

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
September 21, 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 Fraites, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, Auditor-Controller David Bentley, Chief Engineer Drew McIntyre and Acting Secretary Sue Kessler. Director Petterle was absent.

Ms. Pat Collins and Ms. Carrie Lukacic (Winzler & Kelly), and District employees Robert Clark (Operations/Maintenance Superintendent), and Doug Moore (Construction/Maintenance Superintendent) were in the audience.

**MINUTES**

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

AYES: Directors Baker, Fraites, Rodoni, Schoonover

NOES: None

ABSTAIN: None

ABSENT: Director Petterle

**GENERAL MANAGER'S REPORT**

**Meeting at Department of Public Health**

Mr. DeGabriele reported that he and Water Quality Supervisor Pablo Ramudo had gone to the Department of Public Health (DPH) office in Richmond, and met with both the District's regional engineer and the financial assistance engineer, both of whom assist the District with grant and loan applications. Mr. DeGabriele stated they had informed DPH of a meeting with Assemblymember Jared Huffman, and that the District is enlisting his help in seeking funding. He also asked the DPH if they could again individually consider reprioritization.

Director Baker asked if Mr. DeGabriele had sensed whether or not the DPH was poised to move on any of the District's applications, and the General Manager replied that DPH would not make any decision without prior authorization.

**Russian River Watershed Association**

Mr. DeGabriele informed the Board that later this week on Thursday, he would be attending the Russian River Watershed Association meeting. He stated that the Association would be holding a panel discussion on the future of the Potter Valley project. Mr. DeGabriele noted that representatives of Potter Valley, Mendocino and Sonoma Counties, and Friends of the Eel River would be attending, and that it should be quite an interesting discussion.

Director Baker asked who was hosting the event, and Mr. DeGabriele replied that the Russian River Watershed Association is the equivalent of the North Bay Watershed Association, and would be held at the Town of Windsor offices.

#### Marin County Watershed Program

Mr. DeGabriele also informed the Board that Marin County's watershed program is kicking off and that a watershed tour is planned for September 29, 2010. He stated that both Directors Baker and Fraites are invited to participate. Attendees are scheduled to include county staff, along with City of Novato elected officials and staff, as well as representatives from Novato Sanitary District.

Director Baker asked the General Manager what time the tours would begin and if he knew the itinerary, what sites would be visited, etc. Mr. DeGabriele replied that tours were scheduled from 2:00 p.m. – 5:00 p.m., but that he hadn't yet seen a schedule; however, he has recommended that the tours start at the Stafford Lake Park, in order to have an opportunity to explain the importance of the watershed to the Stafford Lake water supply,

#### **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 there was no response.

#### **MONTHLY PROGRESS REPORT**

Mr. DeGabriele reported that Novato water production is improving somewhat, about 3% above last fiscal year, but well below prior years. He noted that similarly in West Marin, the year's production is also below one year ago. He further noted that Stafford production is down by design from last year, and staff hopes to operate the plant longer; also, recycled water production is down slightly. Mr. DeGabriele remarked that cooler summer temperatures are continuing, and average temperatures are similar to those of last summer. He noted that there were some high-temperature

days in August. He also commented that Oceana Marin activities looked good, and that the disposal field was working well.

Mr. DeGabriele reported that the District continues its great safety performance, noting 546 days with no lost time injuries, industrial lost days, or incidents. He also reported that Water Conservation staff was continuing its great performance, and that the temporary employees in that department were doing a fine job. He noted that 34 Water-Smart Home surveys had been conducted during August, and that one possible reason for that high number could be that, according to Board policy, in order to receive a bill adjustment, a customer must have a water-smart home survey. Mr. DeGabriele also stated that he felt this was a good policy.

Director Schoonover queried that if a customer's high bill was the result of pipes which had burst, were they still required to have a survey done at their home. The General Manager replied that staff still asks the customer to have a survey, but noted that very few come to him for "special dispensation."

Mr. DeGabriele commented that there were only six water quality complaints in August of this year, as opposed to 40 during the same time last year.

Mr. DeGabriele noted that overall, the District was about on par with last year for summary complaints in August. He pointed out that in-house generated work orders are up considerably.

Director Fraites questioned the absence of any PG&E data in the progress report. Mr. DeGabriele replied that it simply wasn't available at this time. He explained that it tends to lag by one month, so that normally, August PG&E information would be included in the October monthly progress report.

David Bentley commented on the Auditor-Controller's monthly report of investments during August, and noted that the cash balance increased \$840,000, to \$6.6 million. He noted that the return on that amount was 1.69%. He reported the District had received a new notice from the State Controller, which brought welcome news – that revenues were above the Governor's May estimates and expenditures were a bit below, so there would be no need to begin issuing IOUs. Mr. Bentley noted that the State Controller did caution that the state's continuance to not adopt a budget could put the District into trouble in late November. He further reported that the District did have a General Electric medium term note come due the previous week in the amount of \$1M, which had been paying 4.5%. He stated that the District reinvested that amount into a timed Certificate of Deposit at Westamerica Bank, which would yield 0.95%.

### **ACTION CALENDAR**

**WASHINGTON, D.C. TRAVEL FOR DIRECTOR RODONI AND GENERAL MANAGER**

Mr. DeGabriele reported that at the September 13, 2010, WAC/TAC meeting, during a review of the Water Supply Coordination Council Meeting Summary, Grant Davis had encouraged SCWA Water Contractor's elected officials to participate in a Washington, DC trip to meeting with federal legislators to advocate for the Water Resource Development Act, as well as Russian River funding. He noted that both he and Director Rodoni had specifically been asked to attend. Mr. DeGabriele also commented that there was \$4,500 in the General Manager/ Board of Director's Meetings/Training/Conference budget for the fiscal year, but that amount was typically spent each year. He noted that expenses for the trip would be approximately \$3,200, and was requesting a budget augmentation for that amount.

On motion of Director Schoonover, seconded by Director Fraites, and unanimously carried by those Directors present, the Board approved budget augmentation in the amount of \$3,200, and travel to Washington, DC for Director Rodoni and the General Manager.

**NMWD BOND FINANCING REIMBURSEMENT RESOLUTION**

David Bentley reported that the District was moving ahead with debt financing for upcoming major projects, and explained that one of the District's options is to approve a resolution allowing the District to roll all costs incurred from this date forward – on projects such as the North Marin Aqueduct Relocation – into the debt issue, which would allow the District to finance those costs. Mr. Bentley commented that the resolution was written to cover expenses up to \$25M, even though the prospective projects were only expected to cost \$19.8M, in order to allow for any unforeseen additional expenses.

Mr. DeGabriele asked if approval of this resolution would essentially “start the clock” and enable the District to recover costs incurred, and Mr. Bentley replied that it would.

Director Fraites asked if there was a reason that the Stafford Solar Panel Project was not specifically included. Mr. Bentley replied that the District was looking at a Power Purchase Agreement, wherein a third party comes in and actually builds and operates the project for the District, where there would be no cost other than simply paying for kilowatt hours on a contract basis. He further noted that there would be no out-of-pocket expenses for the District, and was simply “pay-as-you-go” over a 20- to 25-year period. He further noted it was a type of project where the District could start saving money from the first year.

Mr. DeGabriele asked if the Board would like to consider adding the solar project into the language of the resolution. Mr. Bentley noted that the \$25M referred to in the resolution would certainly cover the \$2M solar panel project.

Director Fraites stated he thought it would be a good addition to the resolution.

On motion of Director Fraites and seconded by Director Rodoni, and unanimously carried by those Directors present, the Board approved Resolution No. 10-16, entitled "A Resolution of North Marin Water District Declaring the Official Intent of the North Marin Water District to Reimburse Itself for Certain Capital Expenditures from the Proceeds of Indebtedness," with the stipulation that language pertaining to the solar project be added thereto.

**NORTH BAY WATER REUSE AUTHORITY SECOND AMENDED MEMORANDUM OF UNDERSTANDING**

Mr. McIntyre explained that this item was before the Board for approval of the NBWRA's Memorandum of Understanding, and in doing so, the District would essentially become a member agency rather than a participating partner. He recalled that at the second August meeting, the Board approved sending a letter of request for participation to NBWRA. Subsequent to that was a welcome letter from Bill Long, chair of the coordination committee. Mr. McIntyre also explained that to date, the District hasn't signed any earlier versions of the MOU, but stated that it was appropriate at this time to join, and that the latest revisions are being reviewed by the District's legal counsel. He also mentioned that Novato Sanitary District has approved this MOU at their last meeting, and that the Las Gallinas Valley Sanitary District would be presenting it to their board this coming Thursday. Mr. McIntyre mentioned that the last agency expected to approve the MOU is Napa Sanitary, on or about October 1<sup>st</sup>.

Mr. McIntyre further explained that participation would not have any great impact on staff time, that monthly meetings would likely continue as is currently being done. There is the potential for an additional meeting every six months by designated elected representatives from the District's Board to attend those meetings. Mr. McIntyre stated he felt it was important that the District "step up to the plate" and become a full-fledged member as discussed earlier. He noted that the financial impact indicates that \$35K has been budgeted for this year for this project, but was actually anticipated to be around \$70K, but had been intentionally reduced. He further stated that the overall cost has not really increased much more than originally anticipated, but was \$37K more than budgeted. The cost increase is independent of whether the District is a member agency or a supporting partner. Mr. McIntyre also noted that these costs would be in addition to some anticipated staff time (\$13K), but reminded the Board that this project is essentially being funded by facilities reserve charges collected from new developers.

Director Baker stated his concern that going forth with participation is the right thing to do, and that this doesn't lead little by little to the District taking over. He further stated that his

impression had been that Novato Sanitary District has been the lead in these pursuits, and now NMWD was stepping up as a “full player.” He noted he was concerned that the District was taking on more than would be expected.

Mr. McIntyre reminded the Board to keep in mind that the NBWRA does actually pay for and benefit from a program manager, so there is someone at the coordination meetings (Chuck Weir) to help reduce the required time from individual agencies, and acts as an overall coordinator. He noted that Mr. Weir had been doing a good job, having been hired on a recommendation from Mr. DeGabriele, and that he was a good addition to the NBWRA.

On motion of Director Schoonover and seconded by Director Rodoni, and unanimously carried by those Directors present, the Board authorized approval of the North Bay Water Reuse Authority Second Amended Memorandum of Understanding with allowance for minor revisions as approved by District legal counsel.

Mr. DeGabriele asked that Mr. McIntyre update the Board on last week’s commitment to Bureau funding. Mr. McIntyre responded that an executed agreement reportedly signed by the Bureau of Reclamation is expected shortly. He noted that the District had expected it to be signed by the end of the month, but has been done sooner. As a result, it is expected that SCWA will then distribute a contract to the member agencies. Mr. McIntyre mentioned that the time frame of the District joining at this stage is depended on when grant monies from the Bureau of Reclamation to SCWA would be distributed to Novato Sanitary and LGVSD, which will in turn distribute to NMWD. Any future agreements or application will actually be written to distribute funds directly from SCWA to NMWD. Mr. McIntyre commented that the District is continuing to move forward, and noted that there were ongoing efforts to obtain an additional \$2M from Congress as part of Title 16, above and beyond this economic stimulus money.

**AQUEDUCT ENERGY EFFICIENCY PROJECT EIR – AUTHORIZE RELEASE OF NOTICE OF PREPARATION**

Mr. McIntyre reported that this would authorize the General Manager to distribute a Notice of Preparation for the Aqueduct Energy Efficiency Project EIR, and essentially kick off the scoping process. He noted that at the last meeting, an amendment to Winzler & Kelly’s contract was approved, for preparation of the Environmental Impact Report for this project, and that an overview of the project was provided at that time.

Mr. McIntyre introduced Ms. Pat Collins of Winzler & Kelly to provide the Board with a general overview of the process as the District moves forward with the initial release of the NOP

and scoping, as well as some general highlights through the EIR phase. Mr. McIntyre also introduced Ms. Carrie Lukacic, also of Winzler & Kelly, and acknowledged her significant role in this effort.

Ms. Collins explained that the NOP is a statement that the District intends to prepare an EIR and that it puts the public and other agencies on notice that the EIR process is beginning. She noted that an NOP is specifically targeted to other agencies, and that the scoping workshop accomplishes a similar purpose for the public, which is to garner input. She stated that once approved, the NOP would be sent to the state clearinghouse and circulated for 30 days. Once the scoping period ended, and any concerns had been addressed, a draft EIR would be prepared, which in turn triggers a 45-day comment period. After that time, the District would hold a public hearing, giving people a chance to comment on the draft EIR, as well as submitting their comments in writing. Ms. Collins stated that all comments submitted would receive written responses. She also noted that all comments would be considered in making any changes to the draft EIR. Once comments were incorporated into a final EIR, it would come back before the Board for final review and/or approval.

Ms. Collins further explained that a Notice of Preparation provides information about the project to responsible and trustee agencies which may have to approve the project (i.e., CalTrans). She noted that all pertinent agencies have a right to see the EIR, and should be invited to state what information they feel should be included.

She also commented that the purpose of the scoping process was to invite both agencies and the public to share their views about the information to be included in the EIR. She noted that some of the most useful types of input during the scoping process included alternatives, environmental settings, types of impacts, analysis methods, and mitigation measures.

Director Baker stated his concern that the process may get “bogged down” at the state clearinghouse level. Ms. Collins responded that precautions had been taken; i.e., the state clearinghouse is on “Friday furlough” program, so the NOP would be sent out either Thursday or Friday, so the review period wouldn’t start until received. Director Baker stated that the state clearinghouse would probably be receiving thousands of documents from throughout the state, and expressed additional concern that the NOP would be overlooked. Ms. Collins replied that she had heard of no such problems.

Ms. Collins reported that the scoping meeting would be held in the NMWD Board Room on Tuesday, October 26, 2010 at 7:30 p.m., at which time they would hear public input regarding the content of the EIR. She further stated that the EIR schedule was very important as the actual

construction time needed to coincide with the Marin-Sonoma Narrows project. Ms. Collins noted that the end of the scoping period – the last day for comments – would be October 27 (the day following the scoping meeting).

There were no further comments from the Board; however, Director Rodoni asked if the October 26 meeting would be a regularly-scheduled Board meeting. Mr. McIntyre responded that it would not.

Mr. McIntyre commented that the scoping process is required to conform to California requirements through CEQA. He stated that staff has continually been in discussions with the federal highways on what environmental review is needed. However, he noted, it appears that their position is that CalTrans will address the upsizing as part of their “revalidation” for the aqueduct. Mr. McIntyre further stated that CalTrans needs to conduct a focused supplemental assessment on the impact of the 30” pipeline project, noting that it wouldn’t address additional efforts on their part for the 42” pipeline. He noted that it is expected to be concluded by the end of December, and that the District has committed to give CalTrans the necessary information regarding the upsized pipeline project by the end of October.

On motion of Director Fraites and seconded by Director Rodoni, and unanimously carried by those Directors present, the Board authorized the General Manager to distribute the Notice of Preparation for the Aqueduct EEP EIR and initiate the scoping process.

### **INFORMATION ITEMS**

#### **WAC / TAC MEETING – SEPTEMBER 13, 2010**

Mr. DeGabriele reported that he had attended the WAC/TAC meeting on September 13, 2010, and noted that the major item of discussion was the water contractor comments on the draft SCWA Water Supply Strategy Action Plan. He stated that the comments had been narrowed down into two common themes: to provide periodic updates of the action plan and progress on specific actions, and that the cost of those actions should be disclosed clearly and communicated to the water contractors. Further, he stated that there were five areas wherein similar comments were made by the water contractors: (1) to secure outside funding for biological opinion work; (2) set milestones to evaluate the Dry Creek habitat improvement effectiveness; (3) fully investigate ground water banking, with an evaluation of a base demand system and accompanying water rate configuration; (4) addition of the rubber dam replacement to the hazard mitigation list; and (5) consolidate water-smart development standards into the integrated water management component of the strategy.

### **CIR / CITR STATUS REPORT**

David Bentley updated the Board on both the Conservation Incentive Rate and the Conservation Incentive Tier Rate, noting that the CIR, initiated in late 2004, has triggered a 66% reduction in total water demand among extremely high-use residential customers. He explained that the CIR first appeared on bills in June 2004, and that the surcharge added \$5.82/1,000 gallons for use exceeding 1,845 GPD. He stated that total water use subject to the CIR fell from 60MG in FY03 – the year preceding CIR implementation – to 15MG in FY10.

Mr. Bentley further noted that the CITER, first appearing on water bills in March 2007, has generated a 45% reduction in water use since implementation. He commented that the CITER added \$1.95/1,000 gallons, and that since inception, total water use subject to the CITER fell from 278MG in FY06 to 159MG in FY10. He concluded that overall, the District's tier rate structures had been very effective in reducing water demand.

Mr. Bentley also commented that the District's conservation efforts over the past ten years have pushed the FY10 peak residential demand down appreciably. He noted that in FY00, approximately 35% of customers' water use peaked between 616 and 1,845 GPD, but that in FY10, that number fell to 22%. He acknowledged that while some of the FY10 data could be weather-related, the trend was certainly in the right direction.

Director Baker commented that he always enjoyed Mr. Bentley's presentations, as well as the information contained on the charts and graphs.

Director Rodoni asked how the FY10 charts would affect the projected budget. Mr. Bentley responded that the District thought that water use would pick up in 2010, but it had only come up approximately 3%, and stated that a larger increase is needed. He commented that Novato was experiencing a very mild summer in relation to water sales.

### **MISCELLANEOUS**

The Board received the following miscellaneous information: August 2010 Vehicle Auction Report, Disbursements, and Tomales Bay Watershed Council – The State of the Bay 2010.

The Board also received the following news articles: Gary Giacomini, part one: Local Legend and Deal Broker; Corps: Dam doing 'pretty well.'

Mr. DeGabriele noted that the Sonoma County Water Agency would be hosting a tour of the Mirabel / Wohler facilities on October 16, and that the public was invited. Director Baker expressed interest in possibly attending.

Director Rodoni stated that he had an extra ticket for the State of the Tomales Bay Conference, to be held October 22-23. Robert Clark stated he may be interested in attending.

**CLOSED SESSION**

President Baker adjourned the Board into closed session at 8:31 p.m. for: Conference with Labor Negotiators; District's Designated Representatives Chris DeGabriele and David Bentley; Employee Organization – North Marin Water District Employee Association.

**OPEN SESSION**

Upon returning to regular session at 9:10 p.m., President Baker stated that during the closed session the Board had discussed the issue and no reportable action had been taken.

**ADJOURNMENT**

President Baker adjourned the meeting at 9:11 p.m.

Submitted by

Sue Kessler  
Acting District Secretary