

**NORTH MARIN WATER DISTRICT**  
**MINUTES OF REGULAR MEETING**  
**OF THE BOARD OF DIRECTORS**  
January 20, 2015

**CALL TO ORDER**

President Baker called the regular meeting of the Board of Directors of North Marin Water District to order at 7:00 p.m. at the District Headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Stephen Petterle, and John Schoonover. Also present were District Secretary Katie Young, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre. General Manager Chris DeGabriele was absent.

District employees Robert Clark (Operations/Maintenance Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

**MINUTES**

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

**GENERAL MANAGER'S REPORT**

Acting General Manager David Bentley informed the Board that General Manager Chris DeGabriele is recovering from his knee replacement well and is hopeful to come back part time next week and back to full time in early February.

**OPEN TIME**

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

**STAFF/DIRECTORS REPORTS**

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

Robert Clark advised the Board that the Stafford Treatment Plant will probably begin to produce water on Monday, January 26th.

Director Schoonover asked what level Stafford Lake was at. Mr. Clark responded that it was full.

Mr. McIntyre advised the Board that the Water Agency Contractors again hired Maddaus Water Management to complete the 2015 Urban Water Management Plan and that he and Ryan Grisso, Water Conservation Coordinator, will be attending a kick-off meeting with Maddaus tomorrow afternoon.

Katie Young advised the Board that she provided them a copy of the Committee Meeting Assignments, an emergency contact list of Directors and key staff, and the Statement of Economic Interests Form 700, which is to be completed and returned by April 1, 2015.

Director Fraites informed the Board that he received a “sneak-preview” of the wetland restoration out by Sears Point and Highway 37, where over 1,000 acres have been restored and over 100 birds have found homes.

Director Rodoni advised the Board and staff not to open any emails from his email address because his account was hacked.

### **QUARTERLY FINANCIAL REPORT**

Mr. Bentley provided the Board with the Quarterly Financial Report. He stated that the District has 52% of budgeted revenue and that operating expenditures are at 51%. He advised the Board that the cash balance is down \$1.5M for the first six months because CalTrans owes the District \$1.9M for the Aqueduct Energy Efficiency Project.

President Baker asked what the turnaround time is for CalTrans. Mr. Bentley responded that at the beginning CalTrans was slower and now the payments are received in a little over 30 days.

Mr. Bentley stated that in the Novato Water System, the net income is half of what it was a year ago and the sales volume is down 20%. He informed the Board that Stafford Treatment Plant has produced 178MG so far this year and is budgeted for 750MG. Mr. Bentley advised the Board that 52% of the Capital Improvement Projects budget has been spent and \$1.3M has been collected in connection fees.

Mr. Bentley informed the Board that Recycled Water sales are down 10% and there is a positive cash flow of \$122K for the first six months.

Mr. Bentley stated that in the West Marin Water System, water consumption is down 22% and revenue is down 11% due to the use of less water. He noted that the Drought Surcharge revenue generated \$37K to offset the reduction in water use. Mr. Bentley stated that operation expenses are down 3% and the cash balance is \$46K. He advised the Board that the District is waiting on Prop 50 Grant funds of \$1.2M for the Gallagher Well Pipeline Project.

Mr. Bentley stated that in Oceana Marin revenue is up 5% due to the 5% rate increase and expenses are down 6%. He stated that there is a \$20K net income and that the Oceana Marin Master Plan update this year is estimated to cost \$30K.

## **MONTHLY PROGRESS REPORT**

Mr. Bentley provided the Board with the December Monthly Progress Report stating that water production in Novato was down 21%, 18% in West Marin and 15% in Recycled Water. He noted that in December there was 17" of rainfall compared to 1" a year ago and that Stafford Lake is currently full. He stated that in Ocean Marin the December effluent flow volume was over four times the prior year due to infiltration of rainfall.

Mr. Bentley stated that staff has gone 215 days without a lost time accident or injury and provided the Board with a chart on Novato Potable Water Production. He advised the Board on the Summary of Complaints and Service Orders that complaints were up 3% due to District service leaks and there were 9 services replaced in December.

Mr. Bentley advised the Board that there was a 30% response in Customer Service Quarterly Questionnaires and 94% agreed that the District is doing a great job.

Mr. Bentley provided the Board with the Monthly Report of Investments for December. He stated that the District has a cash balance of \$13.2M and the weighted average portfolio rate was 0.52%.

President Baker asked if the dramatic decrease in gasoline prices will affect the District. Mr. Bentley stated that it appears to have significant impact on the consumer price index, to which a number of District contracts are linked.

President Baker asked that staff provide an update on polybutelene replacements.

## **CONSENT CALENDAR**

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

## **RESPONSE TO MARIN CIVIL GRAND JURY OF OCEANA MARIN COLLECTION FACILITIES**

At the July 15, 2014 Board of Directors Meeting, General Manager Chris DeGabriele reviewed and the Board approved the District's response to the Marin County Grand Jury Report – The Scoop on Marin County Sewer Systems: Part II and Part III. In that response, District staff agreed to follow up on two items: 1) consider adoption of an ordinance that will require private laterals to be inspected routinely and repaired as necessary, and 2) analyze and consider the feasibility of using treated wastewater for flushing pipes in routine maintenance work.

Staff has concluded that District's Regulations contain sufficient detail to comply with the Grand Jury request pertaining to private laterals.

In response to the second item: while the primary and secondary treatment performed at Oceana Marin does allow the water to be reused for flushing, due to its location and the minimal use, a connection point for reuse is cost-prohibitive at this time.

The Board approved a response letter to the Marin County Grand Jury Report describing the two follow-up items.

### **FORKLIFT REPLACEMENT PURCHASE**

At the November 4, 2014 Board meeting, the Board authorized staff to solicit bids for a replacement forklift. Staff received three bids and reviewed the proposals based on a list of 28 minimum specifications. Staff's decision was based on safety performance, drivability, service and training.

After comparing the bid proposals, staff chose the Nissan model based on the driver ergonomics, operators' hand use of the lifting controls, and parts and service being readily available in Santa Rosa.

The Board authorized staff to award the purchase contract for the new forklift to Accurate Forklift, Inc. at a total cost of \$31,302.25.

### **ACTION CALENDAR**

#### **NFPD STATION 64 – TEMPORARY WATER SERVICE EXTENSION**

Mr. McIntyre advised the Board that staff is requesting a temporary water service agreement extension with the Novato Fire Protection District for another three years. He reminded the Board that since 2012, the District has been providing temporary water service to a temporary facility in the Ignacio area, while NFPD completes reconstruction of Station 64 on Enfrente Road. He noted that construction is expected to be complete by this summer but the NFPD wants to be on the safe side in having a three-year temporary water service agreement.

On motion of Director Petterle, seconded by Director Baker and unanimously carried, the Board approved authorization of the temporary three (3) year water service agreement and Resolution No. 15-01 entitled: "Authorization of Execution of Temporary Water Service Facilities Construction Agreement with Novato Fire Protection District."

### **INFORMATION ITEMS**

#### **NOVATO POTABLE WATER SYSTEM FINANCIAL PLAN UPDATE**

Mr. Bentley provided the Board a "dashboard" summary of the Novato Potable Water System Financial Plan for the next five years. He advised the Board that staff recommends a 3% water rate increase proposed to be effective June 1, 2015. He reminded the Board that last year the

Board directed staff to remove connection fee revenue from the financial plan projection as development fees have proven challenging to forecast and have a significant impact on the District's reserve balance. Mr. Bentley stated that staff is recommending a 4% the increase in the commodity rate and no increase in the bi-monthly service charge thereby generating a 3% revenue increase. He advised the Board that water sales volume is projected to remain at 2.7 billion gallons and that Russian River water cost is projected to increase 5.6% in FY16. He noted that labor cost is projected to increase 3% annually and the pay-go Capital Improvement Projects average \$2.5M per year.

Mr. Bentley advised the Board that in 2011 there were four elevation zones, three tier levels and a seasonal rate, giving rise to 20 different potable water rates. He informed the Board that the District then consolidated the two upper elevation zones, reducing the number of potable rates to 15. He stated that staff will recommend combining elevation zones B and C to reduce the number of Novato potable water rates to 10.

President Baker asked if the different elevation zones are scattered across town or close together. Mr. McIntyre stated that they can be closer together and then there are some zones that are spread out. President Baker asked for a color map showing the different elevation zones. Mr. Clark stated that he would provide a map.

Director Rodoni asked about the timeline for the rate increase notification and hearing. Mr. Bentley stated that the timeline would be discussed at a Board meeting in February.

### **NOVATO RECYCLED WATER SYSTEM FINANCIAL PLAN UPDATE**

Mr. Bentley provided an update of the District's Recycled Water System Financial Plan for the next five years. He stated that there are 44 meters providing 140 million gallons of recycled water this fiscal year and that the financial plan includes the \$11M Central Service Area expansion for which the design work is underway and which will add 37 new services. Mr. Bentley stated that a 3% water rate increase in FY16 consistent with the increase for potable water is recommended.

Mr. Bentley advised the Board with the addition of the Ignacio expansion to Marin Country Club, the cost of the Central Area Expansion is now projected at \$11.0M, to be funded 25% by grants and 75% by 1% SRF loan funds. He stated that once the Central Area expansion is complete, debt service on the North, South and Central expansion loan is projected at \$1,067,000 annually and that Marin Country Club will contribute \$100,000 annually.

President Baker asked if Marin Country Club was on board with the recycled water project. Mr. McIntyre stated that the Club members have voted in favor of the project and that the District continues to work on an application with CalTrans for a longitudinal encroachment permit.

Mr. Bentley informed the Board that given all of the assumptions, once the Central Service Area expansion is complete, the operation will show an accounting loss annually due to the significant amount of depreciation expense, but would generate about \$700K annually in cash flow.

#### **WEST MARIN WATER SYSTEM FINANCIAL PLAN UPDATE**

Mr. Bentley advised the Board that with the West Marin Water System grant-funded Gallagher Pipeline now complete, the next major project is the Point Reyes Treatment Plant Solids Handling Facility, estimated at \$1,245,000. He noted that acquisition of an expanded easement from the federal government in conjunction with the closure of the Point Reyes Coast Guard housing facility station could reduce the project cost by up to 20%.

President Baker asked if expanding the easement was something the District would explore. Mr. McIntyre stated that Mr. DeGabriele is working with Congressman Huffman to obtain the easements.

Mr. Bentley advised the Board that staff is recommending a 5% rate increase.

#### **OCEANA MARIN SEWER SYSTEM FINANCIAL PLAN UPDATE**

Mr. Bentley advised the Board that the Oceana Marin Sewer System financial plan proposes an annual 5% sewer service charge increase which is designed to build a reserve to fund a \$400K pond relining project in FY19.

#### **INCREASE IN DIRECTORS' COMPENSATION**

Mr. Bentley reminded the Board of Ordinance No. 27 pertaining to Director's Compensation which states that compensation shall be escalated annually on each January 1<sup>st</sup> based upon the change in the San Francisco Bay Area Consumer Price Index for the prior 12 months period, but by no great than 5% per year. He noted that the change in the SF Bay Area CPI in 2014 was 2.67%, therefore effective January 1, 2015, each director shall receive compensation of \$205 per day for each day's attendance at a meeting of the Board, or for each day of service rendered as a director with prior approval of the Board.

#### **CITY OF NOVATO PAVING MORATORIUM – MEASURE A, GROUP 7**

Mr. McIntyre reminded the Board of the annual letter the District sends to all the consumers who will be under the city's paving moratorium for the year. He stated that the City of Novato's street pavement rehabilitation project can have a negative impact on a District customer undergoing a major remodel due to the need to upsize the water service for fire sprinklers. He noted that 500 letters were sent out to customers this year effected by the Measure A, Group 7.

**MISCELLANEOUS**

The Board received the following miscellaneous items: Disbursements, Renewal of Oceana Marin Liability Insurance, Reimbursement Program 2015, Recycled Water Cost, and Countywide Water Municipal Service Review: Public Review on Draft Profiles on West Marin Agencies.

The Board also received the following news articles: LAFCO study looks at population growth and water supply demand in Marin, Olema Water Bond paid off after four decades, and Notice to Bidders: 12"-Cast Iron Pipe Bursting Project.

Mr. McIntyre advised the Board that the Notice to Bidders was advertised in the Marin Independent Journal for the 12" pipe bursting on South Novato Blvd. and informed bidders that the work will be postponed until the summer when there is less traffic impact from school.

**CLOSED SESSION**

President Baker adjourned the Board into closed session at 7:54 p.m. in accordance with Government Code Section 54956.8, Conference with Real Property Negotiator (David Bentley) regarding 15 Gustafson Ct. Novato, CA.

**OPEN SESSION**

Upon returning to regular session at 8:05 p.m., President Baker stated that during the closed session the Board gave direction to staff regarding 15 Gustafson Ct. Novato, CA.

**ADJOURNMENT**

President Baker adjourned the meeting at 8:06 p.m.

Submitted by



Katie Young  
District Secretary