

NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 17, 2016

CALL TO ORDER

President Schoonover 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, 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.

Novato Residents, Chris Ryan, Mike Jolly, Alfonso Campos, two unidentified residents, and District employees Pablo Ramudo (Water Quality Supervisor), and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

MINUTES

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

AYES: Director Baker, Fraites, Petterle, Rodoni and Schoonover

NOES: None

PUBLIC HEARING – CONSIDER PROPOSED INCREASE IN WATER RATES FOR NOVATO SERVICE AREA AND RESULTING REVISIONS TO DISTRICT REGULATION 54, WATER RATES

Mr. DeGabriele advised the Board that Novato customers were notified on April 1st of the public hearing scheduled for May 17th to consider the adoption of the proposed increase in the cost of water which averages 5% for the typical residential and non-residential customer and adoption of a Drought Revenue Recovery Surcharge, effective June 1, 2016. He noted that the letter advised customers to visit the District's website where they are able to use the water rate cost calculator to determine what their bill would be with the proposed rate increase and drought surcharge. Mr. DeGabriele informed the Board that there is no proposed increase to the bi-monthly service charge.

Mr. DeGabriele informed the Board that one of the reasons for the rate increase is the 6.6% higher cost to purchase water from Sonoma County Water Agency and that with the State mandated Water Conservation Regulations customers have done a marvelous job conserving, so well in fact that the District's revenue is down more than anticipated. He advised the Board that last year the District budgeted to sell 2.7BG, a 24% reduction from 2013 and water sales are now projected to come in at 2.2BG, the lowest total since 1979 when NMWD was exiting the 1977/78 drought of

record. He reminded the Board that last summer as revenue from water sales was reduced due to State mandated cutbacks the District took action to reduce expenditures by \$1.2M. He advised the Board that the budgeted payroll including benefits for next year is about \$8M or 33% of the budget and that the budget is down 4% from one year ago. He noted that pension contributions rate is down 0.5% and beginning October 1st employees will pay 100% of their pension share.

Mr. DeGabriele advised the Board that in regards to continuation of the State Board's mandated restrictions the District has actively argued since 2014 that the Sonoma-Marín region should have relief since the water supply conditions are in better shape than much of the State, that the District has had excellent performance both long term in reducing gallons per day per capita pursuant to the Comprehensive Water Conservation Act of 2009 and the exemplary performance during this most recent drought. He stated that only now the State Board is considering some relief. Mr. DeGabriele stated that if the State Board adopts a revised Emergency Urban Water Conservation Regulation allowing for self-certification and that the District certifies that an adequate water supply exists he is requesting the Board to not impose the surcharge and instead adjust the proposed Fiscal Year 2017 Novato Water Operations Budget to reflect an increase in water sales to 2.5BG. He advised the Board that he was going to attend the State Board meeting tomorrow and will keep them apprised of the outcome.

Director Schoonover opened the public hearing at 7:13 p.m.

Novato Resident Mike Jolly suggested that customers be informed of the high fixed cost necessary to operate water utilities.

Novato Resident Chris Ryan questioned the economic model of the rate structure and whether an alternate may be better suited to insulate single family resident customers, suggesting that larger users be "taxed".

Mr. DeGabriele responded that water conservation interests in California have advocated that fixed charges be limited to encourage conservation and small water users, usually elderly or low income, are highly impacted with additions to the bimonthly fixed charge. He stated that with regard to large commercial users, those customers have paid larger connection fees based on using more of the physical plant, pay a higher fixed charge for a larger meter and pay a summer surcharge on the commodity rate. Mr. DeGabriele stated that the costs of operation are in the water delivery system.

Hearing no further comment, Director Schoonover closed the public hearing at 7:41 p.m.

On motion of Director Rodoni, seconded by Director Fraites, the Board approved Resolution 16-13 entitled: "Resolution of the Board of Directors of North Marin Water District Amending Regulation 54- Water Rates" amending Regulation 54 pertaining to Water Rates and Charges reflect an increase averaging 5% for the typical residential customer in the Novato Service Area effective June 1, 2016 by the following vote:

AYES: Director Baker, Fraites, Petterle, Rodoni and Schoonover

NOES: None

On motion of Director Baker, seconded by Director Petterle, the Board approved Resolution 16-14 entitled: "Resolution of the Board of Directors of North Marin Water District enacting Regulation 54a(3) – Water Drought Surcharge" enacting the Regulation 54a.(3) Surcharge effective June 1, 2016 by the following vote:

AYES: Director Baker, Fraites, Petterle, Rodoni and Schoonover

NOES: None

On motion of Director Baker, seconded by Director Petterle, the Board instructed staff that if the SWRCB adopts the revised Regulation allowing for self-certification, and that the District certifies that an adequate water supply exists, to not impose the Surcharge and instead adjust the proposed FY17 Novato Water Operations budget to reflect 2.5BG in water sales by the following vote:

AYES: Director Baker, Fraites, Petterle, Rodoni and Schoonover

NOES: None

PUBLIC HEARING/ADOPT – PUBLIC HEARING FOR REVISIONS TO DROUGHT EMERGENCY WATER CONSERVATION REGULATIONS

Mr. DeGabriele requested to revise the Drought Emergency Water Conservation Regulations to reflect the Executive Order adopted by the Governor on May 9th and the proposed revisions to the Emergency Water Conservation Regulations. He informed the Board that preliminary calculation using the criteria in the proposed Emergency Regulations result in sufficient water supply being available over the next three years to meet the District's demand, so that no reduction mandate would be required. He advised the Board that the resolution continues to include the water waste prohibitions (no gutter flooding, repair leaks within a reasonable time, use only recycling decorative fountains, no washing down exterior paved areas, washing vehicles only with a bucket and hose equipped with an automatic shut off nozzle, not irrigating landscape during or within 48 hours of measurable rainfall, serving drinking water in eating establishments only upon request and providing hotel and motel guests with the option to not have towels and linens

laundered daily). He advised that before the Board tonight is a letter penned to the State Water Resources Control Board (SWRCB) late last Friday commenting on the proposed Regulation. He noted that he will be attending the SWRCB meeting tomorrow where the Regulation will be considered.

Mr. DeGabriele advised the Board that staff is requesting that the Board considers adoption of the Revised Resolutions for both Novato and West Marin Areas and to rescind Ordinance 28 to comply with the State Board's Emergency Water Conservation Regulations and allow staff to make minor changes. He stated that the State Board may set a floor where each District would have to meet some amount to conserve and that the District will need to sell 2.5GB of water to result in neutral water sales revenue compared with including a drought recovery revenue surcharge.

Director Schoonover opened the public hearing at 7:50 p.m.

Novato Resident Alfonso Campos reported the he owns two properties in Novato and experienced leaks which resulted in water use charged at higher tiers. He suggested that the District provides service to customers to alert them of the issue and find leaks to avoid the higher tier charges.

Mr. DeGabriele questioned whether Mr. Campos had requested a bill adjustment and he responded in the affirmative, confirming that Mr. Campos received a Water Smart Home Survey to identify leaks and other measures that can be taken to lower water consumption. Mr. Campos was informed that the District highlights the Water Smart Home Survey to all water users in the biannual *Water Line* newsletter distributed to all customers.

Hearing no further comments, President Schoonover closed the public hearing at 7:55 p.m.

On motion of Director Fraites, seconded by Director Petterle, the Board adopted Revised Resolution 14-18 entitled: "Resolution of the Board of Directors of the North Marin Water District Implementing the State Water Resources Control Board's Mandate on Urban Water Suppliers to Activate Mandatory Restrictions on Water Use", Revised Resolution 15-04 entitled: "Resolution of the Board of Directors of the North Marin Water District Implementing the State Water Resources Control Board's mandate on Urban Water Suppliers to Activate Mandatory Restrictions on Water Use", rescinded Ordinance No. 28 with Ordinance No. 33 entitled: "An Ordinance of North Marin Water District Rescinding Ordinance No. 28 to comply with the proposed State Board Emergency Water Conservation Regulations and the Governor's Executive Order, along with authorizing staff to make minor changes to the draft Resolutions in response to any unforeseen changes in the final State Board Order by the following vote:

AYES: Director Baker, Fraitas, Petterle, Rodoni and Schoonover

NOES: None

GENERAL MANAGER'S REPORT

Take It From the Tap Campaign

Mr. DeGabriele advised the Board that tomorrow the Sonoma Marin Saving Water Partnership unveils its' "Take it from the Tap" campaign. He stated that the City of Santa Rosa is taking the lead and has provided outreach information for all the partnership members. He informed the Board that the District will be hanging a banner on the District's billboard and updating the District's Facebook page regularly during the outreach campaign and that staff will also have new reusable bottles for give a ways.

Next Board Meeting

Mr. DeGabriele reminded the Board that there is a skip week this month so the next Board meeting is scheduled June 7th.

ACWA Meet the President

Mr. DeGabriele advised the Board that the ACWA "Meet the President" gathering that the District is hosting will be on Thursday, June 2nd at Novato City Hall. He noted that when ACWA distributes the invitations he will send the Board a reminder.

Out of the Office

Mr. DeGabriele informed the Board that he will be out of the office and out of state beginning next Thursday, May 26th returning on Tuesday, May 31st and Drew McIntyre will be acting General Manager in his absence.

OPEN TIME

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

Director Rodoni reported he will not be in attendance at the June 7 meeting and District Secretary Katie Young reminded the Board that there are three meetings scheduled in June with the third meeting on June 28th in Point Reyes Station.

MONTHLY PROGRESS REPORT

Mr. DeGabriele provided the Board with the Monthly Progress Report for April which shows that water production in Novato is down 32% from June 2015 through April 2016 compared to the 2013 benchmark. He stated that in West Marin, water production is down 27% over that same period. He noted that water storage is ample: Lake Mendocino holds nearly 86,000AF, Lake Sonoma 242,000AF and Stafford Lake is currently just under 4,000AF. Mr. DeGabriele informed the Board that rainfall through April 2016 is about 80% of average. He advised the Board that at Oceana Marin the effluent flow volume in April was exactly the same as last year and correlates well since about the same amount of rain fell during April of both years. He stated that the District still intends to analyze the effectiveness of the I&I work on the Oceana Marin sewer collection system. Mr. DeGabriele reviewed the utility performance metric and noted that 66 customers were affected due to maintenance of valves.

Mr. Bentley reported on investments for April 2016 and stated that the District's treasury holds just over \$13.2M and is earning a rate of return equal to 0.68%.

CONSENT CALENDAR

On the motion of Director Rodoni, seconded by Director Fraites the Board approved the following items on the consent calendar by the following vote:

AYES: Director Baker, Fraites, Petterle, Rodoni and Schoonover

NOES: None

NOVATO SPRING WATERLINE, VOLUME 17, ISSUE 36

The Board approved the text for the Novato Spring *Waterline*, Volume 17, Issue 36.

WEST MARIN SPRING WATERLINE, VOLUME 13

The Board approved the text for the West Marin Spring *Waterline*, Volume 13.

ACTION ITEMS

GENERAL SERVICES AGREEMENT – GENTERRA CONSULTANTS, INC.

Mr. McIntyre requested that the Board approve a General Services Consulting Agreement with Genterra Consultants, which has specialized expertise in civil and geotechnical engineering for dams. He advised the Board that the District's most recent report from the Division of Safety of Dams (DSOD), identifies the need to develop a long-term maintenance plan to preserve the concrete armoring of the upstream space. He stated that the DSOD also wants a statement concluding that the dam performance is satisfactory based on review of instrumentation data (survey monument data for elevation/alignment and the monthly peziometric water elevation monitoring

within the dam). Mr. McIntyre advised the Board that the General Services Agreement with Genterra Consultants is for \$40,000 and it's expected that the first two tasks would total approximately half that amount.

Director Baker asked if the armoring had been extended when the dam has been raised. Mr. McIntyre stated that the dam was raised in the mid-1980's and the armoring was extended and is holding up and has had patching jobs completed.

On motion of Director Petterle, seconded by Director Fraites, the Board authorized the General Manager to execute a General Consulting Services Agreement between NMWD and Genterra with a not-to-exceed limit of \$40,000 by the following vote:

AYES: Director Baker, Fraites, Petterle, Rodoni and Schoonover

NOES: None

BID ADVERTISEMENT – RECYCLED WATER EXPANSION CENTRAL SERVICE AREA – WEST PROJECT

Mr. McIntyre requested that the Board approve the bid advertisement for the Recycled Water Expansion Central Service Area West project. He stated that the west project involves crossing U.S. 101 and 3.9 miles of pipeline, west of U.S. 101 extending south along Redwood Blvd near Corinthian Court to South Novato Blvd, then along the U.S. 101 bike path to Entrada Dr. and Ignacio Blvd up to just east of Country Club Drive. He noted that the current engineers estimate for the work is \$6.5M. Mr. McIntyre advised the Board that the District expects to receive a minimum of \$1.5M in federal grant funding, State of California Proposition 1 grant funding and a 1% State Revolving Fund loan for the balance. He informed the Board that bids are due by July 26th and expected to be awarded by August 19th, with construction to be completed by July 15, 2017.

On motion of Director Baker, seconded by Director Fraites, the Board authorized bid advertisement of the Recycled Water Expansion Central Service Area – West Project by the following vote:

AYES: Director Baker, Fraites, Petterle, Rodoni and Schoonover

NOES: None

INFORMATION ITEMS

QUARTERLY PROGRESS REPORT – WATER QUALITY REPORT

Pablo Ramudo, Water Quality Supervisor provided the Board with the 3rd quarter progress report for Water Quality. He stated that Stafford Treatment Plant was not used as a source of water supply and that several maintenance projects were underway during the quarter. He advised the

Board that of the 247 routine samples collected in the Novato Water System for compliance with the Total Coliform Rule, there were no coliform positive samples for the quarter, chlorine residual concentrations throughout the distribution system were good and the disinfection by-product concentrations were moderate for this time of year. He informed the Board that there were some complaints regarding increase in color and discolored water due to some manganese getting through the system. He noted that this was probably caused by the stir up of a fire hydrant and staff was able to flush the line handle the issue.

Mr. Ramudo advised the Board that in the Point Reyes System the rehabilitation of Coast Guard Well #2 was completed in February. He stated that the well was sampled to complete water quality testing needed to enable its use as a source of potable water after more than a year. He noted that extensive chemical tests were completed and showed good results; however bacterial tests showed the presence of coliform bacteria. He stated that the well was flushed and tested weekly until coliforms in the raw water were cleared. Mr. Ramudo stated that Gallagher Well supplied most of the potable water from the beginning of the quarter until early March when Coast Guard Well #4 was used as the sole source of supply. He advised the Board that out of the 23 routine samples collected in the distribution system for compliance with the Total Coliform Rule, there were no coliform positive samples this quarter and chlorine residual concentrations throughout the distribution system were good.

Director Baker requested an exhibit showing locations of the West Marin well sites be provided in the future.

SECOND REVIEW – PROPOSED FY2016/17 NOVATO WATER EQUIPMENT BUDGET

Mr. Bentley provided the Board with the second review of the proposed FY16/17 Novato Water Equipment Budget and reminded the Board that the final review and approval of the budget is set for June 21st. He stated that there were no changes from the previous review to the \$245K equipment budget.

Director Fraites asked if it was necessary for him to recuse himself with regard to the Capital Improvement Projects budget since item 1.a.1. Ridge Road Pipeline replacement is in close proximity to his home. Mr. DeGabriele replied that it is not necessary for him to recuse himself tonight and that staff would check with legal counsel if it is necessary when the budget and project is presented for approval at a future meeting.

SECOND REVIEW – PROPOSED FY 17 & FY 18 NOVATO CAPITAL IMPROVEMENT PROJECTS

Mr. Bentley provided the Board with the second review of the proposed FY 17 & FY 18 Novato Capital Improvement Projects Budget and reminded the Board that the final review and approval of the budget is set for June 21st.

Mr. Bentley advised the Board that there were two minor changes since the last review reducing the net change down \$10K. He stated that the projected cost for Automation of the Zone Valve at Slowdown Court is now \$100K, an increase of \$40,000 and the projected cost of the Stafford Lake Backfeed Dechlorination System was cut in half to \$50K. He advised the Board that there are 17 major projects including the radio read advance meter infrastructure, and \$3M for the office and yard refurbish that needs to move forward.

Director Schoonover asked how long in the future the office refurbishment would be. Mr. Bentley replied that the remodel was deferred due to low water sales and that staff is still researching possibilities.

SECOND REVIEW – PROPOSED FY 2016/17 NOVATO OPERATIONS BUDGET

Mr. Bentley provided the Board with the second review of the proposed FY 17 & FY 18 Novato Capital Improvement Projects Budget and reminded the Board that the final review and approval of the budget is set for June 21st.

Mr. Bentley advised the Board that there were a number of additions and refinements to the proposed budget since the initial review. He stated that the most significant is the addition of two Apprentice Electrical/Mechanical Technicians at an annual cost, including benefits, of \$182,000. He stated that other changes include a 5% spot adjustment for the Water Quality Supervisor, a \$35K reduction in power cost to reflect reduced water sales volume, and a \$6K reduction in projected revenue for lab services as Las Gallinas Valley Sanitary District has selected another provider. Mr. Bentley stated that the combined impact of these changes decreases net income by \$161K. second review – proposed fy 2016/17 Novato recycled water operations budget

Mr. Bentley provided the Board with the second review of the proposed FY2016/17 Recycled Water Operations Budget and reminded them of the final review and approval of the budget set for June 21st.

Mr. Bentley informed the Board that there were no significant changes to the initial review and that consistent with the potable water rate increase, a 7% commodity rate increase is proposed to be effective June 1st. He noted that the proposed increase is projected to generate \$48K in

additional revenue. He stated that operating expenses are budgeted to decrease 3% from the existing budget.

Mr. DeGabriele advised the Board that the Recycled Water Budget does not include funding the Residential Fill Station this year.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements and Tour of Novato Sponsor May 14.

The Board received the following news articles: Marin IJ Editorial: Keep desalination in MMWD plan as insurance, Marin's flush water districts seek easing of state conservation mandate, Marin fluoride ballot measure falls short of signatures, Gov. Brown seeks permanent water saving measures amid pushback on state mandate, Marin IJ Editorial: Water ruling should be based on reality, MALT nabs Gallagher land, and Survey Shows Californians' Support for Recycled Water.

The Board also received the following miscellaneous items at the meeting: A letter praising NMWD employees from a customer, four letters of opposition for the rate increase, NBWA watershed brochure, and a letter sent to SWRCB regarding May 18th Board meeting.

ADJOURNMENT

President Schoonover adjourned the meeting at 8:33 p.m.

Submitted by



Katie Young
District Secretary