

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
December 20, 2011**

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 the District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Hank Barner, (Black Point Improvement Club), Jim O'Toole (Environmental Sciences Associates), 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 amended.

GENERAL MANAGER'S REPORT

Holiday Coverage

Mr. DeGabriele informed the Board that the District will be closed on Monday, December 26, 2011 and Monday, January 2, 2012 and that on-call and standby coverage has been scheduled.

Video Production

Mr. DeGabriele reported that the District has begun video production for posting on the District's website, and he advised that the County of Marin informed him that North Bay Watershed Association and the Sonoma County Water Agency are funding watershed-focused videos that will be shown on public television channel KRCB in between shows during its regular programming. He stated that one watershed program will be about Marin and he has been invited to be a speaker representing the District to talk about water supply, reuse and multi-benefits of Stafford Lake for recreation, water supply and incidental flood control. He noted that other speakers will be Supervisor Judy Arnold and Novato Sanitary District Board member Bill Long.

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 there was no response.

MONTHLY PROGRESS REPORT

Mr. DeGabriele provided the monthly progress report for November. He stated that water production for Novato is down slightly from one year ago and that water production in West Marin is down 6% from a year ago; Stafford Treatment Plant production is right on the mark with last year and 2009. He said that there is no change in recycled water production since the plant was shut off at the end of September. Mr. DeGabriele stated that Stafford Lake storage is on par with one year ago. He stated that December 2011 will most likely be very dry but that Lake Sonoma storage is still ample with 203,000 acre feet of storage and Lake Mendocino has 60,000 acre feet of storage. Mr. DeGabriele said that Oceana Marin storage and treatment ponds are in good shape and irrigation field discharge through December will likely continue. He noted that staff worked 265 days through November without a lost time accident or injury and that no incidents were recorded over the last two years. He said that the Summary of Complaints and Work Orders shows that, even with significant rate increases, high bill complaints are down by about 50% compared to a last November and down 40% for the year.

Mr. Bentley reported on the Monthly Report of Investments and stated that the end of November, the cash balance was \$13M which includes the \$8M bank loan for the Aqueduct Energy Efficiency Project. He said the cash balance increased \$113,000 in November; the weighted average portfolio rate was 0.46% compared to 0.45% for the previous month. Mr. Bentley advised that the \$8M loan money was put into the Local Agency Investment Fund and is earning 0.4%.

ACTION CALENDAR

APPROVE: RENEWAL OF PORT SONOMA MARINA TEMPORARY WATER SERVICE AGREEMENT

Mr. McIntyre stated that at the last Board meeting, a public hearing was held for the renewal of the Temporary Water Service Agreement for Port Sonoma Marina. He said that the Board took no action and directed staff to make revisions to the agreement and bring the agreement back to the Board for consideration. He stated that there were two revisions to the Temporary Water Service Agreement: 1) added language that provides an annual limit on the amount of water delivered; and 2) added language that the District will annually review the amount of water delivered and gives the District the ability to terminate the agreement should water delivered exceed the

annual cap of 3 MG. Mr. McIntyre advised that Port Sonoma Marina as been apprised of the changes to the language in the agreement.

Director Fraitas asked if the County of Sonoma changed the land use permit to allow development of the area, would the District be obligated to supply up to 3 MG a year?

Mr. McIntyre responded that the agreement is a Temporary Water Service Agreement and the District is not obligated to provide any water service; it is completely at the Board's discretion.

Director Fraitas asked if once the District signs a one-year agreement, can it terminate water delivery at any time?

Mr. DeGabriele said yes, that this is a temporary arrangement, even though it has been going on for thirty years. He said that the agreement states that Sonoma County has the authority to determine what the uses are on the property. He stated that historically, the size of the meter was the restricting element that limited how much water would be used; now there is a numerical quantity to help gauge the effect on the District. Mr. DeGabriele further stated that District facilities are all on the Marin County side of the river and the District's responsibility for maintenance of pipelines stops at the meter. He said the District can interrupt the supply at any time and decide to no longer provide the temporary water service.

Director Baker stated that he wanted to thank staff for the extra effort to make refinements to the agreement, noted that the diminished use of water from the District and expressed his hope that the Port can become self-sufficient in the next couple of years. He also asked that as this new agreement approaches the end of its time period, staff would give the Board an update in a reasonable time in advance of its expiration to allow time, as necessary, to consider potential actions.

On motion of Director Baker and seconded by Director Rodoni, the Board unanimously approved Resolution No. 11-33 entitled, "Authorization of Execution of Agreement for Temporary Water Service with Port Sonoma Associates LLC".

APPROVE: CHANGE ORDER NO. 3 – ENVIRONMENTAL SCIENCE ASSOCIATES (ESA) FOR ENVIRONMENTAL SUPPORT SERVICES CONTRACT (RECYCLED WATER SOUTH SERVICE AREA)

Mr. McIntyre stated that approximately one and one-half years ago, the Board initially approved the contract for Environmental Science Associates (ESA) to prepare an addendum to ESA's original North Bay Water Reuse Authority (NBWRA) Environmental Impact Report (EIR) for the Novato North Service Area State Revolving Fund (SRF) loan application. He said that staff believed that the EIR was sufficient for all environmental clearances; however, the state wanted a

document that focused on the District's project before authorizing the SRF loan. He said that to comply with the State's request, the Board approved an addendum to ESA's contract focusing on the Novato North Service Area. Mr. McIntyre said that Change Order No. 1 was approved by the Board in December 2010 to do additional CEQA and permit-related work for the SRF loan applications for both the North and South Service Areas. He said that once the design had been developed enough to identify what the permitting issues would be for the South Service Area, Change Order No. 2 was issued for the more definitive environmental work. Mr. McIntyre stated that the addendum for the South Service Area SRF application has been submitted to the State and he listed the necessary permits that have been obtained from various governmental agencies. He said that staff is still waiting for the State Regional Water Quality Control Board 401 permit that has been delayed due to State staffing shortages. He advised that ESA has expended more time and effort than anticipated for the South Service Area Wetlands Delineation/404 Permit that is needed for the transmission pipeline from Las Gallinas traversing through open fields to Hamilton and pipeline alignments in Reservoir Hill. Mr. McIntyre advised that staff is requesting the Board approve Change Order No. 3 in the amount of \$20,000 to cover the costs for the additional permitting required for the South Service Area. He informed the Board that Purple Needlegrass (a Category 2 California native plant species) was unexpectedly discovered at the reservoir site and will require a treatment plan to be integrated into the design specifications.

On motion of Director Fraites, seconded by Director Baker and unanimously carried, the Board authorized the General Manager to execute Change Order No. 3 to ESA to perform additional CEQA permit-related tasks for the Recycled Water South Service Area project in the amount of \$20,000.

INFORMATION ITEMS

INCREASE IN SENIOR ACCOUNTANT FTE AND PIPEWORKER PROMOTION

Mr. DeGabriele informed the Board that he has authorized an increase in the Senior Accountant full-time equivalent (FTE) adding .25 FTE or 10 hours per week allocated between the two accountant positions. He said that this will not bring the accountants up to full time (as they had requested) as he did not want to exceed the FTE threshold that the Board authorized in the FY 2011-12 budget (52.5 FTE). He stated that this will be a temporary arrangement until 2013 to accommodate the workload generated by grants and loans that the District currently administers including ARRA Grants, State SRF loans, WaterSmart Grant, Prop 84 Grant and an upcoming water conservation grant and the Aqueduct Energy Efficiency Project loan. He advised that after

careful consideration, it was decided that redistributing the current workload and increasing the accountants' time was the most cost-effective way to accommodate the increased workload.

Mr. DeGabriele stated that it was recommended by the Construction/Maintenance Superintendent that two Assistant Pipeworkers be promoted to the Pipeworker position. He said that Peter Castellucci, hired in 2006, has taken on responsibilities of the maintenance foreman in the valve maintenance program and that Corey Reed, hired in 2005 has passed his D-2 test, another level of Distribution Certification.

STP SOLAR PROJECT - PWRPA POWER

Mr. Bentley reminded the Board that at the November 1st meeting, they authorized staff to send a \$10,000 check to PG&E to maintain the District's place in the queue for the California Solar Initiative credit. He said that at the same time, Sonoma County Water Agency offered to wheel power to the District from Power and Water Resources Pooling Authority (PWRPA) which would be more cost-effective; however, SCWA recently advised that they do not have the authority to provide PWRPA power to the District. He said the District can apply directly to PWRPA and pay a fixed cost estimated to be at least \$100,000. He advised that staff is not confident that the PWRPA pricing will remain attractive.

Mr. Bentley stated that he has contacted SPG Solar (the contractor selected to install the solar panels) and they advised that Solar Power Partners has been bought out by NRG Energy and that NRG had expressed enthusiasm about the District's solar project. He advised that SPG will begin geotechnical work at the site.

Mr. Bentley informed the Board of a new complication and explained that power utilities have asked the California Public Utilities Commission for an additional fee for customers using solar power. He said that if the CPUC approves this additional fee, it will reduce the District's projected return on investment by an estimated 40%. He said that the District will have an opportunity to comment and staff will draft a letter to the CPUC in opposition to the proposed new charges and bring the letter back to the Board at the next meeting.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements, Annual Sick Leave Buy Back, and Direct Deposit of Vendor Payments.

The Board also received the following news articles: Endangered Russian River coho Salmon, No Drought Fears Yet, Good News for Foodshed, Salinity Notice.

ADJOURNMENT

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

Submitted by

Renee Roberts
District Secretary