

NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
August 19, 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, and John Schoonover. Also present were General Manager Chris DeGabriele, District Secretary Katie Young, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

District employee Tony Arendell (Construction/Maintenance Superintendent) was in the audience.

MINUTES

President Rodoni provided the District Secretary with some minor corrections to the draft minutes from the August 5, 2014 meeting.

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

GENERAL MANAGER'S REPORT

Parking Lot Paving

Mr. DeGabriele informed the Board that the parking lot was refurbished and complimented Tony Arendell on his efficient methods of repairing, repaving and restriping the lot.

Drought Drive-Up

Mr. DeGabriele advised the Board that he attended the Drought Drive-Up in West Marin on August 9th, along with President Rodoni. He noted that the drive-up was well attended with over 50 customers taking advantage of the drought tools.

Water Line Newsletter

Mr. DeGabriele informed the Board that the Novato *Water Line* Newsletter was mailed out this week and that all of the current prohibitions were listed on the front page. He stated that additionally an article in the Marin Independent Journal was in the paper on Sunday and is hopeful that the public outreach is making an impact.

Out of the Office

Mr. DeGabriele informed the Board that he will be out of the office for the rest of the week and that David Bentley will be Acting General Manager.

Urban Water Management Plan

Mr. DeGabriele advised the Board that the Governor signed legislation to extend the 2015 Urban Water Management Plan due date from December 31, 2015 to June 30, 2016, which will now include the information for 20% reduction in per capita water use by 2020. He noted that all of the water contractors are hoping to hire the same consultant for water demand and conservation analysis.

EPA Water Sense Award

Mr. DeGabriele advised the Board that Sonoma Marin Saving Water Partnership will be receiving the EPA Water Sense Partner of the Year Award in October. He informed the Board that he has been asked to accept the award for the partnership and will be attending the WaterSmart Innovations Conference in Las Vegas in October to do so.

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 item was discussed:

David Bentley informed the Board that the District received the remaining balance from the Hardiman Construction who the District had prevailed against in a small claims action.

MONTHLY PROGRESS REPORT

Mr. DeGabriele provided the Board with the Monthly Progress Report for the month of July. He stated that water production in Novato was down 18% from one year ago and down 21% from February through July. He stated that in West Marin water production is down 7% although Mr. Bentley advised Mr. DeGabriele that Palace Market had a 1.1MG leak and if the leak amount had been removed, West Marin water production would be down 19% compared to one year ago.

Mr. Bentley provided an analysis to the Board regarding the drought surcharge in West Marin. He noted that 48% of the bills had drought surcharge. He stated that the median surcharge for residential customer was \$10.93 and the median surcharge for non-residential customers was

\$29.39. Mr. Bentley stated that staff project that adoption of the drought surcharge would generate \$43,000 over the four month period.

Mr. DeGabriele stated that Lake Mendocino is at 31% capacity with 35,000AF and Lake Sonoma is at 65% capacity with 158,000AF. He noted that Stafford Lake is at 36% capacity and is planning to operate until September 19th. He advised the Board that in West Marin, Lagunitas Creek flows continue to be above the minimum flows and the District is still able to divert water without purchasing more water from Marin Municipal. He noted that sodium levels are surprisingly low.

Mr. DeGabriele informed the Board that Oceana Marin is in good shape and has not had to discharge in July. He advised the Board that the field service representative who was injured in May is still out of work and staff has hired temporary help to backstop meter reading. Mr. DeGabriele stated that the energy cost is down considerably from a year ago and the Stafford rate dropped due to the credit from power sold back to PG&E.

Mr. DeGabriele provided the Board with the Summary of Complaints and Service Orders advising the Board that the amount of water quality complaints was mostly due to the Sonoma County Agency supply of water. He stated that SCWA turned on the Santa Rosa plain wells to supplement the Russian River diversions and the wells had a different water quality which was noticed by Novato customers. He noted that additionally SCWA was unable to adjust the pH balance since the end of July but has now resolved the issue and will be able to deliver good water.

Mr. Bentley provided the Board with the Monthly Report of Investments for July, stating that the District has \$15M in the bank and at the end of the month the weighted average portfolio rate was 0.39%.

PRELIMINARY FY 2013/14 FINANCIAL STATEMENT

Mr. Bentley provided the Board with the Preliminary FY 2013/14 Financial Statement. He advised the Board that the District generated a net income of just under \$500K and saw a net cash increase of \$4.7M. He noted that the cash increase is largely attributable to the receipt of Recycled Water grant and loan funds. Mr. Bentley advised the Board that both Operating Revenue and Operating Expense came in over budget and that 52% of the Capital Improvement Projects Budget was expended during the fiscal year. He informed the Board that the District's cash balance decreased by \$2M during June, primarily due to the pay off of the CalPERS Side Fund. Mr. Bentley advised the Board that the cash balance was at \$14.8M at the end of the fiscal year.

Mr. Bentley informed the Board that water consumption in Novato was down 2% from the prior year, that \$99K in connection fees was collected during the year and that from Marin Municipal Water District made a \$480K capital contribution for the Aqueduct Energy Efficiency Project as

required under the Interconnection Agreement. Mr. Bentley stated that the Stafford Treatment Plant produced 479MG last fiscal year and was budgeted at 750MG. He stated that Recycled Water production almost doubled from a year ago, producing almost 160MG, and had 27 new connections. He advised the Board that the Total Recycled Water Operating Expense was \$352K more than last year primarily to the addition of purchased water cost from Novato Sanitary District and Las Gallinas Valley Sanitary District. Mr. Bentley stated that Novato Recycled Water ended the year with a cash balance of \$1M.

Mr. Bentley stated that West Marin Water consumption was 78MG, 3% less than the previous year and the Operating revenue was 7% more than last year, primarily due to the 8% rate increase. He noted that the District received one connection fee and that 52% of the Capital Improvement Project Budget was spent during the fiscal year. He advised the Board that West Marin Water ended the year with a cash balance of \$913K.

Mr. Bentley informed the Board that Oceana Marin Sewer Operating revenue was 13% higher than the previous year and received one new connection. He stated that 39% of the Capital Improvement Project budget was expended and that Oceana Marin ended the year with a cash balance of \$283K.

CONSENT CALENDAR

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

REQUEST OUT-OF-STATE TRAVEL FOR STACIE GOODPASTER FOR AWWA FALL 2014 CONFERENCE

Stacie Goodpaster has been a member of the AWWA California Nevada Section Water Quality Laboratory Analyst Certification Committee for over six years and currently serves as Chair. The annual fall conference this year is taking place in Reno, Nevada from October 19th-23rd. In addition to the committee meeting, Stacie will attend technical sessions for continuing education credits necessary for maintenance of the Distribution System Operator certificate and the Laboratory Analyst certificate. The Board authorized expenses for Stacie Goodpaster to attend the AWWA Fall 2014 Conference.

REQUEST OUT-OF-STATE TRAVEL FOR ROBERT CLARK FOR AWWA FALL 2014 CONFERENCE

Robert Clark has been active in the CA-NV AWWA for the past few years and has become more involved with the Asset Management, Safety & Security Planning and Backflow Committees. The annual fall conference this year is taking place in Reno, Nevada from October 19th-23rd. He will

be attending sessions regarding emergency planning, pipeline rehabilitation, water tank rehabilitation, material performance and asset management programs. The Board authorized expenses for Robert Clark to attend the AWWA Fall 2014 Conference.

ACTION CALENDAR

ATHERTON TANK REHABILITATION CONTRACT AWARD – BLASTCO INC.

Mr. McIntyre reminded the Board that the Atherton Tank Rehabilitation Project has been on the budget for awhile and now with the additional temporary storage tanks available the project can commence. He stated that the job went out for bid and 9 prime contractors received plans and specs. He noted out of the 9 contractors, 6 bids were received. He advised the Board that the engineers estimate was \$2.2M and the bid span between the number 1 and number 2 low bidders was \$65K. Mr. McIntyre advised the Board that the second low bidder protested claiming that Blastco's bid was non-responsive due to not correctly answering the question whether any claims were filed against them. He advised the Board that staff deferred to District's legal counsel regarding this issue and they determined that Blastco's bid was a responsive.

Mr. McIntyre stated that Blastco's bid was \$1,348,850 and a bid evaluation was performed by District staff. He noted that Blastco has previously completed tank re-coating projects for the District at Plum Street Tank and Crest Tank No. 1.

Director Baker asked if staff thought the District would hear more back from the second low bidder Advanced Industrial Services about the bid protest. Mr. McIntyre responded that staff has not received anything to date and that the District is going to bring in a third party company to help prepare the labor compliance plan and shadow field verifications.

On motion of Director Schoonover, seconded by Director Baker and unanimously carried, the Board rejected Advance Industrial Services' protest of Blastco's bid and approved award of the contract to Blastco, Inc. and authorized the General Manager to execute an agreement with Blastco, Inc. for \$1,348,850 and set aside a contingency reserve of \$70,000 (~5%).

ATHERTON TANK REHABILITATION COATING INSPECTION AWARD

Mr. McIntyre advised the Board that consistent with the Atherton Tank re-coating project staff is requesting the Board approve a third party coating inspector. He stated that staff sent out the proposal to six local firms and five responded. Mr. McIntyre informed the Board that the scope of work includes but is not limited to inspecting coating removal, conducting surface assessment, overseeing the surface preparation and inspecting the application. He stated that DB Gaya Consulting, who has previously completed work for the District, submitted the lowest bid at \$37,800.

On motion of Director Petterle, seconded by Director Schoonover and unanimously carried, the Board authorized the General Manager to execute an agreement with DB Gaya Consulting LLC for coating inspection services on a time and expense basis with a not to exceed limit of \$37,800 plus an approved contingency reserve of \$5,000.

2014 WEST MARIN WATER SYSTEM MASTER PLAN – ACCEPTANCE OF FINAL REPORT

Mr. McIntyre advised the Board that the review and comment period has closed for the 2014 West Marin Water System Master Plan and that the Board saw the draft plan at the West Marin Meeting on June 24th. He stated that the Master Plan serves as a guideline and will be updated every 10 years.

President Rodoni asked if the Master Plans were available on the District's website. Mr. McIntyre stated that they were not but staff could add them.

On motion of Director Petterle, seconded by Director Fraites and unanimously carried, the Board accepted the 2014 West Marin Water System Master Plan.

AUTHORIZATION TO SOLICIT BID PROPOSAL FOR FIRE SERVICE TESTING

Mr. DeGabriele reminded the Board that last year staff contracted with a firm to help with fire service and backflow testing. He stated that staff is requesting to solicit bid proposals for the fire service testing and that staff does not have adequate time to get all of the backflow inspections and repair work done.

President Rodoni asked if staff is going to contract with a firm, would it free up more time. Mr. DeGabriele stated that without outside assistance some of the services would just go untested. He advised the Board that staff would provide a report on the backflow testing.

On motion of Director Schoonover, seconded by Director Petterle and unanimously carried, the Board authorized staff to advertise for proposals to test 220 fire service backflow devices.

RESOLUTIONS SUPPORTING FRESH WATER FLOWS IN THE SAN FRANCISCO BAY DELTA ESTUARY

Mr. DeGabriele reminded the Board that Director Fraites requested the other Board members receive the resolutions adopted supporting fresh water flows as well as the differences between the resolutions currently adopted by various entities. He informed the Board that there is a half day conference in September sponsored on by the Friends of the Estuary that may be attended to obtain more information. Mr. DeGabriele stated that Marin Municipal Water District supported the County of Marin's resolution. Mr. DeGabriele stated that the Sonoma resolution was adopted by the Sonoma Board of Supervisors not the SCWA and he believes that the resolutions may be dangerous to Stafford Lake water supply reliability.

Director Schoonover asked if Mr. DeGabriele wanted a Board member or staff to attend the Friends of the Estuary Conference. Mr. DeGabriele responded that either or both can attend.

Director Fraites stated that he realizes that the District does not receive its water from the Bay and is not dependent on the water from the Delta but that the District should be concerned with the water quality in the San Francisco Bay. He stated that several entities supported the resolutions with the same situation as the District and that he is very concerned about the future of the Bay and the Delta. He suggested that he prepare a resolution for the Board to consider that supports this issue and bring it back to the Board for further comment and action.

Director Baker stated that he respected Director Fraites' concern for the Delta and the Bay but believes the District should not get involved directly or indirectly.

Director Petterle stated that it was a regional water issue and that he supported the concept and volunteered to help draft a resolution.

Director Fraites stated that with less water flowing out of the Delta more salt intrusion will occur and that could have negative impact in the Delta. He advised the Board that if the Bond measure passes there will be more dams and reservoirs built and more demand for water will occur.

President Rodoni supported Director Fraites and Petterle to draft a resolution on behalf of the District to be brought back to the Board for further discussion and action.

President Rodoni suggested that Director Petterle and Director Fraites ask for Mr. DeGabriele's input when drafting the resolution.

The Board tabled this item until a future meeting.

INFORMATION ITEMS

SCWA TEMPORARY URGENCY CHANGE PETITION

Mr. DeGabriele advised the Board that Sonoma County Water Agency filed a Temporary Urgency Change Petition with the State Board requesting lower flows in the Russian River. He stated that the petition is requesting lowering upper Russian River minimum flows to 50 cubic feet per second and lowering flows in the lower Russian River from the Dry Creek confluence to the Pacific Ocean to 60cfs. He noted that the reduced flows are projected to preserve approximately 4,000AF of water in Lake Mendocino by November 1st.

Mr. DeGabriele informed the Board that the TUCP is different from those filed previously, in that Mendocino County Russian River Flood Control and Water Conservation Improvement District also filed a petition which enables SCWA to request that the State Board take actions to reduce diversions by 20% for holders of water right permits and licenses issued under the 10,000AF per

year Sonoma County Reservation in the upper Russian River. Mr. DeGabriele stated the reduced diversions by the Mendocino District are projected to preserve an additional 5,000AF in Lake Mendocino by November 1st.

Mr. DeGabriele advised the Board that SCWA specifically requested the State Board order no further terms regarding water conservation activities of the Water Agency and its contractors including the District. He noted that he has not heard about the outcome of the TUCP and will keep the Board apprised.

NBWRA UPDATE

Mr. McIntyre advised the Board that Director Schoonover, Director Baker and Water Conservation Coordinator, Ryan Grisso, attended the North Bay Water Reuse Authority meeting on July 28th. He stated that there was no budget augmentations required at the end of the fiscal year from any of the consultants and that there are plans for a fall trip to Washington DC to continue to support WaterSMART funding and Reclamation Infrastructure Innovation Act legislation. Mr. McIntyre informed the Board that if the \$7.5B water bond passes on the November ballot, there will be \$725M designated for recycled water.

COLLABORATION: SEA-LEVEL MARIN ADAPTION RESPONSE TEAM (C-SMART) PARTICIPATION

Mr. DeGabriele provided the Board with a memorandum about the Marin County Sea-Level Adaption Response Team (C-SMART). He stated that the County is requesting representation from the District but not at an elected official level. He advised the Board that he would be the initial contact for the County and will attend the first TAC meeting and determine to fully participate or assign to another staff member at that time. Mr. DeGabriele provided background information on the effort to assess sea-level rise effects on coastal infrastructure and resources.

President Rodoni asked if there has been any discussion with the County regarding it's groundwater management plan for Marin. Mr. DeGabriele stated that he has had brief conversations with Rebecca Ng and has offered a letter of support to help assist in West Marin, but nothing has occurred.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements, FY14 4th Quarter Labor Cost Report, Self-Insured Workers' Comp – 4th Quarter Status Report, Summary NMWD Water Use Prohibitions for 2014 – Novato, Summary NMWD Water Use Prohibitions for 2014 – West Marin, and Letter from customer at 331 Grandview Ave.

The Board received the following news articles: Editorial: Marin Municipal Water District's 'smiley face' conservation program worth a look, Marin water officials unfazed by downgraded El Nino predictions, North Bay Water Suppliers Deploy New Water Management Tools in Response to Ongoing Drought, and Water Bond Could Provide Significant Resources to Sonoma County.

The Board also received the following news articles at the meeting: State mandates Inverness water emergency, Marin Voice: North Marin water users need to continue conservation efforts, PG&E to release dam water for steelhead in upper Eel River, and County approves Hog Island water well.

CLOSED SESSION

President Rodoni adjourned the Board into closed session at 8:46 p.m. in accordance with Government Code Section 54957 for Public Employee Performance Evaluation (One), Title: General Manager.

OPEN SESSION

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

ADJOURNMENT

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

Submitted by

A handwritten signature in black ink, appearing to read 'Katie Young', written in a cursive style.

Katie Young
District Secretary