

1 **NORTH MARIN WATER DISTRICT**
2 **MINUTES OF REGULAR MEETING**
3 **OF THE BOARD OF DIRECTORS**
4 June 21, 2011

5 **CALL TO ORDER**

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

11 Novato resident Ed Grundstrom, Ann Mulroy and Mark Flynn (StoneTree Golf Club), Katie
12 Blank (Environmental Services Associates), and District employees Robert Clark
13 (Operations/Maintenance Superintendent) and Doug Moore (Construction/Maintenance
14 Superintendent) were in the audience.

15 **MINUTES**

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

18 **GENERAL MANAGER'S REPORT**

19 **Meeting with Marin County Parks and Open Space District**

20 The General Manager reported that he and Drew McIntyre met with Linda Dahl, Ron Miska
21 and Stephen Petterle from the Marin County Parks and Open Space District to discuss common
22 properties and projects, specifically two pipeline projects listed in the District's Five-Year Capital
23 Plan – Indian Valley College to Indian Valley Road pipeline and Inlet/Outlet Pipeline to San Mateo
24 Tank.

25 **Meeting with SMART and GGBHTD**

26 Mr. DeGabriele stated that on Friday, June 17th he met with SMART staff and Golden Gate
27 Bridge District regarding the railroad crossing at Golden Gate Place. He opined that the SMART
28 staff isn't sure what they want to do in regards to the private crossings; they have received "push
29 back" from property owners at private crossings. He said he suggested that SMART use the
30 Districts as a "test case" to go through the process. He added that the District has an executed and
31 recorded license agreement to use the private roadway across the railroad tracks at Golden Gate
32 Place.

33

1 **OPEN TIME:**

2 President Schoonover asked if anyone in the audience wished to bring up an item not on
3 the agenda and the following item was discussed:

4 **Agreement with Marin Municipal Water District**

5 Ed Grundstrom addressed the Board and said that the intertie agreement with Marin
6 Municipal Water District is quite old and he is not aware of the agreement being revised. He said
7 he noticed that the wheeling charges to MMWD for aqueduct water have decreased; in the
8 meantime, the District costs have gone up 20%. Additionally, Mr. Grundstrom suggested that the
9 first tier in the rate structure include more water usage as a means to increase revenue since, in his
10 opinion, the increase in rates will decrease sales.

11 **STAFF/DIRECTORS REPORTS**

12 President Schoonover asked if staff or Directors wished to bring up an item not on the
13 agenda and there were no comments.

14 **PUBLIC HEARING – 2010 URBAN WATER MANAGEMENT PLAN**

15 Mr. DeGabriele presented the 2010 Urban Water Management Plan (UWMP). He began
16 his presentation by explaining that the Comprehensive Water Bond Act passed in 2009, adding
17 several new elements to the Urban Water Management Planning Act, provided that retail and
18 wholesale water providers were given an extra six months to complete the Plan. He advised that
19 the UWMP is on track for submittal to the State Department of Water Resources by July 1 and is
20 consistent with the DWR Guidebook. Mr. DeGabriele further advised that the UWMP was made
21 available to the public at the District Administrative office and the Novato Public Library; and the
22 Notice of Public Hearing was published two times in the Novato Advance. He said that one
23 comment was received from Sonoma County Water Agency (SCWA) regarding entitlement
24 deliveries for SCWA, and that their comment has been addressed in the final document. Mr.
25 DeGabriele said that the UWMP was prepared by staff, saving consultant dollars, and was
26 supported by an analysis prepared by Maddaus Water Management (MWM) which quantified both
27 future water demand and water conservation efforts. He explained the MWM computer model used
28 for calculations and advised that all retail water contractors receiving Russian River water used
29 MWM for consistent analysis. He said that once demand projections were developed, the District
30 worked with the SCWA to determine how to meet demands using Russian River water, local supply,
31 conserved water and recycled water and that this is reflected in the UWMP.

32 Mr. DeGabriele summarized highlights of the UWMP:

1 1) Population projections for North Marin used an average of 2005, 2007 and 2009 ABAG
2 population projections.

3 2) Includes an analysis of per capita water use (requirement of Comprehensive Water
4 Bond Act of 2009) whereby all retail water agencies shall develop a 20% reduction in per capita
5 water use by 2020. The UWMP calculates a District baseline of 178 gallons per capita per day
6 (gcpd) and with the 20% reduction, calculated to be 143 gcpd. Projections indicate that the District
7 would not meet that goal; therefore, a regional alliance was formed to develop a regional target for
8 2020.

9 3) A new element of the UWMP is to identify water needed for lower income households;
10 and for Novato, that would be a household with an 80% of median income (\$64,738). It was
11 estimated that 40% of total households in Novato fall into that category and water needed for single
12 family and multi-family lower income housing is reflected in the UWMP.

13 Director Rodoni inquired if there is an assumption that lower income housing uses less
14 water. Mr. DeGabriele responded that that is not the case; the UWMP's intent is to confirm that
15 there is sufficient water supply to meet the lower income housing needs.

16 4) Projected water supplies at year 2035 for the District is 12,803 acre feet, 3,167 acre feet
17 less than the last UWMP; and in order to meet the projected demand, the District will rely on
18 Agency Russian River water, Stafford Lake, recycled water and conserved water.

19 5) The UWMP requires an analysis of water supply and demand in an average year, a
20 single dry year and a multiple dry year. The analysis shows that the demand can be met in average
21 and multiple dry years but a single dry year water use restrictions would be necessary to keep water
22 demand within the available supply.

23 Mr. DeGabriele informed the Board that the UWMP does not address conditions to protect
24 fisheries on the Russian River.

25 President Schoonover opened the public hearing at 7:46 p.m. and hearing no comment,
26 closed the public hearing.

27 Director Fraites moved that the Board adopt the NMWD 2010 Urban Water Management
28 Plan pursuant to Resolution No. 11-15 entitled, "Resolution of the Board of Directors of North Marin
29 Water District Adopting the 2010 Urban Water Management Plan" and the motion was seconded by
30 Director Petterle.

1 Director Rodoni commented that the Regional Alliance Agreement with the other water
2 contractors is subject to review in 2015 and that each entity may withdraw from the alliance at any
3 time which may have an effect on the District complying with SBx7-7. Mr. DeGabriele responded
4 that the UWMP must be updated every five years and the current projections will be reviewed and
5 recalculated if necessary.

6 The Board voted unanimously to adopt the 2010 Urban Water Management Plan.

7 **PUBLIC HEARING/ADOPT FY 11/12 NOVATO WATER & RECYCLED WATER BUDGETS**

8 David Bentley stated that the Novato Water Budget is divided into the Equipment, Capital
9 Improvement Projects Budgets and Operations Budget which incorporates both the Equipment and
10 Capital Improvement Projects Budgets; the Recycled Water System Budget is separate from the
11 Novato Water Budget. He advised that the public hearing notice was published in the June 15th
12 edition of the Novato Advance and that no comments were received from the public.

13 **Novato Water FY 2011-12 Equipment Budget**

14 Mr. Bentley presented the FY 2011-12 Equipment Budget and stated that the Equipment
15 Budget totals \$188,000, the same budget amount as the FY 2011 Equipment Budget and 20% less
16 than budgets on average adopted over the past ten years. He said the Equipment Budget includes
17 a dump truck (\$78,000) and valve tapping system (\$48,000).

18 President Schoonover opened the public hearing and hearing no comment, closed the
19 public hearing.

20 On motion of Director Petterle, seconded by Director Baker, the Board unanimously
21 approved the Novato Water FY 2011-12 Equipment Budget.

22 **Novato Water FY 2012 & FY 2013 Capital Improvement Projects Budget**

23 Mr. Bentley stated that staff is requesting that the Board adopt two fiscal year Capital
24 Improvement Projects Budgets – Fiscal Year 2012 and Fiscal Year 2013. He said that the budget
25 amount for both fiscal years is \$4.3M; and since the Board's last review, there was one change. He
26 advised that the South Novato Main Break Repair project will be carried over to FY 11/12, and
27 \$120,000 has been added to the FY12 budget to complete the project. He further advised that one
28 project was deferred and another project reduced so that the budget total for FY12 remains the
29 same as previously presented. Mr. Bentley informed the Board that the significant project planned
30 for the next two years is the Aqueduct Energy Efficiency Project - \$2.7M budgeted for FY12, \$2.6M
31 budgeted for FY13 and \$2.6M for FY14. He said the District will borrow approximately \$8M and the
32 terms of the loan are currently being negotiated with Bank of Marin. He stated that the net project

1 outlay proposed to be funded internally (\$1.6M for FY 12 and \$1.7M for FY13) is less than the \$2M
2 per year incorporated into the District's five-year financial plan.

3 President Schoonover opened the public hearing at 7:53 p.m.

4 Ed Grundstrom, Hatch Road, Novato, addressed the Board. He said that the District should
5 reduce the number of projects to avoid having to borrow money, exhaust District reserves and
6 increase rates. He said it would be better to issue bonds than to undertake commercial lending.

7 Hearing no further comments, President Schoonover closed the public hearing at 7:55 p.m.

8 On motion of Director Baker, seconded by Director Fraites, the Board unanimously
9 approved the FY11/12 and FY 12/13 Capital Improvement Projects Budget as presented.

10 **Novato Water FY 2011-12 Operations Budget**

11 Mr. Bentley presented the FY 2011-12 Operations Budget which incorporates the \$188,000
12 Equipment Budget and \$4.3M Capital Improvements Projects Budgets. He informed the Board that
13 with operations and debt service, a total of \$17.7M expenditure plan is proposed for next fiscal year.
14 He noted that this amount is a 6% decrease from last fiscal year's budget. Mr. Bentley advised that
15 since the last review, expense amounts have increased \$56,000 due to reallocating West Marin
16 labor back to Novato Operations and higher than anticipated workers' compensation expense.

17 Director Baker asked Mr. Bentley to explain the reallocation of West Marin labor.

18 Mr. Bentley stated that labor hours are distributed between the different operations of the
19 District. He said that the first draft of the West Marin budget increased labor hours needed for
20 projects; however, the General Manager directed staff to reduce the West Marin budgets which
21 require labor hours to be reallocated from West Marin back into Novato which equate to \$39,000.
22 He advised that West Marin budgets are small and it is important to make sure that there is enough
23 money to accomplish necessary projects.

24 Mr. Bentley continued his presentation and advised that bids for workers' compensation
25 insurance came in higher than anticipated which added \$17,000 to the operating expense since the
26 Board's last review. He summarized the budget and stated that next fiscal year the bottom line
27 deficit is \$343,000, a cash decrease that is in accordance with the five-year financial plan. He said
28 that the budget incorporates the rate increases approved by the Board on May 24th that will
29 generate \$1.4M in revenue and water sales are conservatively budgeted at 2.7 billion gallons, 18%
30 below the ten-year average. He advised that connection fee projections are conservative in the
31 proposed budget, total operating expenditures are projected to decrease by 5%, staff levels are
32 down 5% from the current year's budget and CalPERS health insurance will increase 7.3%.

1 President Schoonover opened the public hearing at 8:03 p.m. and hearing no comment,
2 closed the public hearing.

3 On motion of Director Baker, seconded by Director Rodoni, the Board unanimously
4 approved the FY 11/12 Novato Operating Budget as presented and authorized the General
5 Manager to pay demands arising from execution of the budgeted expenditure plan.

6 **Recycled Water FY 2011-12 Facilities Budget**

7 Mr. Bentley presented the proposed \$5.6M Recycled Water System Budget and stated that
8 the projected demand is 60 million gallons for next fiscal year, down 10% from the five-year
9 average. He said that consistent with the potable water rate increase enacted June 1, the recycled
10 water commodity rate increased 6%. He said that operating expenses are budgeted to decrease
11 6% from the existing budget, and the proposed budget includes \$5M for the Novato North and
12 Novato South Recycled Water Expansion project. Mr. Bentley said this project will be 25% funded
13 by grant funds and the remainder by a low-interest rate State Revolving Fund loan. He said a small
14 surplus of \$37,000 is projected for the next fiscal year.

15 President Schoonover opened the public hearing at 8:05 p.m.

16 Ed Grundstrom, Hatch Road, Novato, stated that the Recycled Water Expansion is a
17 “wrong-headed” approach and is one area that should be slowed down. He said that converting
18 commercial customers to recycled water will double up on capital expenses and costs and that the
19 biggest users, the City of Novato and School District, are not included on the list of recycled water
20 users.

21 Hearing nothing further, President Schoonover closed the public hearing at 8:08 p.m.

22 On motion of Director Petterle, seconded by Director Fraites, the Board unanimously
23 approved the FY 11/12 Novato Recycled Water Facilities Budget as presented and authorized the
24 General Manager to pay demands arising from execution of the budgeted expenditure plan.

25 Mr. DeGabriele commented that the City of Novato and Novato Unified School District are
26 lined up to be customers for recycled water. He said that the 25% grant funds from the federal
27 government should not be turned down; and with that money, the District is under obligation to
28 perform. He identified other potential recycled water users in the North and South service areas for
29 the Board's information.

30 **MONTHLY PROGRESS REPORT**

31 The General Manager provided the Monthly Progress Report for May. He said that water
32 production in Novato is up 7% from last year but when compared to FY 06/07 and 07/08, are down

1 considerably. He said West Marin production is up by 2% from a year ago and recycled water
2 production up from one year ago. He reported that staff got an early start with production at
3 Stafford Treatment Plant and got some relief from the sanitary sewer discharge limitation which
4 enabled production to increase considerably from last year. Mr. DeGabriele said that lake storage
5 is about 10 inches lower than last year and is in good shape going into the summer. He advised
6 that the treatment and storage ponds in Oceana Marin are in good shape. He said that staff has
7 worked 51 days without a lost time accident or injury, and the increase in water quality complaints
8 reflect taste and odor complaints due to the algae bloom occurring in May.

9 Mr. Bentley reported on the monthly investments and said that in May 2011 there was
10 \$5.6M in the bank, down \$30,000 from the April report, a decrease of \$896,000 since July 1, 2010.
11 He said that at the end of May \$3.5M was invested in the Local Agency Investment Fund, and \$2M
12 in Certificates of Deposit at local banks.

13 **CONSENT CALENDAR**

14 The following items were removed from the consent calendar for further discussion:

15 **REVISED RESOLUTIONS SETTING WATER CONSERVATION REBATE AMOUNTS**

16 This item was removed from the Consent Calendar by Director Petterle who advised that
17 this item was not included in his Board agenda packet and that he would abstain from voting.

18 Staff requested Board approval of revisions to Resolution 06-01 and Resolution 06-02
19 setting rebate amount for the various water conservation programs. Due to budget constraints, staff
20 recommends that the water conservation rebate values be reduced.

21 On motion of Director Baker, seconded by Director Fraites, the Board approved changes to
22 Resolution 06-01 entitled, "Revised Resolution of the North Marin Water District Board of Directors
23 Setting Water Conservation Rebate Amounts for Novato Service Area" and Resolution 06-02,
24 entitled, "Revised Resolution of the North Marin Water District Board of Directors Setting Water
25 Conservation Rebate Amounts for West Marin Service Area" by the following vote:

26 AYES: Directors Baker, Fraites, Rodoni, Schoonover

27 NOES: None

28 ABSENT: None

29 ABSTAIN: Director Petterle

30 **CONTRACTING BACKFLOW DEVICE TESTING FOR THE NOVATO SERVICE AREA**

1 Director Baker requested that this item be removed from the consent calendar for further
2 discussion.

3 Staff solicited proposals to perform the inspection and testing of District owned backflow
4 devices; and after receiving two proposals in the amounts of \$97,807 and \$91,450, staff
5 recommends rejecting all proposals and to continue to perform these activities in-house.

6 Director Baker stated that staff had some misgivings about requesting proposals for the
7 backflow device testing and that after receiving two proposals, staff decided to reject the proposals.
8 He stated that he agreed with staff; however, he expressed concern about the District's credibility
9 and that contractors would be reluctant to provide proposals to the District in the future.

10 Mr. Clark responded that the proposals were twice as much as the cost to perform the
11 backflow testing in-house. He stated that he conversed with six contractors who said they did not
12 have sufficient staff to provide the service. Mr. DeGabriele stated that he believes it was the right
13 thing to "test the water" and determine if backflow device testing could be done cost-effectively by
14 outside contractors, thereby freeing up time for District employees to perform other work.

15 Director Rodoni stated that it was a good idea to test the market and compare costs.

16 On motion of Director Baker, seconded by Director Petterle, the Board unanimously
17 authorized staff to reject all proposals for backflow device testing services within the Novato Service
18 Area and continue to perform these activities in-house.

19 **AUTHORIZE SIGNATORIES ON DISTRICT ACCOUNTS**

20 At the request of Director Baker, this item was removed from the consent calendar for
21 further discussion.

22 At the June 7, 2011 Board meeting, the Board authorized District staff to move its banking
23 services to US Bank. This item identifies the five District personnel currently authorized to transact
24 business with financial institutions with which the District currently does business.

25 Director Baker asked Mr. Bentley to explain the reason for having the Senior Accountant
26 and Accounting Supervisor as authorized personnel to transact business on behalf of the District.

27 Mr. Bentley responded that the two accountants would sign checks in the absence of
28 District officers and have the authority to transfer funds as appropriate. He advised that if funds
29 were to be transferred to institutions other than to LAIF and the District operating account, two
30 signatures would be required to avoid collusion. He said that this is an internal control
31 recommended by the auditor.

1 Director Baker said that he felt uncomfortable authorizing the Senior Accountant and would
2 abstain.

3 On motion of Director Petterle, seconded by Director Rodoni the Board authorized the
4 General Manager, Auditor-Controller, Chief Engineer, Senior Accountant (Nancy Holton) and
5 Accounting Supervisor to transact business with District financial institutions by the following vote:

6 AYES: Directors Fraites, Petterle, Rodoni, Schoonover

7 NOES: None

8 ABSENT: None

9 ABSTAIN: Director Baker

10 On motion of Director Petterle, seconded by Director Baker and unanimously carried, the
11 following items were approved on the Consent Calendar:

12 **REVISED STATE REVOLVING FUND LOAN RESOLUTION- APPLICATION FOR RECYCLED**
13 **WATER PHASE 2 NORTH SERVICE AREA**

14 The State Water Resources Control Board has requested that the Revised Revenue Source
15 Authorization Resolution (No. 11-08), be revised for a third time to include all job numbers in order
16 to clarify what projects are being covered in the State Revolving Fund financing.

17 The Board unanimously adopted Resolution 11-16 entitled, "Revenue Source Authorization
18 Resolution."

19 **AGREEMENT RENEWAL WITH RISK CONSULTANT SP/JB**

20 The Board authorized the Auditor-Controller to renew the Self-Insured Claims Management
21 and General Risk Management Consulting Contract with DB Claims Services Group for a five-year
22 period commencing July 1, 2011. The District uses DB Claims to review insurance contract
23 language, serve as an adjustor for claims and for special projects.

24 **ACTION CALENDAR**

25 **BLACK POINT GOLF LINKS AGREEMENT ASSIGNMENT**

26 Drew McIntyre stated Ann Mulroy, CEO, and Mark Flynn, President of StoneTree Golf Club
27 are present tonight. He stated that staff received a letter from Bill Bunce, Managing Partner of
28 Black Point Partnership, advising that StoneTree Golf Club is being transferred to a new entity
29 controlled by Ann Mulroy and formally requests assignment of the Agreement for Recycled Water
30 Service for Black Point Golf Links to the newly formed StoneTree Golf, LLC. He said that District
31 legal counsel has reviewed the standard language in the agreement that incorporates the original

1 recycled water agreement executed in 2004 and also the 2006 amendment. Mr. McIntyre informed
2 the Board that the Deed of Trust surety remains the same. He said that there were additional
3 conditions addressing staff costs and confirmation that Ann Mulroy is the proper signatory to the
4 StoneTree Golf, LLC, and advised that staff has received all necessary information to insure that
5 this is a proper assignment of the agreement.

6 On motion of Director Petterle, seconded by Director Fraites, the Board unanimously
7 approved Resolution No. 11-17 entitled, "Authorization of Execution of Assignment of Recycled
8 Water Service Agreement with Black Point Partnership, LP and StoneTree Golf, LLC."

9 **ENVIRONMENTAL MONITORING SERVICES CONTRACT (FOR RECYCLED WATER NORTH**
10 **SERVICE AREA) – ENVIRONMENTAL SERVICES ASSOCIATES (ESA)**

11 Mr. McIntyre stated that at the June 7th Board meeting, the Board approved the contract
12 award for Segment 1 of the Recycled Water Expansion to Ghilotti Construction for pipeline
13 extension. He said that in accordance with the North Bay Water Reuse Authority Environmental
14 Impact Report for the North Service Area, the District is responsible for various mitigation and
15 environmental monitoring. Mr. McIntyre advised that Environmental Services Associates (ESA)
16 prepared the EIR, ESA is familiar with the requirements of the EIR and it makes sense to hire ESA
17 to perform the environmental monitoring services. He said that staff recommends that a contract be
18 awarded to ESA to perform environmental monitoring services.

19 Mr. McIntyre explained that the scope of work is divided into two areas and the primary
20 focus of ESA's work will be five weeks of spot monitoring during the construction of approximately
21 4,650 feet of the pipeline route in an area that has been identified as California red-legged frog
22 habitat. He said that in addition, approximately 1,000 lineal feet of the pipeline route has been
23 identified as potential Native American burial interest and will require approximately one week of
24 full-time monitoring. He advised that the Federated Indians of Graton Rancheria (FIGR) will also be
25 onsite. Mr. McIntyre stated that although FIGR will be working as a sub-consultant to ESA, the
26 Tribe is requesting an agreement with the District to outline a treatment plan to formalize
27 procedures for the protection and treatment of Native American human remains should they be
28 found. He said the project cost of \$38,000 is included in the FY 11/12 Improvement Projects
29 Budget for Recycled Water and he advised that Katie Blank of ESA is in the audience to answer
30 any questions the Board may have.

31 Director Baker moved to approve staff's recommendation.

32 Director Rodoni asked if District legal counsel reviewed the Treatment Plan with FIGR since
33 it requires action from other entities which the District has no jurisdiction over.

1 Katie Blank of ESA responded that the plan contains standard language that assigns a
2 chain of notification in case something is discovered and demonstrates that FIGR would need to be
3 contacted in that event.

4 Director Fraites provided the second to the motion.

5 The Board unanimously approved 1) a contract with ESA for \$37,965 plus a contingency of
6 \$4,000 to perform environmental monitoring services for the Recycled Water North Service Area
7 project and authorized the General Manager to execute said agreement; 2) authorized the General
8 Manager to execute the Treatment Plan Agreement between the Federated Indians of Graton
9 Rancheria and North Marin Water District.

10 **ENGINEERING CONTRACT FOR PREPARATION OF TITLE 22 ENGINEER'S REPORT AND**
11 **NOTICE OF INTENT (RMC ENVIRONMENTAL)**

12 Mr. McIntyre said that additional permitting work for the expansion of the North and South
13 Service Area for Recycled Water Expansion is necessary to meet California Department of Public
14 Health (DPH) and Regional Water Quality Control Board (RWQCB) requirements. He said that the
15 District currently operates the Deer Island Recycled Water Facility and distributes the water under a
16 Title 22 Engineer's Report and Notice of Intent that was prepared for the Deer Island Facility. He
17 said all DPH and RWQCB requirements are being met for the existing facility. Mr. McIntyre advised
18 that the scope of work will include preparation of a new Title 22 Engineer's Report for DPH
19 identifying NMWD's role as distributor of water, including handling of the pipeline and storage for
20 Recycled Water Expansion in the North and South Service Areas and filing a Notice of Intent with
21 the RWQCB. He advised that Novato Sanitary District (North) and Las Gallinas Valley Sanitary
22 District (South) are also preparing the same documents for their respective service areas as
23 producers of the recycled water; these three separate documents will satisfy all requirements for the
24 recycled water expansion.

25 Mr. McIntyre advised that staff issued a request for proposal to prepare the Title 22
26 Engineer's Report and Notice of Intent documents and three firms responded. Mr. McIntyre stated
27 that the qualifications of each firm were ranked separately by each member of the selection
28 committee on specific criteria. He said that upon completion of the ranking, RMC Environmental
29 scored the highest. He said that RMC's project team has local experience and is preparing similar
30 documents for Novato Sanitary District and has a good project approach. He said the project is
31 included in the proposed FY 11/12 Recycled Water Improvement Projects Budget and total project
32 cost is \$36,450 plus a \$4,000 contingency.

1 On motion of Director Baker, seconded by Director Fraites, the Board unanimously
2 authorized the General Manager to execute an agreement between RMC Environmental and the
3 District for Consulting Engineering Services for \$36,450 plus a \$4,000 contingency.

4

1 **PURCHASE OF FY 12 INSURANCE**

2 David Bentley reported that staff solicited proposals for insurance coverage and received a
3 proposal from broker SST Fenner Insurance, who has provided insurance coverage to the District
4 for the past three years. He said that SST solicited proposals from four insurance companies; two
5 companies said they could not compete with the existing Travelers package and did not provide a
6 quotation. He said that the District purchases different kinds of insurance: Property, Vehicles,
7 Errors/ Omissions, Employee Fidelity Bond and Umbrella Liability, and the overall total package of
8 \$108,000 is included in the FY 11/12 Operations Budget just approved.

9 On motion of Director Petterle, seconded by Director Rodoni, the Board unanimously
10 approved purchase of insurance as recommended by staff that includes Property, Vehicles,
11 Errors/Omissions and Fidelity Bond with Travelers and Umbrella Liability with Insurance Company
12 of Philadelphia.

13 **SELF-INSURING WORKERS' COMPENSATION INSURANCE**

14 Mr. Bentley reminded the Board that in 2003, workers' compensation insurance premiums
15 rose significantly, and the District self-insured its workers' compensation liability at that time. He
16 said that after four years of self-insuring, premiums began to drop and in 2008, the District
17 contracted with Travelers Insurance to provide workers' compensation coverage for the next three
18 years. He stated that as a precaution, in the event that proposals for worker's compensation
19 insurance for FY12 increased significantly, on April 5, 2011, the Board approved a resolution
20 authorizing the Director of the California Department of Industrial Relations to issue to the District a
21 Certificate of Consent to Self-Insure workers' compensation liabilities. Mr. Bentley advised that
22 Travelers proposed premium for FY12 increased 20% to 159,000. He further advised that to self-
23 insure, the District will need to employ a third-party administrator for \$1,000 per month and
24 purchase an excess (stop-loss) policy (\$46,000) to limit the District's liability in the event of a
25 catastrophic claim to \$750,000. He said that there is always a risk to self-insure; however, the
26 projected savings for self-insuring workers' compensation is projected to average \$13,000 per year
27 if average claims expenses occur.

28 Mr. Bentley informed the Board that the alternative to self-insuring is to instruct the Auditor-
29 Controller to purchase the Travelers workers' compensation insurance at a cost of \$159,000.

30 On motion of Director Rodoni and seconded by Director Baker, the Board unanimously
31 authorized the Auditor Controller to 1) enter into an agreement with Athens Administrators to
32 provide Third Party Administration services; 2) purchase the excess coverage policy from New York

1 Marine for \$46,002; and 3) commence self-insuring workers' compensation liabilities effective July
2 1, 2011.

3 **INTRODUCTION OF OCEANA MARIN SEWER SERVICE CHARGE INCREASE ORDINANCE**
4 **FIRST READING**

5 Mr. Bentley presented the draft ordinance authorizing the Oceana Marin Sewer service
6 charge be collected on the Marin County Property tax bill and enactment of the proposed charge.
7 He said the ordinance must be read at two consecutive Board meetings, the first tonight and the
8 second reading at the July 5, 2011 Board meeting wherein the ordinance will be adopted at the
9 conclusion of the public hearing in Point Reyes Station. He said that Regulation 109 will be revised
10 to include changes to the Sewer Service rate – an increase to \$58 per month effective August 1,
11 2011. Mr. Bentley advised that in addition to the annual charge of \$693, staff will post an additional
12 amount to seven accounts which have delinquent balances remaining from prior years (\$3,445 plus
13 interest) and for which liens on the seven properties have been recorded.

14 On motion of Director Baker, seconded by Director Petterle, the Board unanimously
15 approved reading of the proposed ordinance (title only), "Ordinance 25 – Ordinance of the Board of
16 Directors of North Marin Water District electing to have Oceana Marin Sewer Charges be Collected
17 on the Tax Roll of the County of Marin, State of California Commencing Fiscal Year 2011-12."

18 **INFORMATION ITEMS**

19 **ADDITIONAL REVIEW – FY 2011-12 WEST MARIN BUDGETS**

20 Mr. Bentley presented the FY 2011-12 West Marin Budgets for the Board's second review.
21 He said that Department Heads met after the last review to reduce the West Marin budgets to meet
22 this year's estimated actual budget. He said that another \$43,000 will be cut out of the West Marin
23 Water Budget and an additional \$5,000 out of the Oceana Marin Sewer Budget. He stated that a
24 9% increase in West Marin water rates (6% on the commodity rate, 33% on the minimum charge) is
25 proposed for the FY 2011-12. Mr. Bentley advised that the Coastal Area Water Cost Comparison
26 table shows that the District has the lowest bimonthly service charge of all West Marin coastal water
27 providers and with the proposed increase, the District's West Marin service area will still be the low-
28 cost provider in the coastal area. He said the big project for West Marin Water will be the Solids
29 Handling Facility at the Point Reyes Treatment Plant.

30 Mr. Bentley said that Oceana Marin Sewer service rates are proposed to increase \$3 to \$58
31 effective August 1, 2011. He said the big project in Oceana Marin will be the completion of the
32 replacement of 1,000 feet of cross country pipe for \$80,000.

1 **MISCELLANEOUS**

2 The Board received the following miscellaneous items: Disbursements and H2O know-how.

3 The Board also received the following news articles: The rising cost of clean drinking water
4 in Marin, Notice of Public Hearing, NBWRA receives federal grant, Big Fish: The cost of Russian
5 River salmon.

6 **CLOSED SESSION**

7 President Schoonover adjourned the Board into closed session at 9:02 p.m. for: In
8 accordance with California Government Code Section 54957 for Public Employee Performance
9 Evaluation (One), Title: General Manager

10 **OPEN SESSION**

11 Upon returning to regular session at 9:22 p.m., President Schoonover stated that during the
12 closed session the Board had discussed the General Manager's performance and no reportable
13 action had been taken.

14 **ADJOURNMENT**

15 President Schoonover adjourned the meeting at 9:23 p.m.

16 Submitted by

17

18

19

20

21

Renee Roberts
District Secretary