

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
January 19, 2010**

CALL TO ORDER

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

Novato resident Will Lieb, Carl Nelson of Bold Polisner, Maddow, Nelson and Judson, District employees Robert Clark (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance Superintendent) and Brad Stompe (Distribution and Treatment Plant Supervisor) were in the audience.

MINUTES

On motion of Director Schoonover and seconded by Director Rodoni, the Board approved the minutes from the previous meeting as presented by the following vote:

AYES: Directors Baker, Fraitcs, Rodoni, Schoonover

NOES None

ABSTAIN: None

ABSENT: Director Petterle

GENERAL MANAGER'S REPORT

Meeting with Supervisors Kinsey and Arnold

Mr. DeGabriele reported that he met with Marin County Supervisors Steve Kinsey and Judy Arnold last week and updated them on District activities, including the water supply situation and meetings with the Sonoma County Water Agency, recycled water and the North Bay Water Reuse Authority, North Marin Aqueduct relocation and the Marin Sonoma Narrows project, and the Novato Watershed program. He said he discussed solely with Supervisor Kinsey, the Gallagher Well and Pipeline project. He said the meeting went very well.

Meeting with City of Novato City Manager

Mr. DeGabriele advised that he and David Bentley met today with Michael Frank, Novato City Manager to talk about the North Redwood Boulevard Corridor Redevelopment and the City's plan for the District property. He said that there is nothing new to report, that the city is very focused on their budget deliberations, and that they will not be moving forward the District relocation. Mr. DeGabriele stated that he advised the City on the District's considerations for its headquarters building and facilities.

City of Novato 50th Anniversary Celebration

Mr. DeGabriele informed the Board that the 50th Anniversary celebration for the City of Novato will be tomorrow at the Old City Hall and that President Baker will be attending. He said that Dianne Landeros, Accounting/Human Resources Supervisor and Leadership Novato participant, will be representing the District at the Paint the Town Red event on January 30, 2010.

OPEN TIME

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

STAFF / DIRECTORS' REPORTS

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

Storm Update

Mr. Clark reported that significant storms this past weekend slightly impacted five pump stations that had to be reset this morning. He said that less than three inches of rain was recorded at Stafford Lake this weekend bringing the fiscal year total to 11 inches. He said the lake is now at 33% of capacity and that the predicted storms this week are predicted to produce substantial runoff.

QUARTERLY FINANCIAL STATEMENT

Mr. Bentley provided the mid-year report through December and stated that the District received 49% of its budgeted income and 42% of budgeted outlays; operating revenue is 54% of budget. He said that 10.5% decrease in water sales was budgeted and actual is 13%. He said that there is a \$1.6M fiscal year-to-date surplus and that is expected to dissipate during the year and end the year with \$564,000 as the budgeted amount. Mr. Bentley stated that the reason expenditures are behind is that only 18% of the Improvement Projects budget has been expended.

The District's cash balance has increased \$1.8M since July 1 due to Biomarin paying \$1.5M in connection fees.

Mr. Bentley reported that Novato consumption is down 13% compared to last year and total revenue has increased 9% because of the water rate increase; operating expense is up 4% over same period last year primarily due to salary and benefits cost increase of 5.8%. He reported that Stafford Lake has produced 735mg of water at a cost of \$2,500/mg compared to SCWA water at \$1,900/mg. He said that the cost of water will increase as the Stafford Treatment Plant operations continue to be shut down over the winter months. Mr. Bentley said that the net loss thus far is \$900,000; \$2.9M is the budgeted loss for the year; \$900,000 in improvement project budget for Novato has been expended to date and at the same time last year \$2.3M was expended. Novato cash balance has increased \$1.7M. He explained that on an accounting basis, depreciation is included (\$1M in depreciation is included in the \$900,000 loss) and connection fees are not counted as revenue.

Mr. Bentley advised that the recycled water system finally collected \$189,000 of the Integrated Regional Management Plan grant that was awarded to the District in 2007, and the remainder is anticipated to be received by the end of the year. He said that money enabled the recycled water system to completely repay the Novato water system \$150,000 and with the bimonthly payment from Stone Tree, \$100,000 was able to be placed in the Facility Replacement Fund.

Mr. Bentley advised that in West Marin, there may be an error in the production meters because it appears that more water was sold than produced. He said expenses are up 24%, some of which is storm related; 8% of the improvement projects budget has been expended, and the amount borrowed from Novato has decreased this year thus far by \$80,000. He stated that an increase to the debt owed Novato is expected when projects begin.

Mr. Bentley reported that in Oceana Marin, expenditures are down 15% from a year ago; 20% of the annual improvement project budget has been expended. He advised that the District received the tax allocation in December that was \$2,400 less than the previous year due to the State "borrowing" 8% of local agency property tax. He further advised that Oceana Marin has a cash balance of \$260,000; the budgeted amount is \$317,000 by the end of the current fiscal year.

MONTHLY PROGRESS REPORT

Mr. DeGabriele presented the Monthly Progress Report for December and stated that water production for Novato was down 13% fiscal year-to-date; and in West Marin water production was down 35% for the month of December as compared to December 2008. He said that a comparison

of water sales to water production during the months of October, November and December may indicate a problem with the production meter and more investigation will be necessary before making a final conclusion as to the reason. He said there was no production at either the Recycled Water Facility or Stafford Treatment Plant in December. He said there is 1,400 acre feet in Stafford Lake and the fiscal year-to-date rainfall total is 11.2 inches. He said that both the storage and treatment ponds in Oceana Marin have sufficient freeboard and are in good shape.

Mr. DeGabriele reported that the District worked 303 days without a lost time accident or injury; and he stated that in Water Conservation there were 17 Water Smart Home Surveys performed.

Mr. DeGabriele noted the chart of 10-year Novato Water Production that illustrated production in the early 2000's was 2,000 mg at the end of December; and this year, only 1,620 mg of water was produced. He said it stems from the summer months, July through October, when there was reduced water demand which depressed water production. He stated that on the Summary of Complaints and Service Orders, complaints were down 19% for the month and 17% for fiscal year to date, principally due to reduction in high bill complaints.

ACTION CALENDAR

APPROVE: NMWD EMPLOYEE ASSOCIATION MOU

Mr. Bentley said the Board is being asked to approve the Memorandum of Understanding between the District and the North Marin Water District Employee Association and advised that the Association and staff met approximately twelve times and discussed eleven different issues. He said that there are 54 members who are eligible to vote on the agreement, and the vote was 23 to 4 to approve the agreement. He said the total cost of the package is \$27,000 or 0.5% of overheaded salary and will run through September 30, 2011. Mr. DeGabriele informed the Board that there will be a cost of living increase on October 1, 2010 based on the change in the Consumer Price Index.

Director Schoonover stated that he would like to commend the employees and Mr. Bentley for his hard work to successfully negotiate the agreement.

On motion of Director Fraitess, seconded by Director Rodoni and unanimously carried by those Directors present, the Board authorized the General Manager to execute the Memorandum of Understanding with the North Marin Water District Employee Association.

Mr. DeGabriele acknowledged Mr. Bentley's hard work and stated that the cost of the package is about 1 cent on the water rate; it's a good package for the District and the employees.

INFORMATION ITEMS

ETHICS TRAINING FOR BOARD OF DIRECTORS

Mr. DeGabriele advised the Board of the State requirement that the Directors complete Ethics Training every two years and stated that Directors training is required this year. He said that this training is available on the Fair Political Practices Commission's website at no cost. Mr. DeGabriele reminded the Board that once they complete the training, they must return the Certificate of Completion to the District Secretary.

STP OPERATIONS

Brad Stompe, Distribution and Treatment Plant Supervisor, provided the Board with an update on the Stafford Treatment Plant operation season. Mr. Stompe reviewed the highlights of the report advising on the change this year in the production schedule due to Sonoma County Water Agency's conservation measures. He said Stafford Lake level has remained stable this year in March, April and May to save storage for maximum production while the SCWA measures were in effect. He noted that fish production in the lake seemed to benefit from the constant lake level. He said that the treatment plant ran 24 hours a day seven days a week to meet production goals in June through October. Mr. Stompe stated that this was a stressful way to produce the same amount of water and doesn't give much leeway should unforeseen situations occur. He said the 24 hours a day schedule was reduced twice due to the GAC change out and the taste and odor issues. Mr. Stompe advised that an Assistant Treatment Distribution Operator will gain his T3 Certification this upcoming summer which will add more flexibility in scheduling.

Mr. Stompe informed the Board that Stafford Treatment Plant met a new high in plant operation efficiency this past year. He said the staff has learned a lot over the past three years with the new plant, how the equipment works, how chemicals react, what type of lake water the operators are dealing with. He said that TOC reduction has met an all-time high, manganese problems have been greatly reduced and filter run times have doubled. He said that manganese is a bigger and more complex problem than anticipated and explained the methods to mitigate the problems. He said that this will be a major focus of the plant this year. Mr. Stompe advised that manganese is a secondary standard, it is not harmful, but causes turbidity issues.

Director Rodoni asked how the operation of the Recycled Water Facility went this year and Mr. Stompe responded that it went well and that he felt proud of the way staff turned production around. He said that this year, more recycled water was produced than could be used and production had to be curtailed.

The Board thanked Mr. Stompe for his informative report.

TAC MEETING – JANUARY 11, 2010

Mr. DeGabriele provided a summary of the Technical Advisory Committee meeting held on January 11, 2010. He said that the Sonoma County Water Agency asked for assistance in preparing their Water Conservation Plan; therefore, the TAC Water Conservation Sub-Committee will meet with the Agency on Thursday January 21, 2010. He said that the Sonoma-Marín Saving Water Partnership was reformulated to eliminate the Water Agency's participation and moved away from a Memorandum of Understanding to a Joint Powers Agreement with the water contractors. He said that Petaluma and Santa Rosa are now hesitating on joining and whatever issues they have will be discussed. He advised that water contractors with the exception of Marin Municipal and City of Petaluma will use Maddaus Water Management to assist in developing an update in the water demands and water conservation savings for the 2010 Urban Water Management Plan. He further advised that the City of Santa Rosa will be the contracting entity and the other contractors will share in the cost. Mr. DeGabriele reported that Lake Sonoma level has risen 7,500 acre feet and Lake Mendocino has risen about 2,000 acre feet. He cautioned that Lake Mendocino is still low at less than 35,000 acre feet. He said that the Budget Subcommittee concluded deliberations early and the draft budget shows a 7.8% increase for North Marin - much better than last year's 25% increase.

Mr. DeGabriele advised that the next WAC/TAC meeting will be February 8, 2010.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements, December 2009 Vehicle Auction Report, Customer Letter – Dollberg, New Vendor – Cummings Trucking.

The Board received the following news articles: Kelley will not seek re-election, S&P Cuts California Debt Rating, Marin water veteran looks at MMWD's options, Stricter watering rules coming for new projects, PD Editorial: Rain Gauge, Water shortage still a worry, Water main flushing begins, NMWD may stay put, Salinity Notices.

CLOSED SESSION

President Baker adjourned the meeting into closed session at 8:20 p.m. for:

Conference with Legal Counsel - Anticipated Litigation – Initiation of Litigation Pursuant to Subdivision (c) of Government Code Section 54956.9 – One Potential Case; and

Conference with Legal Counsel – Pending Litigation - Pursuant to Government Code subdivision (b) of Section 54956.9 (one case J-M Manufacturing).

OPEN SESSION

Upon returning to open session at 8:44 p.m., President Baker stated that no reportable action had been taken.

ADJOURNMENT

President Baker adjourned the meeting at 8:45 p.m.

Submitted by

Renee Roberts
District Secretary