

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
July 5, 2011**

CALL TO ORDER

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

There were six members of the public and District employees Robert Clark (Operations/Maintenance Superintendent) and Tony Arendell (Pipeline Foreman) in the audience.

MINUTES

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

AYES: Directors Fraités, Rodoni, Schoonover

NOES: None

ABSTAIN: None

ABSENT: Directors Baker, Petterle

GENERAL MANAGER'S REPORT

Mr. DeGabriele informed the Board that on June 28, he was interviewed by Radio Station KZST (Santa Rosa) on the subject of the Sonoma-Marín Saving Water Partnership.

OPEN TIME

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

STAFF / DIRECTORS' REPORTS

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

Recycled Water Expansion Project

Drew McIntyre provided a brief update on the Recycled Water Expansion Project and stated that the General Manager received Facilities Plan Approval from the State which is the first step in securing the low interest rate loan for the North Service Area. He said the next document that is expected very soon will be the Preliminary Funding Commitment; and once it is received, a Notice to Proceed for Segment 1 will be issued. Mr. McIntyre stated that Segment 1 extends approximately 5,000 feet from the end of the existing recycled water pipeline on Atherton Avenue near Olive Avenue along H Lane to Valley Memorial Cemetery.

Aqueduct Energy Efficiency Project

Mr. McIntyre advised that at the July 19 Board meeting, there will be a Public Hearing on the Final Environmental Impact Report (FEIR) for the Aqueduct Energy Efficiency Project and the Board will be asked to certify the FEIR and approve the project. He said that Winzler & Kelly, the District's consultant on the project, has incorporated all comments on the Draft EIR and their responses in the document. He advised that the responses to comments will be mailed to state agencies and respondents tomorrow for their review.

PUBLIC HEARING/ADOPT WEST MARIN FY 11/12 BUDGETS **FY 11/12 WEST MARIN WATER BUDGET**

Mr. Bentley stated that there are two public hearings tonight – the FY 11/12 West Marin and Oceana Marin Sewer Budgets.

Mr. Bentley presented the West Marin Water FY 11/12 Budget wherein a 6% commodity rate increase and a 33% increase to the bimonthly service charge is proposed. He said that the average residential customer will see a 9% increase, approximately \$55 annually, and advised that a letter was mailed to each customer detailing the proposed increase and inviting customers to the meeting tonight. He further advised that a notice was published in the Point Reyes Light on June 30 and that one letter protesting the rate increase was received.

Mr. Bentley explained that the reason for the rate increase is because West Marin Water Improvement District must repay Novato Water Improvement District for money borrowed to complete the Long Range Improvement Projects Plan; West Marin Water owed Novato Water \$352,000 at the end of May. He stated that the major project proposed this fiscal year is the Solids Handling Facility next to the Point Reyes Treatment Plant; a \$720,000 project. He advised that one-half of the cost of the project will be expended this fiscal year and the balance will be expended the following fiscal year. He further advised that this project is relatively new to the Long Range

Improvement Projects Plan and projects have been deferred (rebuild the Paradise Ranch Estates water tank, complete seismic retrofit on West Marin water storage tanks) to free up funds for this project. Mr. Bentley stated that major future projects are the Gallagher Pipeline in FY 2016 and the Rehabilitation of the Point Reyes Water Treatment Plant in FY 2015. He said that these major projects will require funding assistance from the state and federal government before moving forward because of the limited number of customers in West Marin to pay the significant costs. He said that on an operating basis, a projected deficit of \$125,000 is budgeted due to the Point Reyes Treatment Plant Solids Handling Project and will be covered by additional loan money from Novato Water. Mr. Bentley informed the Board that no new connections to the system are projected; 11% more revenue will be generated due to the proposed rate increase and expenditures for next year will be decreased 11%. He stated that the 2011 Coastal Area Annual Water Cost Comparison shows that, even with the rate increase, the West Marin median customer will pay less than any other comparison coastal agency.

Director Rodoni asked Mr. Bentley to indicate the finance charges for the money loaned to West Marin. Mr. Bentley stated that the District's policy is that the interest on an inter-District loan will pay the rate earned on the District's treasury, now budgeted at 0.75%.

Director Rodoni stated that a customer asked him why individual letters were mailed rather than being inserted into their water bill. Mr. Bentley said that customers must be notified within 45 days of the budget hearing, the standard letter does not fit into the bill envelope and he opined that customers are more inclined to read a separately mailed letter than one included with one's bill.

Director Fraites queried why pumping charges are projected to increase from \$33,000 in FY 2011 to \$45,000 in FY 2012. Mr. Clark responded that pumping charges increased because of the District's decision to join Marin Clean Energy at the "Deep Green" level.

President Schoonover opened the public hearing at 7:45 p.m. and hearing nothing, closed the public hearing.

On motion of Director Rodoni, seconded by Director Fraites and carried by those Directors present, the Board approved Resolution No. 11-18 entitled, "Resolution of the Board of Directors of North Marin Water District Amending Regulation 54 – Water Rates."

On motion of Director Rodoni, seconded by Director Fraites and carried by those Directors present, the Board adopted the FY 2012 West Marin Water System Budget as presented.

On motion of Director Fraites, seconded by Director Rodoni and carried by those Directors present, the Board authorized the General Manager to pay demands arising from execution of the budgeted West Marin Water expenditure plan.

FY 11/12 OCEANA MARIN SEWER BUDGET

Mr. Bentley presented the FY 11/12 Oceana Marin Sewer Budget and advised that staff is recommending a 5% increase to the sewer service charge from \$55 to \$58 annually which will generate an additional \$3,000. He noted that Oceana Marin Sewer has not had a rate increase since 2004. He said that a letter was mailed to the 227 Oceana Marin customers on May 20 advising of the proposed increase and inviting them to the meeting tonight; a public notice was published two times in the Point Reyes Light as required because the rate increase is being adopted by ordinance as the charges will go on the annual property tax bill. Mr. Bentley stated that no protest letters were received.

Mr. Bentley said the significant project in Oceana Marin is the completion of Phase one (of four) replacement of the six-inch cross-country sewer line. He said that the replacement of 1,000 feet of pipe will be completed this fiscal year for the cost of \$80,000. Mr. Bentley advised that this total project (four phases) is estimated at \$400,000 and will be done over time as finances permit. He further advised that the rate increase will help pay for a portion of the cost. He stated that no new connections are expected in Oceana Marin and operating expenditures will be equal to this year's estimated actual - a decrease of 5% from the FY 11 budget. He stated that the Coastal Area Annual Sewer Cost Comparison shows that Oceana Marin sewer rate is not at the top, but is still above the median. Mr. Bentley advised that collecting the sewer service charge on the property tax roll requires action by ordinance rather than resolution; the first reading was at the Board meeting on June 21 and the second reading will be tonight to authorize the enactment of the \$3 increase effective August 1. He informed the Board that there will be an additional amount posted to seven sewer accounts equal to their delinquent charges plus interest spanning several years.

President Schoonover opened the public hearing at 7:50 p.m. and hearing nothing, closed the public hearing.

On motion of Director Fraites, seconded by Director Rodoni and carried by those Directors present, Ordinance 25 entitled, "Ordinance of the Board of Directors of North Marin Water District Electing to have Oceana Marin Sewer Charges be Collected on the Tax Roll of the County of Marin, State of California, Commencing Fiscal year 2011-12."

On motion of Director Fraites, seconded by Director Rodoni and carried by those Directors present, the Board adopted the Fiscal Year 2011-12 Oceana Marin Budget as proposed.

On motion of Director Rodoni, seconded by Director Fraites and carried by those Directors present, the Board authorized the General Manager to pay demands arising from execution of the budgeted Oceana Marin expenditure plan.

INFORMATION ITEMS – WEST MARIN

PETITION FOR CHANGE – NORTH MARIN WATER DISTRICT LAGUNITAS CREEK WATER RIGHTS

Mr. DeGabriele provided an update on the status of the Petitions for Change for water rights license and permits on Lagunitas Creek. He reminded the Board that they authorized staff to submit the petitions to the State Water Resources Control Board last December, and the District received a notice in February that the petitions were reviewed and met all the requirements. He advised that the petitions add the Gallagher Well as a new point of diversion for the water rights license and one of the permits. Mr. DeGabriele further advised that his conversation with State Board staff indicated that a public notice soliciting comments may not be required for the minor change petition and that the State Board requested additional information to insure that there is no intervening water right holder between the Gallagher point of diversion and the current point of diversion. He stated that the letter containing the requested information is included in the Board packet and that the Department of Fish and Game were also notified of the petitions. Mr. DeGabriele stated that staff is anxiously awaiting the opportunity to conclude the legal requirement and make the move to the Gallagher Well to solve the salinity intrusion challenge. He further stated there is nothing new to inform the Board, but that it was a good opportunity to review the status since the meeting tonight is being held in West Marin.

WEST MARIN IMPROVEMENTS PROJECTS - FISCAL YEAR PROGRESS REPORT (PRELIMINARY)

Drew McIntyre presented a preliminary West Marin Improvements Projects report, noting that the final financial numbers will be included when the final year-end report is available. He said the fiscal year began with eleven improvement projects, there were no carryovers from the previous fiscal year, three projects were dropped and two projects were added, resulting in ten projects for the year; seven projects have been completed. He advised that West Marin water projects are \$110,000 below budget and approximately \$122,000 below budget in Oceana Marin. He said that \$250,000 was budgeted for the land acquisition and design for the Solids Handling Facility project. Mr. McIntyre stated that approximately \$100,000 of this budget amount was saved when the District acquired 1.3 acres of former railroad property and with the deferment of the PRE Tank #4 and Point Reyes Tank Seismic Upgrade projects, a significant amount of money will be freed up for the Solids Handling Facility Project at Point Reyes Treatment Plant. He said the Solids Handling Facility

preliminary design report has been received by Engineering Department staff and is being reviewed; construction is estimated at \$600,000 and total project cost is \$720,000. He said he is hoping that there will be areas to economize and reduce the project cost without jeopardizing the overall effectiveness of the project.

Director Rodoni stated that the Long Range Improvement Projects were begun several years ago, and all but one project on the list has been completed. He asked Mr. McIntyre to talk about infrastructure improvements that have driven the rate increase in West Marin.

Mr. McIntyre stated that back in early 2000's, the West Marin Long Range Improvement Plan had eleven projects with a \$2M budget and of those eleven, nine projects have been completed. He recited the projects completed: pump station improvements and upgrades (Bear Valley, Inverness Park and PRE-3), storage tank improvements (Olema, Point Reyes Station, PRE-3 and Inverness Park). He said the two outstanding projects are the replacement of PRE Tank 4A and one final tank site seismic upgrade.

Director Rodoni pointed out that the new tanks are concrete and have a longer lifespan.

CONSENT CALENDAR

At the request of Director Rodoni, Item 8, Heidrun Meadery Fire Service, was pulled from the consent calendar for further discussion.

HEIDRUN MEADERY FIRE SERVICE

The Heidrun Meadery Fire Service Project consists of installing an eight-inch water main, one fire hydrant and a four-inch fire service for an existing milking barn to be remodeled into a meadery. New water facilities include 380 feet of pipe, one commercial fire hydrant and a four-inch fire service.

Director Rodoni asked if the property's former account was residential and is it shifting to a commercial account? Mr. DeGabriele stated that he believed the property was originally a residential account and it will become a commercial account. Director Rodoni stated that he agreed that it should be a commercial account.

On motion of Director Rodoni, seconded by Director Fraites and unanimously carried by those Directors present, the Board approved Resolution No. 11-19 entitled, "Authorization of Execution of Water Service Facilities Construction Agreement with Point Reyes Farm LLC."

On the motion of Director Fraites, seconded by Director Rodoni and unanimously carried by those present, the following item was approved on the consent calendar:

**RECYCLED WATER EXPANSION TO NORTH SERVICE AREA – SEGMENT 3
CONSTRUCTION PROJECT - BID ADVERTISEMENT**

This project is for construction of Segment 3 of the Recycled Water Expansion Project – North Service Area. This segment includes installation of 10,300 feet of new twelve-inch pipeline along Summers Avenue and portions of Olive Avenue and Lea Drive. The project received 25% federal grant funding from the American Recovery and Reinvestment Act of 2009 awarded to the North Bay Water Reuse Authority by way of the Bureau of Reclamation.

The Board authorized bid advertisement of the Segment 3 construction project.

ACTION CALENDAR

APPROVE AMENDMENT TO THE WATER QUALITY CONTROL PLAN FOR THE SAN FRANCISCO BAY BASIN TO ADD SURFACE WATER BODIES AND DESIGNATE BENEFICIAL USES (COMMENT LETTER)

Mr. DeGabriele informed the Board that he received a Notice of Opportunity to Comment on the proposed amendment to the Water Quality Control Plan for the San Francisco Bay Basin. He stated that in his review of the plan amendment he noted that Stafford Lake is designated to enable body contact recreation and designated to have cold water fishery and ecosystem benefit, and he believes those designations are in error. He stated that he called the Regional Board to tell them his opinion, and they indicated that there could not be any change to the designations without a Basin Plan Amendment which Mr. DeGabriele opined that it is too expensive and time consuming to pursue. He stated that it is worthwhile to go on record that the District believes the Stafford Lake potential and existing beneficial uses should be classified appropriately; and a draft letter to the Regional Board addressing same and reviewed by legal counsel is presented tonight for the Board's authorization.

On motion of Director Rodoni, seconded by Director Fraites and unanimously carried by those Directors present, the Board authorized the General Manager to send a letter to the State Water Resources Control Board on the San Francisco Basin Plan Amendment.

INFORMATION ITEMS

TAC MEETING – JULY 11, 2011

Mr. DeGabriele advised that the Technical Advisory Committee is scheduled for Monday, July 11 and the Local Supply/Recycled Water/ and Tier 2 Water Conservation (L/R/T2) program will be discussed. He informed the Board that the program was started in the 2001 when there were impairment conditions on the transmission system. He said that at that time, the Agency collected money on the water rates to fund L/R/T2 project efforts in each of the Water Contractors' service area. He said that the District was the first to receive funds to help build Stafford Treatment Plant

and that not all contractors have received their full allocation of L/R/T2 financing. Mr. DeGabriele stated that \$13M was to be collected and allocated and there is \$4M yet to go. He stated that the Water Contractors met in an ad hoc meeting last week and decided that something should be added back on the Agency water rate and distributed to those Water Contractors that did not get their full share provided that they have a suitable L/R/T2 project. He said that he was sure that the Water Contractors will come up with a viable project.

NORTH BAY WATERSHED ASSOCIATION MEETING – JULY 8, 2011

Mr. DeGabriele presented the agenda for the North Bay Watershed Association meeting scheduled for July 8, 2011 and Director Fraites said that he will attend.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements, 2012 Medical Plan Cost Increase and SB 931 Comment Letter.

The Board also received the following news articles: Movers & Shakers – YouTube video, Board appoints seven members to revamped Marin parks panel, PD Editorial: Healthy signs of a growing salmon fishery, Algebra Academies inspired by chamber leader are expanding, and 'Phenomenal' start to Russian River salmon restoration project.

President Schoonover adjourned the meeting at 8:41 p.m.

Submitted by

Renee Roberts
District Secretary