

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
January 3, 2012**

**CALL TO ORDER**

President Petterle 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 Jack Baker, Rick Fraites, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Craig Murray, Las Gallinas Valley Sanitary District Board member, Steve Wrightson of The Covello Group and District employees Robert Clark (Operations/Maintenance Superintendent) and Doug Moore (Construction/Maintenance Superintendent) were in the audience.

**MINUTES**

On motion of Director Schoonover, seconded by Director Rodoni and unanimously carried, the Board approved the minutes from the previous meeting as amended.

**GENERAL MANAGER'S REPORT**

**Special Meeting – Planning Workshop**

Mr. DeGabriele reminded the Board that next Tuesday, January 10 a special meeting will be held for the Board of Directors Planning Workshop at the District office.

**Water Shortage Preparation**

Mr. DeGabriele stated that the Board is aware that the month of December has been very dry and he distributed a chart that he prepared that showed the cumulative rainfall for the month of December for years 1991 through 2012. He advised that he has asked Ryan Grisso to “dust off” the Water Shortage Contingency Plan and has asked Robert Clark to review the circumstances when Stafford Lake was last backfed. He further advised that Lake Mendocino storage is currently in good shape at just less than 60,000 acre feet and Lake Sonoma storage holds approximately 200,000 acre feet. Mr. DeGabriele stated that Sonoma County Water Agency is obligated to request a Temporary Urgency Change from the State Water Resources Control Board each year to reduce flows in the upper reaches of the Russian River pursuant to the Biological Opinion, and it will depend on the amount of spring rainfall and storage in Lake Mendocino as to what the State Board may require. He said that he wanted the Board to know that staff is aware of the situation and is getting prepared.

Director Rodoni requested that staff be cognizant of the impact of low flows on West Marin water supply without a new well.

***OPEN TIME:***

President Petterle asked if anyone in the audience wished to bring up an item not on the agenda.

Craig Murray, member of the Las Gallinas Valley Sanitary District Board, introduced himself and said that he was present to observe tonight's meeting.

***STAFF/DIRECTORS REPORTS***

President Petterle asked if staff or Directors wished to bring up an item not on the agenda and there was no response.

***CONSENT CALENDAR***

At the request of Director Fraites, Item Number 5, Resolution – Oppose SDG&E's Rate Case Proposing a New Charge Applicable to Solar Customers, was removed for further discussion.

On motion of Director Baker, seconded by Director Rodoni and unanimously carried, the Agenda Item Number 6, Proposed FY 12/13 Budget Review Schedule, was approved on the Consent Calendar.

***RESOLUTION – OPPOSE SDG&E'S RATE CASE PROPOSING A NEW CHARGE APPLICABLE TO SOLAR CUSTOMERS***

This item was removed from the Consent Calendar at the request of Director Fraites.

San Diego Gas & Electric has filed an application with the California Public Utilities Commission to add additional charges to its rate structure for customers that generate solar power. PG&E has joined the application proceedings and would likely submit for approval of similar charges if SDG&E's application is approved by the CPUC. This would threaten the financial viability of the District's proposed solar power project.

Director Fraites asked if ACWA has taken a position on this issue and have local agencies such as Marin Municipal Water District, Novato Sanitary District, and Sonoma County Water Agency weighed in on this.

Mr. Bentley responded that not to his knowledge.

Director Fraites asked if Assembly Member Huffman or State Senator Leno have been contacted?

Mr. DeGabriele said that the state legislature has already ruled on a bill proposed by the electric utilities and did not adopt the law to eliminate the subsidy. He stated that the utility companies are taking a “back door” approach to get the CPUC to enable utilities to revise their rate structure for solar customers. He said that ACWA has not taken a position; however, ACWA members in San Diego would be directly affected by the San Diego Gas & Electric application. He said that Director Fraites brings up a good point and that the District should alert other local agencies.

On motion of Director Baker, seconded by Director Fraites, and unanimously carried, the Board approved Resolution No. 12-01 entitled, “Resolution of the Board of Directors of North Marin Water District Opposing SDG&E’s Application for Authority to Update Marginal Costs, Cost Allocation and Electrical Rate Design”.

**CONSENT - APPROVE PROPOSED FY 12/13 BUDGET REVIEW SCHEDULE**

The Board approved the proposed FY 12/13 Budget Review schedule.

**ACTION CALENDAR**

**APPROVE: TEMPORARY WATER SERVICE EXTENSION REQUEST - MARIN COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT – VINEYARD CREEK ENHANCEMENT PROJECT AT CENTER ROAD BRIDGE**

Mr. McIntyre stated that the Board approved two temporary water services in 2008 for the Marin County Flood Control project on Vineyard Creek near Wilmac Court and McClay Road. He said that the County has requested an extension of the Temporary Water Service Agreement (three-years) for the Center Road/Wilmac Court location to aid in irrigating new landscaping along the creek banks. He said the temporary water service at the McClay Road location is no longer needed.

On motion of Director Baker, seconded by Director Fraites and unanimously carried, the Board approved Resolution No. 12-02 entitled, “Authorization of Execution of Temporary Water Service Facilities Agreement with Marin County Flood Control and Water Conservation District”.

**INFORMATION ITEMS**

**RECYCLED WATER UPDATE PRESENTATION BY THE COVELLO GROUP**

Mr. McIntyre introduced Steve Wrightson, Project Manager, of The Covello Group who presented an overview to the Board on the progress of the Recycled Water Expansion Project in the North Service Area. Mr. McIntyre stated that The Covello Group is the Construction Manager for four recycled water project segments in the North - Segments 1, 2 and 3 and the Plum Street Tank Rehabilitation.

Mr. Wrightson gave a PowerPoint presentation and summarized the four phases of the Recycled Water Expansion Project North Service Area. He noted that the bids for the four segments totaled \$4,075,605.

Mr. Wrightson stated that Segment 1 begins at Bugeia and H Lane to Atherton and Olive Avenue, the work was performed by Ghilotti Construction and is 100% complete. He said the Notice of Completion is expected to come before the Board at the next meeting for final acceptance; the final cost of this phase was \$577,295.

Mr. Wrightson said that Segment 2 is the last phase to be awarded and construction has not yet begun; the Notice to Proceed is for January 12, 2012. He stated that the project location is Olive and Summers to Redwood and Wood Hollow and the contractor is Ranger Pipelines. Mr. Wrightson advised the Board that there is a change order (\$4,800) on the contract for the contractor to acquire the right-of-way agreement with SMART for the boring under the SMART tracks. Mr. McIntyre stated that this pipeline segment will be more difficult to install than Segments 1 and 3 as the project area is along Olive Avenue past Olive School, down the narrow portion of Olive Avenue near Trader Joe's to the intersection of Olive and Redwood, north on Redwood to Wood Hollow Drive. Mr. Wrightson advised that including the change order, the project cost is \$1,564,700.

Mr. Wrightson stated that Segment 3 location is Atherton and Olive Avenue to Olive and Summers and that this segment is 90% complete. He further stated that all the pipe is in the ground, and air valves, hydrants and other ancillaries are now being installed. This segment should be completed in early February. He said that the project cost for Segment 3 is \$1,602,377 and includes a change order for \$30,000 due to very thick asphalt that took longer than expected to be cut through in portions of Olive Avenue.

Mr. Wrightson said that the Plum Street tank rehabilitation is 90% complete and that the exterior tank shell coating was finished today. He said there have been problems with corrosion and severe pitting on the walls was discovered which required a change in the type of coating used. He stated that in addition, there was corrosion found on the floor of the tank, some of which rusted through the floor. The change order for this extra work is potentially \$40,000.

The Board thanked Mr. Wrightson and he left the meeting.

#### **NORTH BAY WATER REUSE AUTHORITY BOARD MEETING – NOVEMBER 14, 2011**

Mr. McIntyre provided an update of the North Bay Water Reuse Authority Board Meeting. He stated that the District has submitted \$362,000 worth of payment requests for American Recovery and Reinvestment Act (ARRA) grant reimbursement for the Recycled Water Project in the

North Service Area and \$215,000 payment requests for the Recycled Water Project in the South Service Area, totaling \$577,000 grant money reimbursement. He said that actual money received to date is \$78,000 for the North Service Area and \$100,000 for the South Service Area.

Mr. McIntyre said that the WaterSmart Grant is for additional funding for the South Service Area project with Las Gallinas Valley Sanitary District. He said that the District's grant award was increased from \$931,000 to \$1.3M to reflect a higher than anticipated construction cost for the South Service Area. He said that it is his understanding that the Bureau of Reclamation has approved the grant and it has been sent to SCWA who will administer the grant; the District expects to receive the signed grant document by end of January.

Mr. McIntyre updated the Board on the Bay Area Integrated Regional Water Management Grant (Prop 84 funding). He said that the District will receive approximately \$200,000 for the Recycled Water South Service Area and \$240,000 for the North Service Area and the grant agreement is not expected to be executed until the spring. He advised that the new grant agreement requires that the labor compliance and monitoring program be approved by the District. He advised that previously, a firm was hired that was compliant with the state's requirements; however, the state now wants the public agency to approve the labor compliance program. Mr. McIntyre stated that if that comes to fruition, he will come back to the Board to address this issue to insure that the District is in compliance with the new requirement.

#### **TAC MEETING – JANUARY 9, 2012**

Mr. DeGabriele reviewed the agenda for the Technical Advisory Committee meeting to be held January 9, 2012. He said that a major topic at the meeting will be the recommendation to add a sub-charge (\$8.25/acre foot) in the SCWA FY 2012-13 budget to fulfill outstanding funding obligations for L/R/T2 program. He said that this will add 4.5% to the wholesale water rate. Mr. DeGabriele advised that the ad-hoc budget subcommittee is scheduled to meet after the TAC meeting to discuss the SCWA budget.

#### **NBWA MEETING – JANUARY 6, 2012**

Mr. DeGabriele presented the agenda for the North Bay Watershed Association meeting scheduled for Friday, January 6, 2012.

#### **REORGANIZATION REVIEW**

Mr. DeGabriele stated that over the past several years, the District has reorganized two times to address vacancies that have occurred either due to retirement or staff leaving the District voluntarily or involuntarily. He said that Mr. Clark has been instrumental in helping staff develop the

reorganization. Mr. DeGabriele stated that Mr. Clark's review is very thorough and includes a list of follow-up tasks for action. He stated that the consolidation efforts have been positive.

### **EFFECTIVELY MANAGED UTILITY SURVEY RESULTS**

Mr. DeGabriele gave a PowerPoint presentation on the Effectively Management Utility Self-Assessment Survey results. He said that this exercise provided a broad overview of the District and ten attributes of highly effective water and wastewater utilities were looked at to determine what the District's strengths and weaknesses are and what the District needs to work on into the future. He said that each attribute was rated on achievement (1 through 5), and then ranked on importance (1 through 10). He said that the first chart shows the average of collected data among all departments and the Board. He said that everyone said that Product Quality was most important and that Stakeholder Understanding was least important. He said that the results identified that after Product Quality, Customer Service, Financial Viability, Water Resource Availability, Employee and Leadership Development were the attributes that the District felt were most important. Mr. DeGabriele said that Financial Viability (ranked number 3 and a rate achievement of just over 2.5) and Employee and Leadership Development (ranked number 5 and a rate achievement of over 2.5) were the two attributes identified as needing improvement. He said that if an improvement plan were developed from these results, these are the two attributes that would require focus. He stated that Financial Viability has seen big improvements over the last couple of years with the rate increases and cost controls and that Employee and Leadership Development will need more focus.

Mr. DeGabriele stated that all five identified attributes (Product Quality through Employee and Leadership Development) are very important and opined that staff should collect benchmarking data for those five attributes and strive to find agencies to compare with and to look at an improvement plan to address Financial Viability and Employee and Leadership Development. Mr. DeGabriele informed the Board that he presented the results of the self-assessment to staff today at an employee meeting and did not receive any feedback.

### **MISCELLANEOUS**

The Board received the following miscellaneous items: Disbursements, Letter from Novato Fire District, Meter Reading Accuracy and Note from Customer and Response.

The Board also received the following news article: Salinity Notice.

### **CLOSED SESSION**

President Petterle adjourned the Board into closed session for: Conference with Real Property Negotiator (Chris DeGabriele) regarding terms of Intertie Agreement between North Marin Water District and Marin Municipal Water District (Government Code Section 54956.8).



**OPEN SESSION**

Upon returning to regular session at 9:20 p.m., President Petterle stated that during the closed session the Board had discussed the issues and no reportable action had been taken.

**ADJOURNMENT**

President Petterle adjourned the meeting at 9:21 p.m.

Submitted by

Renee Roberts  
District Secretary