Recently he was quoted \$374. Alfalfa, another feed staple, is also "at all time highs."

Local organic milk producers in Marin and Sonoma are not immune from price fluctuations. In 2011 they were asked by their processor Clover Stornetta to accept a steep cut in milk prices and to cut production. A number of them broke their long ties to Clover and switched to another processor, Organic Valley, because of a soured relationship.

GLOBAL FORCES IMPACT DAIRIES

The impact of globalism also hit U.S. dairies hard during the so-called Great Recession, according to the 2010 McKinsey report. Exports shrank from 11 percent in 2008 to five percent the next year.

There were several reasons. A strong U.S. dollar reduced buying by traditional importers such as Japan and India. Aggressive cost-cutting in New Zealand and the European Union outstripped sales by domestic producers who did not do the same. They lost 15 percent of global market share. Other burdens included drying up of credit, less eating away from home, and a continuing trend of decreased domestic demand.

India and China are developing their own dairy industries, which foretells ever-shrinking markets for U.S. exports.

Since 1996 the dairy industry has endured five increasingly severe boom-and-bust cycles. The export market is unpredictable. The federal dairy price support program ("buyer of last resort") is increasingly less useful in stabilizing prices because of domestic and global politics. The U.S. milk pricing system lags in signaling consumers' behavior, leaving producers unclear on when to reduce production.

Despite the series of crises and individual tragedies, California is ranked first in the nation in production of total milk, butter, ice cream, yogurt, nonfat dry milk, and whey protein concentrate, and is second in producing cheese, according to the California Food and Ag Dept.

Dairy farms produced \$7.6 billion in annual sales in 2011 from 41.4 billion pounds of milk, more than one-fifth the nation's total production. To keep its place amid natural challenges and global politics, the state appears to be rebooting for the 21st century.

Citizen's Forum

BALLOT BOX – OPINION

Measure A endorsement

By Dave Mitchell

With the quality of county parks, open space, ranchlands and water on the line, Marin voters on Nov. 6 need to approve a quarter-cent increase in the county sales tax. A two-thirds majority is required for passage.

County Open Space and Parks Director Linda Dahl spent months preparing the tax proposal, Measure A, which the Board of Supervisors on August 7 agreed to place on the November ballot. If approved, the tax is expected to bring in \$10 million annually over its nine-year lifetime.

Dahl's department would get 65 percent of the revenue, which would be used for maintenance and repairs at parks, as well as buying land easements and trail connections in natural areas, as Lynn Axelrod previously reported in the *Citizen*. Cities, towns, and special districts that oversee parks and recreation would receive 15 percent, which they could use to reduce the risks of wildfires, acquire land, and repair facilities.

The remaining 20 percent would be allocated to a Farmlands Protection program for – among other things – buying conservation easements on farms and ranches.

Here is how revenue from the tax measure would be allocated, according to the measure. **Parks and Open Space Program:** Eighty percent of this program's annual amount will be used to protect and restore wetlands along the coastline and bay shoreline to protect wildlife habitat; to protect water quality and fish habitat by reducing erosion and sedimentation; to reduce the risk of wildfire, enhance biodiversity, and control invasive, non-native weeds; to repair, maintain, and/or replace deteriorating facilities in open-space preserves and parks; to prevent slope instability and flooding; to build new or modify existing trails, entering into arrangements with private landowners for trail connections; to augment visitor services.

Preserving natural lands would include purchasing land or conservation easements from willing sellers. To the extent possible, tax revenues would be used to leverage matching funds from public and private partners.

Farmland Preservation Program: The purpose of this program is to protect county farmland at risk of subdivision and development and to preserve working farms and ranches.

Money could be used to buy perpetual agricultural-conservation easements that lock land into agricultural uses in perpetuity. Some of this money could also be used to buy additional real-property interests on lands now covered by such easements.

Marin Agricultural Land Trust (MALT) already buys and holds such easements, and the program's 20 percent of tax revenues could be used to provide matching grants to 'qualified organizations' (e.g. MALT) to buy and support purchase of more easements.

Up to 5 percent of the Farmland Preservation Program's allocation would be used for monitoring and enforcing easements. And up to 5 percent of the allocation would be shared with the Marin Resource Conservation District to assist ranchers on easement-protected properties.

City, Town and Applicable Special District Program: This program would provide local governments with funds to maintain and restore existing parks and recreational facilities; to acquire new parks; to carry out vegetation management.

This program is expected to be allocated more than \$13.5 million over the life of the measure.

The county Parks and Open Space Commission will conduct an annual meeting to gather public opinions as to what projects should be funded. No more than 5 percent of the Parks and Open Space allocation can be used for administrative expenses by the county. The same is true for the Farmland Preservation Program.

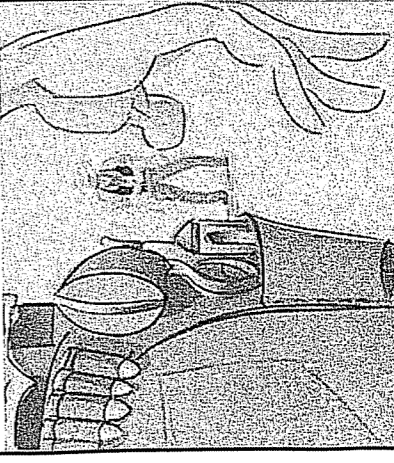
MALT, which helped Parks and Open Space director Cella O'Conner, who bitterly opposed Supervisor Steve Kinsey's reelection, criticized the board's allocating money through MALT since it is a private nonprofit.

The organization's executive director Bob Berner countered that none of the tax money would "stick" to MALT or be used for salaries. It would all go to acquiring and maintaining easements.

Berner said MALT has already spent \$54 million acquiring easements that protect 44,000 acres. Half of the money has come from public funds, he noted, but money from those sources – especially the California Coastal Conservancy – is "about exhausted."

Another critic, affordable-housing advocate Dave Coury, told the supervisors the

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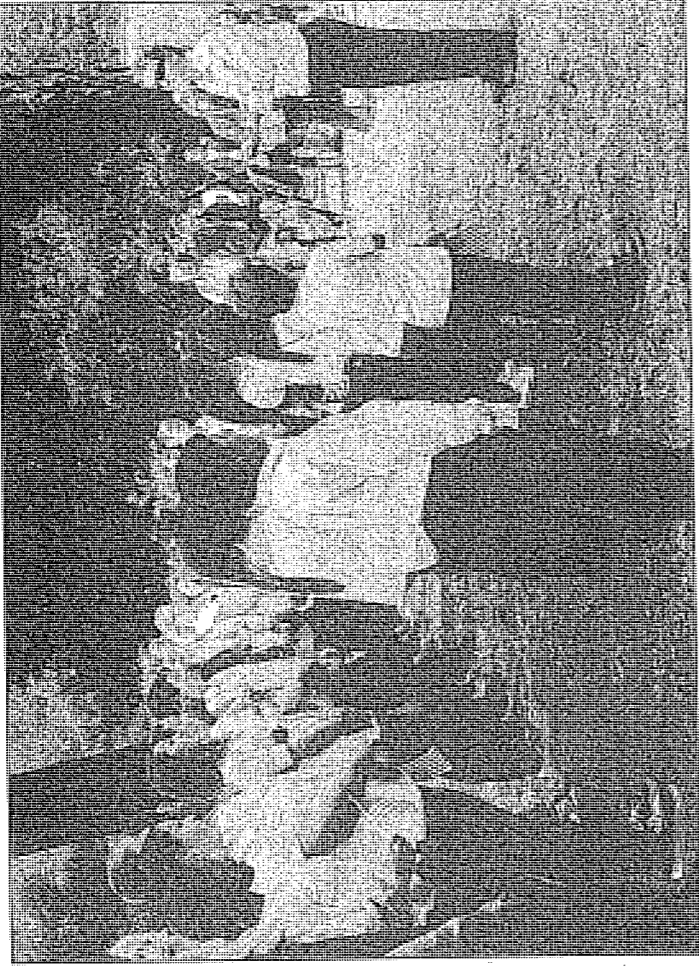
By Larken Bradley

Couldn't help but hear:

"Don't touch anything... We're in the country... I'll give you a wipe when we get back in the car."

— Woman to man walking in Point Reyes Station. Overheard by Teri Mattson of Inverness.

Citizen readers: When you hear or observe something amusing in West Marin, over the hill, while on vacation or a business trip or peering blogs, we want to join in the fun. E-mail submissions for publication to Larken Bradley at Larken@obituarywriters.com. Or telephone: 454-3552. Please provide your name, town and contact information for correct attribution.



Citizenship and Immigration Services (USCIS) Field Office Director Robin Barrett administered the Oath of Allegiance to America's newest citizens during a special naturalization ceremony at Point Reyes Station National Seashore on Monday. George Turnbull, Deputy Regional Director Pacific West National Park Service, gave the keynote address. Congresswoman Lynn Woolsey read the presidential congratulatory letter and spoke briefly. **The sixth, seventh and eighth-graders of West Marin School sang as part of the ceremony, directed by music teacher Dave Whitney.** Photo by Linda Petersen

ballot measure is "a pig in a poke" because the county has not yet decided what additional land might be purchased for open space.

The Marin County League of Women Voters, while not taking a stand on Measure A, pointedly asked Supervisor Kinsey in writing: "Is it wise to put the proposal on this November's ballot when the governor's tax plan will also appear? We're concerned that Marin's competing proposal may serve to generate stronger opposition to that plan in Marin."

Kinsey responded, "We understand the dire needs in our community that the state measure would address. We support the state measure, and would not be proposing our local measure unless we were confident that it would not affect the statewide one."

The league also asked, "What are the thoughts of the supervisors on other potential revenue sources that may be less regressive and fairer? In particular, have fees or parcel taxes been considered? These more closely tie those paying for the services to the benefits."

Kinsey's response: "Sales tax is a broad-based tax, so it doesn't create a burden for one segment of our community. Our parks are used by all residents of our community,

not just property owners, so there is a nexus between who pays and who uses our parks and open space.


"Sales tax may actually be fairer since it includes all residents (park and open space users) not just homeowners, and especially since visitors from out of the county who use our regional, state and national parks also pay a portion of the sales tax collected in this county."

Speaking in favor of the tax proposal during the supervisors' hearings were ranchers Dominic Grossi, Rick and Scott Lafranchi, Sam Dolcini, and Loren Poncia.

Another supporter, rancher Ralph Grossi, former head of the American Farmland Trust headquartered in Washington, DC, told the supervisors he expects federal matching grants will be available from the current Farm Bill.

Also testifying in favor of Measure A, as the *Citizen* has reported, were the Marin Conservation League, Marin Audubon Society, the Marin Bicycle Coalition, Access 4 Bikes, and Conservation Corps North Bay.

Measure A's benefits for West Marin and the county as a whole are substantial, and it deserves wholehearted support.




POINT REYES STATION

FARMERS MARKET

Saturday September 22nd

Guest Chef: (10-11am), Nick's Cove chef Austin Perkins

MUSIC: (9-10am) Brock Family & Friends, from ragas to ruchenitzas: music from the near and far east.



www.pointreyesfarmersmarket.org

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