

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS**

April 15, 2014

CALL TO ORDER

President Rodoni 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, Stephen Petterle, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, District Secretary Katie Young, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Al Cornwell from CSW/Stuber-Stroeh, District employees Robert Clark (Operations/Maintenance Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

On motion of Director Schoonover, seconded by Director Fraites, and unanimously carried, the Board amended the agenda to adjourn in memory of Mike DiGorgio, former mayor of Novato and Novato Sanitary District Board Member.

MINUTES

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

GENERAL MANAGER'S REPORT

Drought Presentations

Mr. DeGabriele informed the Board that he spoke at the Novato Unified School District Board meeting regarding the drought and that he plans on speaking to the Novato City Council about the drought on April 29th.

Drought Drive Up

Mr. DeGabriele informed the Board that on Wednesday, April 23rd, the District will be participating in the Drought Drive Up, sponsored by Sonoma Marin Saving Water Partnership. He noted that the Drought drive up will be at Vintage Oaks from 7:30am to 6:30pm and employees will be handing out free water saving kits to Novato residents.

Drought Town Hall Meeting

Mr. DeGabriele informed the Board that the Sonoma County Water Agency will be holding a drought town hall meeting on April 30th at 6pm in Petaluma that he will be attending.

Marin Economic Forum

Mr. DeGabriele advised the Board that he will be speaking at Dominican University on May 2nd to the Marin Economic Forum regarding water supply in Marin County.

School Fuel Fundraiser

Mr. DeGabriele informed the Board that on May 3rd, the District will have a booth at the Tour of Novato, School Fuel Fundraiser. He noted that there will be information for the customers regarding drought and conservation efforts.

OPEN TIME

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

Director Fraites informed the Board that he, Director Baker, Mr. DeGabriele and Mr. McIntyre attended the North Bay Watershed Association Conference on Friday and said that the conference was well attended and was well done. Director Baker stated that Mr. Seraydarian out did himself with the speakers and that the speakers subjects were all very good and the conference was really worth attending.

Director Schoonover praised the accounting staff for their achievement in receiving the Certificate for Financial Excellence from the Government Finance Officers Association.

District Secretary, Katie Young advised the Board and staff that a new emergency phone list was created and informed the Board that all employees now have their own direct phone number.

QUARTERLY FINANCIAL STATEMENT

Mr. Bentley provided the Board with the 3rd Quarter Financial Statement. He stated that for the first nine months of the fiscal year, the District's operating revenue came in 10% over budget and operating expenses came in 6% over budget. He informed the Board that the District's net income through March 31st is \$2.1M. He stated that water consumption in Novato for the period is 7% more than the prior year. Mr. Bentley stated that in West Marin unbudgeted expenses are up

22% from a year ago and the District has spent 35% of the Capital Improvement Project budget. He stated that West Marin ended the quarter with \$720K in the bank. Mr. Bentley informed the Board that in Oceana Marin the expenditures were slightly higher this quarter but the District will be able to save \$5,300 with the termination of the Phillips & Associates contract. Mr. Bentley advised the Board that only the Novato Recycled Water System is operating in the red and all of the improvement District's have cash on hand.

Director Baker asked that Mr. Clark keep the Board apprised as the District resumes direct responsibility in Oceana Marin and what costs are incurred. Mr. Bentley stated that he was informed by Mr. Clark that there has been some deferred maintenance that will need to be done.

Director Rodoni asked if the expenses already used for the Gallagher Well would be eligible for reimbursement by the state grant. Mr. McIntyre stated that all Gallagher Well costs will be submitted and are expected to be reimbursed with grant funds.

MONTHLY PROGRESS REOPRT W/ CUSTOMER SERVICE QUESTIONNAIRE

Mr. DeGabriele reviewed the March Monthly Progress Report with the Board. He stated that water production in Novato and West Marin was down considerably from last year. He stated that the current rainfall stands at 12.49", 46% of the Novato average and Stafford Lake is at 64% of capacity. Mr. DeGabriele advised the Board that on the Russian River, Lake Mendocino is at 51% of capacity and Lake Sonoma is at 76% of capacity. Mr. DeGabriele informed the Board that in Oceana Marin there was a higher effluent flow volume and that the storage treatment ponds are in good shape. He advised the Board that District staff worked 294 days without a lost time accident through the end of March. He stated in the water conservation program, 282 Stealth toilets have been distributed under the new toilet giveaway program. Mr. DeGabriele stated that Mr. Bentley provided a colorful chart to the Board to measure Novato's potable water production over the last several years. Mr. DeGabriele stated that the Summary of Complaints and Service Orders are up 8%, all due to high bill complaints and that Customer Service Questionnaires continue to receive good feedback but few are returned. He noted that staff is going to look at another way to receive feedback.

Director Fraitas asked what a dig out was. Mr. DeGabriele stated that it is when a meter box is full of mud or debris and a field service representative must clean out the box in order to read the meter.

Mr. Bentley provided the Board with the Monthly Report of Investments stating that at the end of the month the cash balance was \$17.4M and the portfolio was 0.35%. He noted that the cash balance is at 89% of its operating expense and has nearly achieved its 90% goal.

NOVATO SPRING “WATER LINE”, VOLUME 16, ISSUE 32

Mr. DeGabriele informed the Board that the draft Novato spring “*Water Line*” included in the agenda packet will be updated with statistics and current information before being published and asked that the Board approve the current text.

On motion of Director Petterle, seconded by Director Fraites and unanimously carried the Board authorized the General Manager to approve final text and design of Spring 2014 Novato “*Water Line*”, Volume 16, Issue 32.

DRAFT RATE INCREASE FOR LETTERS TO WEST MARIN WATER AND OCEANA MARIN SEWER CUSTOMERS

Mr. Bentley reminded the Board that at the last meeting the Board approved the Novato rate increase letter and informed the Board that the District has received only a couple of calls and protest letters. Mr. Bentley stated that tonight he was proposing staff draft rate increase letters for West Marin and Oceana Marin. He stated that he would draft the letter and bring it back to the May 6th Board meeting for approval and include the rate increase hearing scheduled in Point Reyes on June 24th. In West Marin the bi-monthly service charge is proposed to stay the same at \$30 and the commodity rate would increase by 7%. In addition the Board will be asked to consider a drought surcharge of \$2.50/1,000 gallons for all water use in excess of 200 gallons per day for residential customers effective July 1st. Mr. Bentley stated that in Oceana Marin a sewer increase of 5% is proposed, which amounts to \$68/month which will continue to be collected annually on the property tax bill.

Director Rodoni asked if there was enough information regarding the drought surcharge and if the District had any legal obligations to provide more information. Mr. Bentley stated that the draft letter will have more detail about the proposed rate surcharge and staff has set up the District website to inform customers how the surcharge will affect their on an annual basis. He noted that the letter will summarize the information and invite customers to view the District website for more information.

Mr. Bentley reminded the Board that non-residential customers in West Marin will pay the drought surcharge from the first gallon of usage.

Mr. Bentley advised the Board that he will draft the letter, have the District legal counsel review the letter and then bring it back to the Board for approval.

On motion of Director Schoonover, seconded by Director Baker and unanimously carried, the Board authorized staff to draft rate increase letters to West Marin Water and Oceana Marin Sewer customers, inviting them to the June 24 public hearing, and advising them of the proposal to

enact a 5% rate increase and to consider incorporation of a drought surcharge applicable to West Marin Water customers as proposed.

STAFFORD LAKE WATER QUALITY EVALUATION CONSULTANT SERVICES

Mr. Clark informed the Board that after the taste and odor issues experienced with water treated at the Stafford Lake Treatment Plant during the 2013 summer and fall production season staff put together a scope of work for a consultant to develop a comprehensive strategy for eliminating the taste and odor compounds in the District's finished water produced from Stafford Lake. He stated that staff requested proposals from two consulting firms Michael J. McGuire, Inc. and SRT Consultants, which have the demonstrated experience to perform this study. Mr. Clark informed the Board that after reviewing the proposals Michael J. McGuire is a good candidate for the job and his proposal outlines the scope of work to be performed for \$40,500.

Director Fraites asked if in the past the District has experienced this issue. Mr. Clark replied that there have been taste and odor issues in the past and the District staff has taken measures to try and prevent it but have decided an expert needs to come in and help solve the problem.

Director Baker asked how staff found Mr. McGuire. Mr. Clark stated that Mr. DeGabriele suggested Mr. McGuire based on his expertise dealing with taste and odor. Director Baker stated that Mr. McGuire seems well qualified. Mr. DeGabriele stated that Mr. McGuire has done work for East Bay MUD and is an expert in taste and odor.

President Rodoni asked if Mr. McGuire was going to involve the watershed in his findings. Mr. Clark said that Mr. McGuire is going to take everything into account, such as the watershed, run off mitigation, STRAW projects etc.

On motion of Director Petterle, seconded by Director Fraites and unanimously carried, the Board authorized the General Manager to execute a Consulting Contract with Michael J. McGuire, Inc. for an amount not to exceed \$40,500.

GALLAGHER WELL PIPELINE PROJECT: AWARD CONTRACT TO TEAM GHILOTTI INC.

Mr. Drew McIntyre advised the Board that on March 28th the District received bids from six contractors for the Gallagher Well Pipeline Project, with the lowest bid from Team Ghilotti, Inc. at \$1.040M. He stated that the District advertised the project in the Marin Independent Journal and mailed contract documents to 10 interested contractors. Mr. McIntyre informed the Board that staff conducted the standard bid analysis and checked references from Team Ghilotti. He noted that the District has done work with Team Ghilotti in the past so staff is familiar with them. Mr. McIntyre stated that the project needs to be completed by the end of the calendar year and will be fully funded by grant funds.

President Rodoni expressed his concern about the construction done on the major commute route in and out of West Marin and suggested advanced outreach to customers to let them know and give them information about the project manager and who at the District they can get a hold of if there are any issues.

Director Baker asked who the source of funding was coming from. Mr. McIntyre responded that the source was coming from the left over Proposition 50 state grant funds through the Department of Public Health. Director Baker asked if the District has worked with DPH before. Mr. McIntyre stated that the District has done work with them and is familiar with the grant funding process.

On motion of Director Fraites, seconded by Director Baker and unanimously carried, the Board approved award of the contract to Team Ghilotti, Inc. and authorized the General Manager to execute an agreement with Team Ghilotti, Inc. for \$1,039,858 and a contingency of \$52,000.

SAN FRANCISCO BAY AREA INTEGRATED REGIONAL WATER MANAGEMENT PLAN UPDATE

Mr. McIntyre advised the Board that in November 2008 the Board adopted a resolution about the Bay Area Integrated Regional Water Management Plan. He stated that since that time the plan has been updated and the District is required to adopt the updated BAIRWMP because the District will seek grant funding in the future from the Prop 84 grant funds for the Recycled Water Central Service Area Expansion.

On motion of Director Petterle, seconded by Director Fraites and unanimously carried, the Board adopted Resolution No. 14-6 titled "Resolution of the Board of Directors of the North Marin Water District Adopting the San Francisco Bay Area Integrated Regional Water Management Plan Update."

CSW/STUBER-STROEH CONTRACT AMENDMENT MARIN SONOMA NARROWS/AEEP

Mr. McIntyre requested a contract amendment to the CSW/Stuber- Stroeh contract for work on the design and construction support for the Aqueduct Energy Efficiency Project. He noted that the amendment included previously approved items where the scope of work had been changed and additional items such as the tree removal. Mr. McIntyre informed the Board that the majority of the amendment, 66%, will be billed to CalTrans for reimbursement. He noted that the amendment is in the amount of \$132,048.

On motion of Director Fraites, seconded by Director Petterle, and unanimously carried, the Board authorized the General Manager to execute a contract amendment with CSW/Stuber-Stroeh

in the amount of \$132,048 for additional design engineering services related to the MSN and Aqueduct Energy Efficiency Projects.

Mr. Al Cornwell from CSW/Stuber-Stroeh thanked the District Board for all of their support and praised Drew McIntyre for his job well done and left the meeting.

MILLER PACIFIC ENGINEERING GROUP – CONSULTING SERVICES AGREEMENT

Mr. McIntyre informed the Board that a new consulting services agreement with Miller Pacific Engineering Group (MPEG) was needed for miscellaneous task orders. Mr. McIntyre stated that MPEG provides general soils and materials testing services for the District and will be assisting the District on the Gallagher Well Pipeline project for geo-technical services, including compaction testing. He noted that the general services agreement will be for \$60,000.

On motion of Director Schoonover, seconded by Director Baker and unanimously carried, the Board authorized the General Manager to execute a new General Engineering Services agreement for Consulting Geotechnical Services between the District and Miller Pacific Engineering Group with a not-to-exceed limit of \$60,000.

INFORMATION ITEMS

INITIAL REVIEW – FY15 & FY16 CAPITAL IMPROVEMENT PROJECT BUDGET

Mr. Bentley provided the Board with the initial review of the FY15 & FY16 Capital Improvement Budget. He stated that the budget has a gross outlay of \$19.3M in FY 15. He informed the Board that some of the major projects include the Aqueduct Energy Efficiency Project (\$13M), Atherton tank re-coat and mixing system (\$2.2M), Crest Pump Station (FY16), Recycled Water Expansion to Central Novato (FY16), and Gallagher Pipeline. He noted that with grant funding and loans the net project outlay will be \$4.9M next year. Mr. Bentley stated that Novato water's proposed CIP plan is front-loaded with the \$2.3M Atherton tank re-coating project which pushes the average CIP expenditures to \$3.5M over the next two years and will require budgetary discipline to maintain a \$2.5M average over the next five years. He informed the Board that this is the first of review of the budgets and they will be reviewed again on May 20th and approval will be considered at the June 17, 2014 public hearing.

Director Fraites asked if the District is sure it will make the \$2.5M average. Mr. Bentley stated that it is the average and in the past the District has under spent.

President Rodoni asked if the Aqueduct Energy Efficiency Project will likely cost as much as budgeted. Mr. McIntyre stated that that contract has been awarded and the budgeted amount is the best estimate currently.

INITIAL REVIEW – PROPOSED FY 14/15 EQUIPMENT BUDGET

Mr. Bentley provided the Board with the Proposed FY14/15 Equipment Budget. He stated that the proposed budget totals \$198K, the majority of which is new vehicles, including two hybrid car replacements, a forklift for the corporation yard and a used 4X4 loader.

President Rodoni asked about the Honda hybrids and why the District is replacing them when they have so few miles and asked if staff has looked into getting another type of hybrid. Mr. Clark stated that the Honda's are running out of warranty and that it would cost more to replace the battery and electronics than to buy another car. He stated that the newer hybrids are getting better mileage and that staff is looking at all makes and models.

Mr. Bentley advised the Board that the Novato Equipment budget will be reviewed again on May 20th and approval will be considered at the June 17th public hearing.

WAC/TAC – APRIL 7, 2014

Mr. McIntyre provided an overview of the Water Advisory/Technical Advisory Committee meeting from April 7th. He stated that Pam Jeane advised the WAC that current respective storage levels in Lake Mendocino and Lake Sonoma are 52% and 76%. He noted that he was surprised to hear that Lake Pillsbury is spilling and that PG&E is operating the Potter Valley Project now.

Mr. McIntyre stated that the proposed 2014/15 SCWA budget was unanimously approved by the WAC and will be taken to the SCWA Board of Directors for their approval on April 22nd. He stated that the SCWA Water Shortage Allocation Methodology Update was unanimously approved by the WAC, consistent with the TAC recommendation, for a period of 7 months with an automatic extension through June 2016, with the understanding that in the interim, the City of Petaluma's concerns would be investigated further.

Mr. McIntyre stated that Efren Carrillo mentioned that there has been discussions with stakeholders in the upper Russian River region regarding the expansion of some of SCWA's water conservation programs.

Mr. McIntyre informed the Board that that there was discussion about the Integrated Regional Water Management Plan stating that the expedited drought grant funding relief program is being discussed as part of the IRWMP funding and it is anticipated that grant funds could be available as soon as September 2014.

President Rodoni informed the Board that Sonoma County Water Agency and the WAC need to help the Upper Russian River contractors with better conservation measures. He stated that they need to get more funding for retrofits, cash for grass rebates, etc.

Director Baker asked what City of Petaluma's concerns are with the Allocation model. Mr. DeGabriele stated that they are concerned about the water centric entities such as the breweries and creameries and their impact on Petaluma's per capita per day water usage.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements, Self-Insured Workers' Comp – 3rd Quarter Status Report, Copy of Rate Increase Letter Source – Baywork's Workshop on Wheels, Public Notice- Novato Emergency Water Conservation Ordinance 28, and Legal Notice – West Marin Emergency Water Conservation Ordinance 29.

The Board received the following news articles: Voluntary 20% cutback adopted for Novato North Marin Water District Customers, County honors Giacomini Dairy, New groundwater rules needed now, Movers & Shakers: San Rafael engineering firm wins state excellence award, Letter to the Editor: Wasteful with water, Michael DiGiorgio, former Novato mayor, dies of leukemia, Marin Clean Energy raises rates, Water and schools show up as top voter concerns, Novato remembers Mike DiGiorgio, Stafford Lake bike park receives another \$25K, City manager unveils \$32.7M budget, NMWD starts voluntary rations, and Marin water crunch was eased by late winter, spring rains

The Board also received the following news article at the meeting: NMWD gets financial excellence certificate.

ADJOURNMENT

On motion of Director Schoonover, seconded by Director Baker and unanimously carried, President Rodoni adjourned the meeting at 8:43 p.m. in memory of Mike DiGiorgio, former mayor and current Board member of Novato Sanitary District.

Submitted by



Katie Young
District Secretary