

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
July 17, 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 District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Dennis Rodoni and John Schoonover. Also present were Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre. General Manager Chris DeGabriele was absent.

Justin Kudo of Marin Clean Energy 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 Baker and unanimously carried the Board approved the minutes from the previous meeting as presented.

GENERAL MANAGER'S REPORT

David Bentley, Acting General Manager, informed the Board that Chris DeGabriele will return from his vacation on Friday, July 21.

Stafford Treatment Plant Start-Up

Mr. Bentley reported that Stafford Treatment Plant commenced operation on July 3rd as planned. He said that there were no dirty water complaints at start-up this year, although there were taste and odor complaints. He said that the granular activated carbon was replaced in one of the cells which has reduced complaints.

Water Main Break

Mr. Bentley advised that on Tuesday at approximately 11 a.m., a sixteen-inch line in Hamilton was ruptured by Disney Construction, the District's recycled water contractor. Doug Moore provided details and said that the contractor was excavating according to District drawings in a very rocky area on a tight turn. He said that the alignment for the recycled water line was between the water line and sewer line. Mr. Moore stated that District crews responded quickly and were able to shut down the area within 43 minutes, but that approximately 327,000 gallons of water was lost and 50 customers were out of water. He advised that repairs were made and water service restored by 9 p.m.

Mr. McIntyre stated that staff was able to minimize further potential problems during excavation and will wait for the construction manager's report to assess the causes for the break.

Service Line Break in West Marin

Mr. Bentley advised that on Wednesday, July 11, a service line leak in West Marin on Silver Hills Road resulted in approximately ten customers out of water for about one hour before repairs were made.

Solar Panel Installation

Mr. Bentley informed the Board that on Friday July 13, the first solar panel at Stafford Treatment Plant Solar Energy project was installed, and it is anticipated that power will be connected by the end of August.

OPEN TIME:

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

Status Report on Recycled Water Expansion Project - North and South Service Areas

Mr. McIntyre reported that there has been good progress on the Recycled Water Expansion project in the north and various projects are closing out. He said that the last portion of the project, Segment 2 on Redwood Boulevard, has developed problems that included conflicts with PG&E not able to identify their pipes, harder rock than anticipated and that excavation at the intersection of Olive and Redwood met with unforeseen issues. He said that to insure that there were no existing problems because of a gas station close to the Olive Avenue and Redwood Boulevard excavation site, staff had potholed the area to about six feet in depth to collect soil samples. Mr. McIntyre explained that due to utility conflicts, the contractor was required to dig down to 11 feet, and work stopped when gasoline odors were detected in the trench. He further explained that more soils testing had to be performed, a safety plan developed and groundwater had to be captured in a baker tank which will be tested before being disposed of. Mr. McIntyre advised that those unforeseen conditions will most likely result in a change order. He further advised that the construction manager will provide the Board with a full report at the next meeting.

Mr. McIntyre informed the Board that in the south service area, work on Reservoir Hill was delayed due to the presence of nesting owls. He said that the Hungry Owl Project confirmed that the birds have now fledged and work can proceed. Mr. McIntyre stated that Maggiora & Ghilotti had to stop installation of the transmission pipeline from Las Gallinas Valley Sanitary District through Catholic Youth Organization (CYO) property because of nesting ravens, but the ravens have now fledged and work can proceed.

MONTHLY PROGRESS REPORT WITH CUSTOMER SERVICE QUESTIONNAIRE

Mr. Bentley provided the progress report for the month of June and the fiscal year-end report. He stated that Novato production, at just under 3BG, was up 21% from the prior June and up 3% for the year; and in West Marin, production was up 15% from one year ago and down 1% for the year. He stated that recycled water sales were 11.1MG, up 43% from the previous year. He noted that the increase in temperatures (June's average was 70 degrees) was in large part the reason for the increase in water sales. Mr. Bentley reported that District staff worked 169 days without a lost time accident or injury. He stated that energy costs have remained flat the past three years - FY 2012 was 15.8¢/Kwh, 2011 was 15.7¢/Kwh and 2010 was 16.0¢/Kwh. Mr. Bentley said that in Water Conservation, the washing machine rebates are most popular, and the Summary of Complaints and Service Orders shows that complaints are down 26% for the month, 11% for the year. Staff mailed 198 Customer Service Questionnaires, 37 were returned and 98% of those had positive comments.

Mr. Bentley presented the Auditor-Controller's Monthly Report of Investments for June and stated that the District had \$10.5M in the bank, cash balance decreased by \$1,083,000 due in part to \$848,000 in SRF debt service payments for the Stafford Treatment Plant Rehab and Deer Island Recycled Water Facility. He advised that the weighted average portfolio rate was 0.42%.

CONSENT CALENDAR

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

LEVERONI CREEK BANK REPAIR PROJECT - AWARD CONSTRUCTION CONTRACT

The Leveroni Creek Bank Repair Project consists of stabilizing an eroding 100 feet of the creek bank using a combination of willow-sprigged rock and biotechnical treatments next to the fence and paved access road leading to the northern area of the Stafford Treatment Plant site. Seven bids were received and Engelke Construction of Healdsburg was the low bidder at \$72,500.

The Board approved award of the Leveroni Creek Bank Repair contract to Engelke Construction, and authorized the General Manager to execute an agreement with Engelke Construction for the amount of \$72,500.

GENERAL SERVICES AGREEMENT WITH MILLER PACIFIC ENGINEERING

The Board authorized the General Manager to execute a new General Engineering Services agreement for Consulting Geotechnical Services between NMWD and Miller Pacific Engineering Group with a not-to-exceed limit of \$20,000.

RISING SUN ENERGY CENTER WATER USE SURVEY AMENDMENT

In May 2011, the Board approved a two-year agreement with Rising Sun Energy Center (RSEC) for implementation of the California Youth Energy Services (CYES) Green House Call Program. The District provides the fixtures needed for installation and assists in CYES training and this partnership helps to increase participation in residential water use surveys as required by the California Urban Water Conservation Council Memorandum of Understanding. This year, CYES opened an office in Novato; and through marketing directly to District customers via water bill inserts, participation has increased significantly. The increased participation will cause the two-year program expenditure level to exceed the original \$7,000 by next August.

The Board authorized the General Manager to execute the agreement amendment, for an additional \$5,000, with RSEC, to fund the water portion of the CYES "Green House Call" program for the remainder of calendar year 2012.

ACTION CALENDAR

APPROVE: MARIN CLEAN ENERGY PARTICIPATION

Mr. Bentley stated that at the June 5 meeting, the Board asked for further analysis before making a decision on selecting the Marin Clean Energy (MCE) "Light Green" option for several of its Novato electrical services. He said that he asked MCE and PG&E to review the District account and they both responded with an almost identical analysis. Mr. Bentley advised that the District's five A-6 services for pump stations using MCE "Light Green" option would save the District \$1,250 annually; the remaining 38 accounts using the "Light Green" option would result in a small additional cost. He further advised that with the Stafford Treatment Plant Solar Power Project, the District will exceed its AB32 green house gas emissions goal for 2050 without any further green energy projects.

Director Fraites stated that it is his understanding that PG&E will be making an announcement on rate changes and asked if PG&E prices come in higher for the remaining 38 accounts, can the District then select MCE?

Mr. Bentley introduced Justin Kudo, Account Manager for MCE, who addressed Director Fraites' question. He said that PG&E will request the Public Utilities Commission to authorize them to raise its gas and electric rates as much as 16% over the next year. He said it is not clear how the rates will change, but that most likely some PG&E rate changes will be passed through to MCE customers. He said that the MCE rates are set on an annual basis and MCE rates should be set until April 2013. Mr. Kudo explained that a customer who opts out of MCE after the initial 60-day enrollment period will be prohibited from re-enrolling in MCE for one year. He further explained that if the customer opts out within the first 60 days, the customer can re-enroll in MCE with no precondition. He said, however, that PG&E does have an exit fee that will be assessed on MCE customers. He said that even with exit fees, MCE rates will be lower than PG&E for the A6 schedules which make up most of the District's electric usage. Mr. Kudo said that MCE does not assess an enrollment fee.

On motion of Director Fraites, seconded by Director Schoonover, the Board authorized the District's five A6 accounts be served by Marin Clean Energy at a saving of \$1,250 annually.

APPROVE: BID ADVERTISEMENT - RECYCLED WATER SOUTH PHASE 2

Mr. McIntyre said that the third and final segment of the Recycled Water Expansion Project in the South Service Area (Hamilton) is ready to move forward. He stated that it is anticipated that the award of the contract be in late fall and construction completed in late spring. Mr. McIntyre said that the Phase 2 project includes installation of 2,060 feet of new twelve-inch pipeline, and 6,970 feet of new eight-inch pipeline. He advised that the engineer's cost estimate is \$1.3M, and the project will receive 25% federal grant funding from WaterSMART Grant funds via Bureau of Reclamation awards.

On motion of Director Baker, seconded by Director Schoonover, the Board authorized bid advertisement of the Recycled Water Expansion South Service Area - Phase 2 Project.

APPROVE - CONTRACT AWARD FOR RECYCLED WATER SOUTH ON-SITE RETROFIT (GROUP 1S)

Mr. McIntyre advised that six customers in the South Service Area will require their irrigation system be retrofitted for recycled water. He said that six contractors attended the mandatory pre-bid meeting and three bids were received. He advised that the engineer's cost estimate was \$150,000 and the low bid of \$165,063 was received from Wildcat Engineering of Petaluma. Mr. McIntyre further advised that the bid evaluation was performed by District staff and all bid requirements were satisfied.

On motion of Director Schoonover, seconded by Director Baker and unanimously carried, the Board approved award of the contract to Wildcat Engineering and authorized the General Manager to execute an agreement with Wildcat Engineering.

INFORMATION ITEMS

POINT REYES WELL #3 REPLACEMENT PROJECT COST ANALYSIS

Mr. McIntyre provided a summary of cost increases for the Point Reyes Well #3 Replacement Project as requested by the Board at the last meeting. He stated that some of the costs summarized comprise a three-year budget period and the costs have been broken out to three categories: Replacement, Rehabilitation and Destruction. Mr. McIntyre provided a table of historical costs of the last two years leading up to FY 13. He stated that the replacement cost is less than \$80,000, the bulk of that amount related to environmental permitting; the rehabilitation cost in FY 11 (\$15,000) is associated with Well #3 repair of the existing casing which was unsuccessful; and the destruction cost thus far, approximately \$1,000 expended in FY12, was for permitting costs to destroy Well #3. Mr. McIntyre said that in April 2012, the Board was presented with the FY 13 costs wherein \$100,000 was estimated for the new well construction. He stated that bids received exceeded the engineer's cost estimate, and the construction cost estimate was revised for this year to \$140,000. He advised that the cost estimate was increased again by \$25,000 because the costs to abandon Well #3 were included, cost for more complicated electrical work requiring District crews was increased, and the amount of contingency was increased.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements, Residential Consumption 20-Year History and Self-Insured Workers Comp - Status Report.

The Board also received the following news articles: Novato's \$6 million water recycling plant nears completion, Low water levels reveal jetty at mouth of Russian River, Turning Back Time, Watershed Moment, Spring rain means no water worries for Sonoma County, California lawmakers postpone water bond 2014.

CLOSED SESSION

President Petterle adjourned the Board into closed session at 8:07 p.m. for Conference with Real Property Negotiator (David Bentley), regarding 15 Gustafson Court, Novato, CA (Government Code Section 54956.8).

OPEN SESSION

Upon returning to regular session at 8:25 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 8:26 p.m.

Submitted by



Renee Roberts
District Secretary