



**NORTH MARIN
WATER DISTRICT**

**NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING**
March 6, 2018 – 6:00 p.m.
District Headquarters
999 Rush Creek Place
Novato, California

Information about and copies of supporting materials on agenda items are available for public review at 999 Rush Creek Place, Novato, at the Reception Desk, or by calling the District Secretary at (415) 897-4133. A fee may be charged for copies. District facilities and meetings comply with the Americans with Disabilities Act. If special accommodations are needed, please contact the District Secretary as soon as possible, but at least two days prior to the meeting.

Est. Time	Item	Subject
6:00 p.m.	CALL TO ORDER	
	1. APPROVE MINUTES FROM REGULAR MEETING , February 20, 2018	
	2. APPROVE MINUTES FROM REGULAR MEETING , February 27, 2018	
	3. GENERAL MANAGER'S REPORT	
	4. OPEN TIME: (Please observe a three-minute time limit)	
	This section of the agenda is provided so that the public may express comments on any issues not listed on the agenda that are of interest to the public and within the jurisdiction of the North Marin Water District. When comments are made about matters not on the agenda, Board members can ask questions for clarification, respond to statements or questions from members of the public, refer a matter to staff, or direct staff to place a matter of business on a future agenda. The public may also express comments on agenda items at the time of Board consideration.	
	5. STAFF/DIRECTORS REPORTS	
	CONSENT CALENDAR	
	The General Manager has reviewed the following items. To his knowledge, there is no opposition to the action. The items can be acted on in one consolidated motion as recommended or may be removed from the Consent Calendar and separately considered at the request of any person.	
	Consent - Approve Water Agreement	Type DU EU
	6. Consent - Approve: Water Service Agreement - 86 Hamilton Drive Fire Service	COMM 0 0
	7. Consent - Approve: Adopt State of California Governor's Office of Emergency Services Grant Program Resolution	
	8. Consent - Approve: Marin Clean Energy Participation	
	9. Consent - Approve: AMI Letter to Customers	
	ACTION CALENDAR	
	10. Approve: Oppose Unless Amended Letter for SB623	
	11. Approve: AMI Project Financing	
	INFORMATION ITEMS	
	12. Novato Potable Water System Financial Plan Update	
	13. WAC/TAC Update – February 5, 2018 Meeting	

All times are approximate and for reference only.

The Board of Directors may consider an item at a different time than set forth herein.

(Continued)

Est. Time	Item	Subject
	14.	NBWA Update – March 2, 2018
	15.	MISCELLANEOUS Disbursements – Dated February 22, 2018 Disbursements – Dated March 1, 2018 Employer Assisted Housing Program Status Report – District Home at 25 Giacomini Road Service Charge Analysis Water Agency Hot Topics – February 2018 NMWD Payments Remaining Local <u>News Articles:</u> Marin water plant to get \$400,000 seismic upgrade Novatoan Stompe recognized Novato seeks proposals to develop Hamilton properties Invitation to Bid – Ridge Road Water Line Replacement
7:00 p.m.	16.	ADJOURNMENT

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DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
February 20, 2018

CALL TO ORDER

President Fraites called the regular meeting of the Board of Directors of North Marin Water District to order at 6:01 p.m. at the District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, James Grossi, Michael Joly, and Stephen Petterle. Also present were General Manager Drew McIntyre and Auditor-Controller David Bentley.

CLOSED SESSION

President Fraites adjourned the Board into closed session at 6:02 p.m. in accordance with Government Code Section 54957 for Public Employment Appointment, Title: Auditor – Controller.

OPEN SESSION

Upon returning to regular session at 7:55 p.m., President Fraites stated that during the closed session the Board had discussed the issue and direction was given to staff.

Immediately after the Closed Session, District Secretary Terrie Kehoe and Chief Engineer Rocky Vogler joined the meeting. District employees Robert Clark (Operations/Maintenance Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) were in the audience.

MINUTES FROM SPECIAL MEETING – JANUARY 30, 2018

On motion of Director Petterle, seconded by Jack Baker, the Board approved the minutes from the previous special meeting on January 30, 2018 as presented by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly, and Petterle

NOES: None

MINUTES FROM REGULAR MEETING – FEBRUARY 6, 2018

On motion of Director Petterle, seconded by Director Joly, the Board approved the minutes from the previous meeting on February 6, 2018 as presented by the following vote:

AYES: Director Baker, Fraites, Grossi, Joly, and Petterle

NOES: None

1 **GENERAL MANAGER'S REPORT**

2 During the General Manager's report, Mr. McIntyre reviewed a few of the upcoming
3 meetings, NBWA, Strategic Plan Workshop No. 2, and reminded the Board of the Russian River
4 Public Policy Facilitating Committee meeting which is Thursday, February 22th at Lake Sonoma
5 Visitors Center from 10 a.m. to noon.

6 **OPEN TIME**

7 President Fraites asked if anyone in the audience wished to bring up an item not on the
8 agenda and there was no response.

9 **STAFF / DIRECTORS' REPORTS**

10 President Fraites asked if staff or Directors wished to bring up an item not on the agenda
11 and the following items and there was nothing to report.

12 **MONTHLY PROGRESS**

13 Mr. McIntyre discussed the status of our current water production and rainfall. Also
14 mentioned was our continued success with water conservation. Mr. Bentley presented a report on
15 our investments for January 2018. He discussed our portfolio and noted that the ratio of total cash
16 to budgeted annual operating expense stood at 88%.

17 **CONSENT CALENDAR**

18 Director Fraites stated that he will abstain from Item #8 – Ridge Road Water Line
19 Replacement Bid Advertisement. On the motion of Director Petterlee, seconded by Director Baker
20 the Board approved the following item on the consent calendar by the following vote:

21 **RIDGE ROAD WATER LINE REPLACEMENT BID ADVERTISEMENT**

22 The Board authorized bid advertisement of the Ridge Road Water Line Replacement Project

23 AYES: Director Baker, Grossi, Joly, and Petterle

24 NOES: None

25 ABSENT: None

26 ABSTAIN: Director Fraites

27 **NORMAN TANK REHABILITATION PROJECT NOTICE OF COMPLETION**

28 The Board authorized the General Manager to execute and file a Notice of Completion for
29 the Norman Tank Rehabilitation Project.

30 AYES: Director Baker, Fraites, Grossi, Joly, and Petterle

1 NOES: None

2 ABSENT: None

3 ABSTAIN: None

4 **INFORMATION ITEMS**

5 **DRY YEAR CONDITIONS UPDATE**

6 Mr. McIntyre provided information on preparing for dry year conditions. At this time, rainfall
7 in Novato this water year is looking very similar to 2012. On the Russian River, Sonoma County
8 Water Agency (SCWA) will most likely declare dry year conditions on March 1. Rainfall in Lagunitas
9 Creek watershed is nearly 10 inches below what is necessary for a normal year classification.
10 Beginning April 1st, it's likely that a dry year will be designed on Lagunitas Creek. If so, North Marin
11 Water District will be informing customers of a Water Shortage Emergency public hearing and
12 contingency measures in the West Marin Waterline. Stafford Lake storage is down, and there was
13 some discussion on possibility of back feeding to increase lake water storage.

14 **WATER CONSERVATION MID-YEAR UDATE (JULY-DECEMBER 2017)**

15 Mr. Vogler provided an update on water conservation and public outreach activities. It was
16 noted that some select programs are down during this post drought period and this appears to be
17 the case in other utility conservation programs throughout Northern California.

18 **FY 17-18 MID-YEAR PROGERSS REPORT- ENGINEERING DEPARTMENT**

19 Mr. Vogler provided information on the mid-year status of the District's performance in
20 completing budgeted FY 17-18 Capital Improvement Projects (CIP). Planned progress was
21 projected to be at 51% completion but actual progress is currently at 57%. Mr. Vogler also reported
22 that the District has added many projects this last quarter and he expects more developer projects to
23 materialize soon.

24 **MISCELLANEOUS**

25 The Board received the following miscellaneous information: Disbursements- Dated
26 February 8, 2018, Disbursements- Dated February 15, 2018, SCWA Public Meeting on Local Fish
27 Habitat Restoration Projects, Letter- Reappointment of Mr. McIntyre to Flood Control Zone #1,
28 Edward Victor Grundstom Obituary.

29 The Board also received the following news article at the meeting: West Marin ranch gets
30 grant to reduce greenhouse gas, Dam inspection legislation shipped to governor's desk

Alternative Water Supplies, Editorial: Marin's support pays off for MALT's mission, Can New California Water Storage Projects Win State Funding?, California could face the first dry February in 150 years.

ADJOURNMENT

President Fraites adjourned the meeting at 8.29 p.m.

Submitted by

Terrie Kehoe
District Secretary

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DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
February 27, 2018

CALL TO ORDER

President Fraites called the regular meeting of the Board of Directors of North Marin Water District to order at 9.04 a.m. at the Novato Fire Protection District Headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, and Michael Joly. Director Stephen Petterle, and Director James Grossi were absent. Also present were General Manager Drew McIntyre, District Secretary Terrie Kehoe, Auditor-Controller David Bentley, and Chief Engineer Rocky Vogler.

Julie Blue, Marin Rauch, and District employees, Robert Clark (Maintenance/Operations Superintendent) and Tony Arendell (Construction/Maintenance Superintendent) were also in attendance.

OPEN TIME

President Fraites asked if anyone in the audience wished to bring up an item not on the agenda and there was no response. Mr. McIntyre stated that both Directors Grossi and Petterle will not be attending the meeting today.

ACTION CALENDAR

Approve: Stafford Lake Agreement

On the action calendar, the Board approved an agreement negotiated between NMWD and Marin Municipal with terms suitable to each District to back-feed up to 350 acre feet into Stafford Lake by April 30th and deliver said amount to Marin Municipal starting June 1st.

On the motion of Director Joly and seconded by Director Baker, the Board approved the Stafford Lake Agreement by the following vote:

AYES: Director Baker, Fraites, and Joly

NOES: None

ABSENT: Director Grossi and Director Petterle

ABSTAIN: None

STRATEGIC PLANNING WORKSHOP NO. 2

Marin Rauch with Rauch Communication Consultants facilitated the workshop.

ADJOURNMENT

President Fraites adjourned the meeting at 2:27 p.m.

Submitted by

Theresa Kehoe
District Secretary

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MEMORANDUM

To: Board of Directors

March 2, 2018

From: Rocky Vogler, Chief Engineer 

Subject: Water Service Agreement – 86 Hamilton Drive – Fire Service

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RECOMMENDED ACTION: The Board approve authorization of this agreement.**FINANCIAL IMPACT:** None: Developer Funded

The 86 Hamilton Drive project is a tenant improvement to an existing 9,360 square foot (SF) building, on a 21,000 SF lot encompassing two parcels – APN 157-331-19 and -20 (see attached map). Domestic water service is currently being provided from the existing 5/8-inch meter (Service No. 9784) and will remain in service. This agreement will provide a new 4-inch fire protection service to the existing building.

New water facilities required include 5 feet of 4-inch steel main and one 4-inch fire service. The building will receive normal pressure Zone 1 water. Future water demand is estimated to be two equivalent dwelling units (EDU). This water service was installed July 17, 1971 to serve the industrial building. Per Regulation 1, review of the historical water use for this service has established an entitlement of two EDUs based on average annual demand over the first ten years of service. This project will add no new water demand.


Sewer service is provided by the Novato Sanitary District.

Environmental Document Review

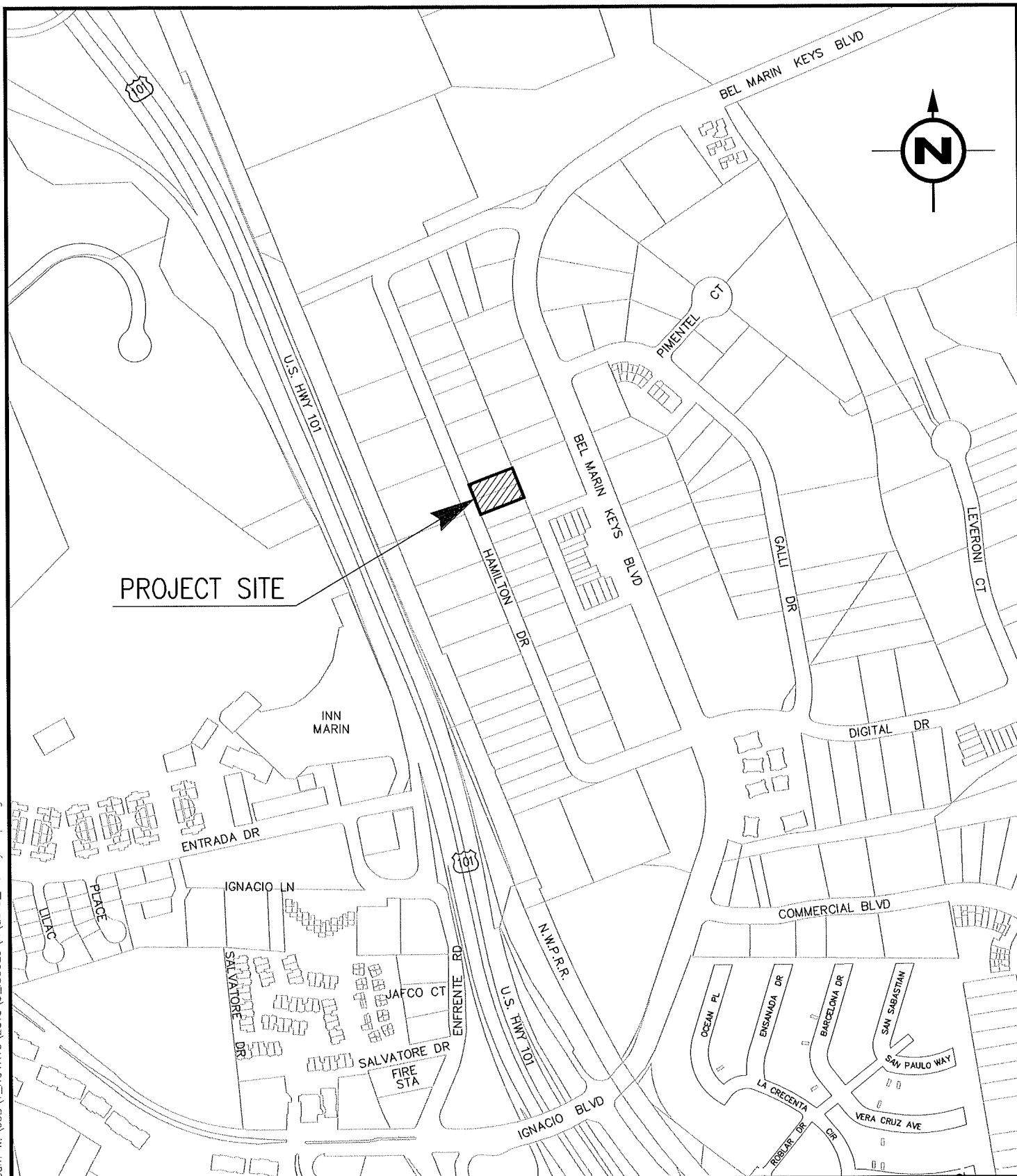
The 86 Hamilton Drive project was determined to be categorically exempt by the City of Novato per Section 15301, Class 1 (existing structures).

RECOMMENDATION:

That the Board approve authorization of this agreement.

Approved by GM Date 3.2.18

Feb 28, 2018 - 10:43am W:\JOB\1_NOVATO\2815\3_ISSUED\A\2815_Vicinity Map.dwg User: SDOVE



86 HAMILTON DRIVE 4" FIRE SERVICE APN: 157-331-19 & 20			
DATE	SCALE	JOB. NO.	DWG. NO.
2/28/18	NTS	2815	MAP

RESOLUTION NO. 18-
AUTHORIZATION OF EXECUTION
OF
WATER SERVICE FACILITIES CONSTRUCTION AGREEMENT
WITH
GMP REAL ESTATE, LLC

BE IT RESOLVED by the Board of Directors of NORTH MARIN WATER DISTRICT that the President and Secretary of this District be and they hereby are authorized and directed for and on behalf of this District to execute that certain water service facilities construction agreement between this District and GMP Real Estate, LLC, a limited partnership, providing for the installation of water distribution facilities to provide domestic water service to that certain real property known as 86 Hamilton Drive, Marin County Assessor's Parcel Number 157-331-19 & 20, NOVATO, CALIFORNIA.

* * *

I hereby certify that the foregoing is a true and complete copy of a resolution duly and regularly adopted by the Board of Directors of NORTH MARIN WATER DISTRICT at a regular meeting of said Board held on the 6th day of March, 2018, by the following vote:

AYES: Directors

NOES:

ABSENT:

ABSTAINED:

(SEAL)

Theresa Kehoe, Secretary
North Marin Water District

PART ONE
WATER SERVICE FACILITIES CONSTRUCTION AGREEMENT
FOR
86 HAMILTON DRIVE – FIRE SERVICE

THIS AGREEMENT, which consists of this Part One and Part Two, Standard Provisions, attached hereto and a part hereof, is made and entered into as of _____, 2018, by and between NORTH MARIN WATER DISTRICT, herein called "District," and GMP REAL ESTATE, LLC, A Limited Partnership, herein called "Applicant."

WHEREAS, the Applicant, pursuant to District Regulation 1, the State of California Subdivision Map Act and all applicable ordinances of the City of Novato and/or the County of Marin, has pending before the City or County a conditionally approved Tentative Subdivision Map, Precise Development Plan, Tentative Parcel Map or other land use application for the real property in the District commonly known as Marin County Assessor's Parcel Number 157-331-19 & -20 and the project known as 86 HAMILTON DRIVE – FIRE SERVICE, consisting of two (2) lots for commercial development; and

WHEREAS, prior to final approval by the City or County of a Subdivision Map, Precise Development Plan, Parcel Map or other land use application and recording of a final map for the project, the Applicant shall enter into an agreement with the District and complete financial arrangements for water service to each lot, unit or parcel of the project;

WHEREAS, the Applicant is the owner of real property in the District commonly known as 86 Hamilton Drive, Novato (Marin County Assessor's Parcel 157-331-19 & -20); and

WHEREAS, the District established water service to the 86 Hamilton Drive property (157-331-19 and 157-331-20) on July 17, 1971 for a 5/8-inch meter; and

WHEREAS, the ten year average historical use establishes entitlement of two EDUs per Regulation 1, and;

WHEREAS, future water use is estimated to not exceed two EDUs, and;

NOW THEREFORE, the parties hereto agree as follows:

1. The Applicant hereby applies to the District for water service to said real property and project and shall comply with and be bound by all terms and conditions of this agreement, the District's regulations, standards and specifications and shall construct or cause to be constructed the water facilities required by the District to provide water service to the real property and project. Upon

acceptance of the completed water facilities, the District shall provide water service to said real property and project in accordance with its regulations from time to time in effect.

2. Prior to the District issuing written certification to the City, County or State that financial arrangements have been made for construction of the required water facilities, the Applicant shall complete such arrangements with the District in accordance with Section 5 of this agreement.

3. Prior to release or delivery of any materials by the District or scheduling of either construction inspection or installation of the facilities by the District, the Applicant shall:

a. deliver to the District vellum or mylar prints of any revised utility plans approved by the City or County to enable the District to determine if any revisions to the final water facilities construction drawings are required. The proposed facilities to be installed are shown on Drawing No. 1 2815.001, entitled, "86 HAMILTON DRIVE – 4" FIRE SERVICE", a copy of which is attached, marked Exhibit "A", and made a part hereof. (For purposes of recording, Exhibit "A" is not attached but is on file in the office of the District.)

b. grant or cause to be granted to the District without cost and in form satisfactory to the District all easements and rights of way shown on Exhibit "A" or otherwise required by the District for the facilities.

c. deliver to the District a written construction schedule to provide for timely withdrawal of guaranteed funds for ordering of materials to be furnished by the District and scheduling of either construction inspection or construction pursuant to Section 5 hereof.

4. Except for fire service, new water service shall be limited to the number and size of services for which Initial Charges are paid pursuant to this agreement. Initial Charges for new services, estimated District costs and estimated applicant installation costs are as follows:

Initial Charges

Meter Charges (Domestic) (Included in Estimated District Costs)	...One 5/8-inch @	\$ 0.00	\$ 0.00
Meter Charges (Bypass Meter) (Included in Estimated District Costs)	...One 5/8-inch @	\$ 0.00	\$ 0.00
Reimbursement Fund Charges (Domestic)One 5/8-inch @	\$ 420.00	\$ 420.00
Facilities Reserve Charges.....Two @	\$ 28,600.00	\$ 57,200.00
Credit for Existing Services <\$420.00>RFC, <\$57,200> FRC..@	\$<57,620.00>	\$<57,620.00>

Subtotal - Initial Charges..... \$ 0.00

Estimated District Costs

Pipe, Fittings & Appurtenances.....	\$ 10,101.00
District Construction Labor.....	\$ 13,148.00
Engineering & Inspection.....	\$ 2,746.00
Bulk Materials.....	\$ 3,783.00

Subtotal – Estimated District Costs..... \$ 29,778.00

Estimated Applicant Installation Costs

Installation Labor.....	\$	0.00
Contractor Furnished – Pipe Fittings & Appurtenances.....	\$	0.00
Bulk Materials.....	\$	0.00

Subtotal- Estimated Applicant Installation Costs..... \$ 0.00

TOTAL ESTIMATED WATER FACILITIES COSTS..... \$ 29,778.00

(Bulk materials are such items as crushed rock, imported backfill, concrete, reinforcing steel, paving materials, and the like, which are to be furnished by the contractor performing the work.)

5. Financial Arrangements to be made by the Applicant shall consist of the following:

Initial Charges and Estimated District Costs

The Applicant shall either pay to the District or provide a two (2) year irrevocable letter of credit in form satisfactory to the District and payable at sight at a financial institution in the Novato area the sum of Initial Charges and Estimated District Costs as set forth in Section 4 hereof in the amount of **\$29,778**. If the Applicant provides the two (2) year irrevocable letter of credit, the District shall immediately draw down Initial Charges and shall draw upon the remaining funds guaranteed by the letter at any time the District deems appropriate to recover the Estimated District Costs which normally will be at least thirty (30) days prior to the anticipated start of construction for the ordering of materials to be furnished by the District

Estimated Installation Costs

Installation By District: Due to the proprietary nature of construction required to install said facilities, the District reserves the right to install the facilities utilizing District construction forces. The Applicant shall either pay to the District the total Estimated Installation Costs set forth in Section 4 hereof in the amount of **\$29,778** or shall include such amount in the irrevocable letter of credit provided for the Initial Charges and Estimated District Costs set forth first above. The District shall draw upon installation funds guaranteed by the letter at any time the District deems appropriate which normally will be at least thirty (30) days prior to the anticipated start of construction.

Whenever an irrevocable letter of credit is required by this agreement, the Applicant may substitute a certificate of deposit at a financial institution in the Novato area provided the certificate may be cashed at sight by the District at any time.

6. The applicant shall not resell any water furnished pursuant to this agreement. If multiple services from a single connection to the District's system through a master meter are allowed pursuant

to District Regulation 4(b) the Applicant shall not submeter the individual services. The District's bills for water measured by a master meter shall be paid by the Applicant or a responsible homeowner's association. If a rental unit served through a master meter is converted into a separately owned unit the District may require the installation of a separate connecting main and meter for water service to the unit at the cost of the owner of the unit.

7. Water service through the facilities to be installed pursuant to this agreement will not be furnished to any building unless the building is connected to a public sewer system or to a waste water disposal system approved by all governmental agencies having regulatory jurisdiction. This restriction shall not apply to temporary water service during construction.

8. New construction in the District's Novato service area is required to be equipped with high efficiency water conserving equipment and landscaping specified in Regulation 15 sections e. and f.

9. All estimated costs set forth in this agreement shall be subject to periodic review and revision at the District's discretion. In the event the Applicant has not completed financial arrangements with the District in accordance with Section 5 hereof prior to expiration of six (6) months from the date of this agreement, all Initial Charges and estimated costs set forth in Section 4 hereof shall be revised to reflect then current District charges and estimates. In the event the Applicant has not secured final land use approval for the project from the City of Novato or County of Marin, recorded a final map and diligently commenced construction of improvements required by those agencies and the District prior to expiration of one (1) year from the date of this agreement, the District may, at its option, either retract financial certifications issued to City, County and State agencies and terminate this agreement or require amendment of this agreement and review of all Initial Charges and estimated costs contained herein. The Applicant shall pay any balance due upon demand or furnish a guarantee of such payment satisfactory to the District.

10. All extensions of time granted by the City of Novato or the County of Marin for the Applicant to comply with conditions of land use approval or to construct improvements pursuant to a subdivision improvement agreement shall require concurrent extensions of this agreement and shall be cause for review and revision of all Initial Charges and estimated costs set forth in Section 4 hereof. The Applicant shall apply to the District for extension of this agreement prior to approval of the Applicant's requests for such extensions by either the City of Novato or the County of Marin.

11. This agreement shall bind and benefit the successors and assigns of the parties hereto; however, this agreement shall not be assigned by the Applicant without the prior written consent of the District. Assignment shall be made only by a separate document prepared by the District at the Applicant's written request.

NORTH MARIN WATER DISTRICT
"District"

ATTEST:

Rick Fraites, President

Theresa Kehoe, Secretary

(SEAL)

GMP REAL ESTATE, LLC
A Limited Partnership
"Applicant"

(SEAL)

Geoffrey Palermo, Agent

NOTES: *If the Applicant executing this agreement is a corporation, a certified copy of the bylaws or resolutions of the Board of Directors of said corporation authorizing designated officers to execute this agreement shall be provided.*

This agreement must be executed by the Applicant and delivered to the District within thirty (30) days after it is authorized by the District's Board of Directors. If this agreement is not signed and returned within thirty days, it shall automatically be withdrawn and void. If thereafter a new agreement is requested, it shall incorporate the Initial Charges (connection fees) and cost estimates then in effect.

ALL SIGNATURES MUST BE ACKNOWLEDGED BEFORE A NOTARY PUBLIC.

7

MEMORANDUM

To: Board of Directors
From: Rocky Vogler, Chief Engineer *RV*
Subject: Adopt State of California Governor's Office of Emergency Services Grant Program Resolution
X:\MAINT SUP\2018\2017 Storm\Public Assistance\FEMA Grant App 3-6-17 BOD Memo.doc

Date: March 2, 2018

RECOMMENDED ACTION: That the Board adopt the Authorizing Resolution

FINANCIAL IMPACT: None at this time

Several of the District's facilities were damaged during the January 2017 winter storm event including the treatment and storage pond berms and access road at the Oceana Marin facility. The District submitted damage declarations to CalOES/FEMA in May 2017 to apply for grants to reimburse the District for expenses related to that storm damage. Recently, CalOES contacted the District to request that a resolution incorporating their Form 130 be adopted by the Board to confer signature authority to the General Manager for the purpose of applying for the storm recovery grants.

RECOMMENDATION

That the Board adopt the Authorizing Resolution.

Approved by GM _____

Date _____

RESOLUTION NO. 18-

AUTHORIZING RESOLUTION

BE IT RESOLVED BY THE BOARD OF DIRECTORS OF THE NORTH MARIN WATER DISTRICT (The "Entity"), AS FOLLOWS:

The General Manager (the "Authorized Representative") or designee is hereby authorized and directed to execute and file an application for the Public Assistance Grant Program with the California Governor's Office of Emergency Services.

* * *

I hereby certify that the foregoing is a true and complete copy of a resolution duly and regularly adopted by the Board of Directors of NORTH MARIN WATER DISTRICT at a regular meeting of said Board held on the 6th day of March 2018, by the following vote:

AYES: Directors

NOES:

ABSENT:

ABSTAINED:

(SEAL)

Theresa Kehoe, Secretary
North Marin Water District

**DESIGNATION OF APPLICANT'S AGENT RESOLUTION
FOR NON-STATE AGENCIES**

BE IT RESOLVED BY THE Board of Directors OF THE North Marin Water District
(Governing Body) (Name of Applicant)

THAT Drew McIntyre, General Manager OR
(Title of Authorized Agent)

_____, OR
(Title of Authorized Agent)

(Title of Authorized Agent)

is hereby authorized to execute for and on behalf of the North Marin Water District, a public entity
(Name of Applicant)

established under the laws of the State of California, this application and to file it with the California Governor's Office of Emergency Services for the purpose of obtaining certain federal financial assistance under Public Law 93-288 as amended by the Robert T. Stafford Disaster Relief and Emergency Assistance Act of 1988, and/or state financial assistance under the California Disaster Assistance Act.

THAT the North Marin Water District, a public entity established under the laws of the State of California,
(Name of Applicant)

hereby authorizes its agent(s) to provide to the Governor's Office of Emergency Services for all matters pertaining to such state disaster assistance the assurances and agreements required.

Please check the appropriate box below:

- ☒ This is a universal resolution and is effective for all open and future disasters up to three (3) years following the date of approval below.
☐ This is a disaster specific resolution and is effective for only disaster number(s) _____

Passed and approved this 6th day of March, 2018

Rick Fraites, President
(Name and Title of Governing Body Representative)

(Name and Title of Governing Body Representative)

(Name and Title of Governing Body Representative)

CERTIFICATION

I, Theresa Kehoe, duly appointed and District Secretary of
(Name) (Title)

North Marin Water District, do hereby certify that the above is a true and correct copy of a
(Name of Applicant)

Resolution passed and approved by the Board of Directors of the North Marin Water District
(Governing Body) (Name of Applicant)

on the 6th day of March, 2018

(Signature)

(Title)

8

MEMORANDUM

To: Board of Directors
From: David L. Bentley, Auditor-Controller
Subj: Marin Clean Energy Participation
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March 2, 2018


RECOMMENDED ACTION: Transfer PG&E Accounts to MCE's Light Green Program
FINANCIAL IMPACT: Negligible

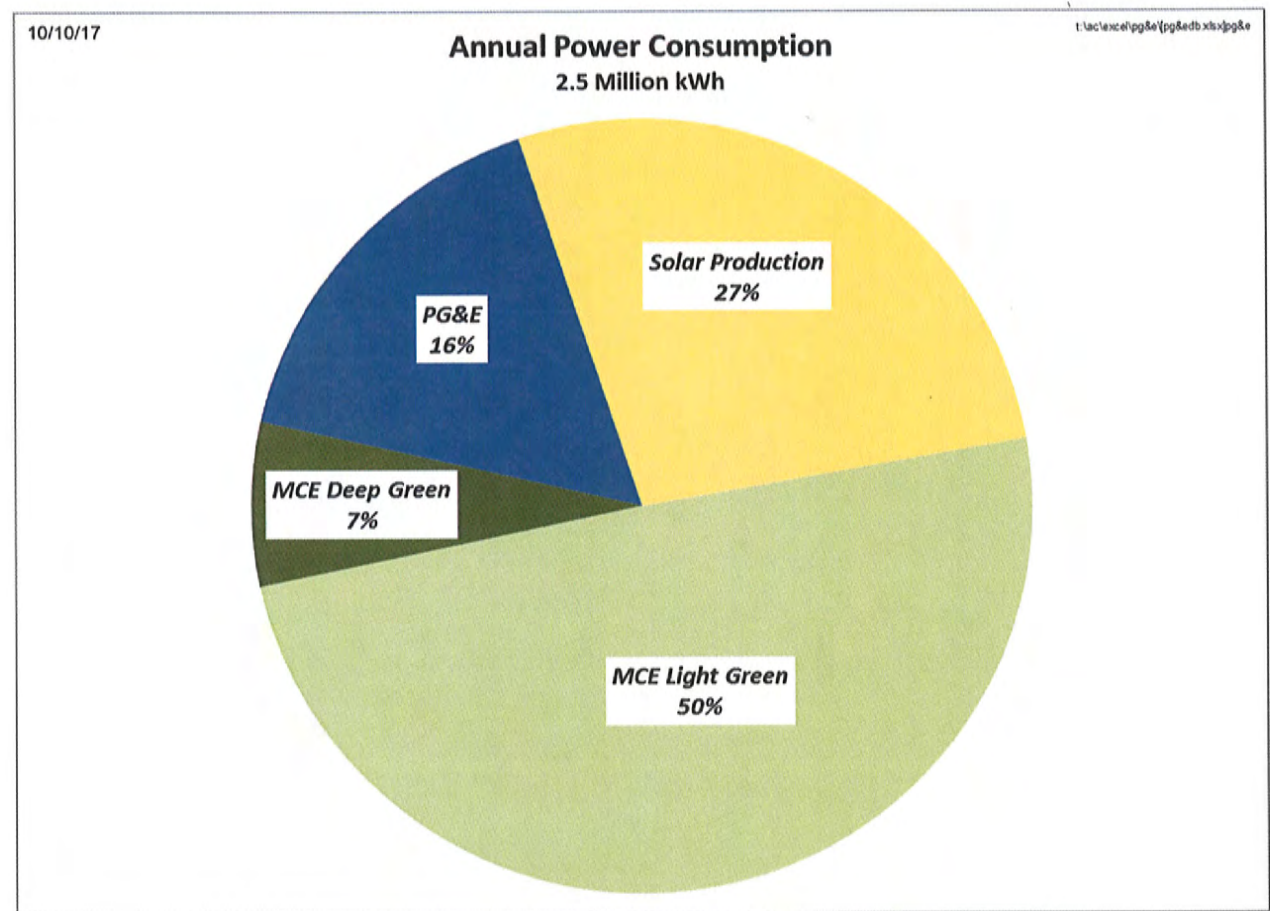
The District consumes approximately 2.5 million kWh of electricity annually. In July of 2010, prior to Novato joining the Marin Clean Energy (MCE) Joint Powers Authority, the Board, on a split vote, directed staff to transfer all PG&E services outside of the City limits to MCE's "Deep Green" program. The Deep Green option adds a 1¢/kWh premium over the "Light Green" option, and was calculated to add \$7,400 annually to the cost of purchased power, primarily borne by West Marin customers. In July of 2012, after the City joined the Authority, the Board directed staff to transfer the District's 5 large Novato pumping accounts to MCE's Light Green program, which was calculated to generate an annual savings of \$1,250. The remainder of the District's accounts were more cost-effectively served by PG&E at that time.

The most recent cost analysis shows that moving the balance of the District's accounts to MCE's Light Green program would essentially be a wash, i.e., on an aggregate basis there would be less than a 1% difference in cost. Selecting the Deep Green option for the remaining PG&E accounts would add \$4,000 annually to the Novato power cost. Moving the existing Light Green accounts to Dark Green would add an additional \$12,000 annually to the District's power cost. The Dark Green option is not deemed by Staff to be cost-effective.

RECOMMENDATION:

Transfer the District's remaining PG&E accounts to MCE's Light Green program.

Approved by GM Date 3.2.18



9

MEMORANDUM

To: Board of Directors
From: David L. Bentley, Auditor-Controller
Subj: Approve – AMI Letter to Customers
t:\acl\word\amibod approve ltr to customers.docx

March 2, 2018

RECOMMENDED ACTION: Approve**FINANCIAL IMPACT: \$9,000 Expense**

The AMI meter upgrade project will commence March 19. Upgrading all of the meters in Novato will take eight to nine months. We plan to notify each customer by letter approximately one week prior to their meter upgrade. The proposed letter is included as Attachment 1.

Approximately 75% of the meters will be retrofit with a digital register with no interruption in water service. The remaining 25% of customers have a meter that is over 30 years old and cannot be retrofit. These customers will receive a new meter in addition to a digital register. Installation of a new meter will result in a water service interruption of about 15 minutes.

The Ferguson installation teams will place door-hangers on the homes that will experience a water service interruption 1-2 days in advance. In addition, a team member will knock on the door prior to turning off the water to replace the meter. If water is running and no one answers the door, the team will move on and come back at a later time. If the water is not running and no one is home, the meter will be replaced and a door-hanger will be left advising that the meter was changed.

The Ferguson teams will have magnetic NMWD logos on their trucks. They will wear Ferguson uniforms and carry NMWD ID badges with their picture. Novato Police will be apprised of the location of the Ferguson teams in the event customers are concerned about the installation teams working in their area.

The \$9,000 financial impact includes postage and assumes use of a printing company to print and mail the letters in bundles of about 500 per week over the course of the project.

In the event a customer objects to installation of the digital register, the Ferguson team will pass them by. Staff will return at a future meeting with recommendations on dealing with customers who elect to opt-out of the AMI program. After the IJ's March 2017 front page article on the District's AMI project appeared (Attachment 2), 8 Novato customers called to opt-out of the AMI program.

RECOMMENDATION:

Approve the attached letter to customers.

Approved by GM



Date

3.2.18

Date

Customer Name

Customer Mailing Address

City, State Zip Code

Re: NMWD's AMI Project – Customer Service Address

Dear Customer Name:

In March 2017 the North Marin Water District (NMWD) upgraded 200 water meters in various locations within NMWD's Novato service territory as a pilot project. The purpose was to assess the feasibility of implementing an Advanced Meter Information (AMI) system within Novato's rolling topography, using digital technology. The pilot project proved successful. We are able to obtain water consumption data remotely from 100% of the meters installed. Over the next nine months we plan to upgrade all of the meters within NMWD's Novato service territory. The meter upgrades will improve meter reading efficiency, accuracy and customer service.

Your water service is scheduled to be upgraded within the next two weeks. See the image below for a representation of what your new digital meter register will look like. In most cases your existing meter can be retrofit with a new digital register and there will be no interruption to your water service.

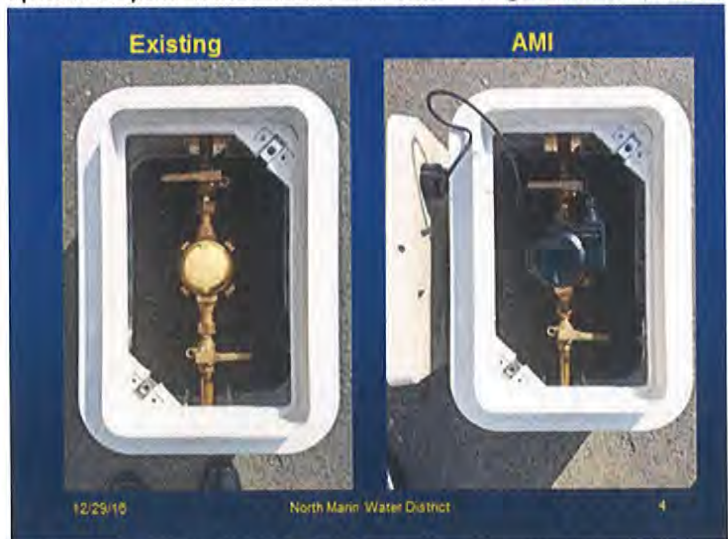
About 25% of customers have an older meter that cannot be retrofit. You will receive a new meter in addition to a digital register. Those of you receiving a new meter will experience approximately 15-minutes of interruption to your water service. A door-hanger will be placed on your door 1-2 days prior to the meter replacement. A service representative will knock on your door and confirm that no water is running prior to changing the meter.

Your new AMI digital meter register will transmit water use data securely to NMWD headquarters for billing purposes. Hourly water consumption data will be compiled and analyzed to aid in customer service. Once approximately two months of data is collected you will receive instruction on how you can access your consumption data online, which can assist you in monitoring your water use patterns. The AMI system will also provide leak detection and timely and reliable meter reading information.

Should you have questions or desire more information, contact the District at (415) 897-4133.

Sincerely,

David L. Bentley
Auditor-Controller



Novato water district rolls out 'smart' meter pilot project



David Bentley, finance manager for the North Marin Water District, holds a lid to a water meter which is also the antenna for the district's remote water meters. Data will be sent to 26 antennas atop district water tanks and then to district headquarters. Robert Tong — Marin Independent Journal

By **Mark Prado**, *Marin Independent Journal*

POSTED: 03/21/17, 6:17 PM PDT | UPDATED: 2 HRS AGO 0 COMMENTS

The North Marin Water District has embarked on a pilot program that will feed data to its headquarters in real time, a change that will help the public and utility save water, according to officials.

The district — which serves 60,000 people in Novato and parts of West Marin — now relies on a crew of three to read 20,500 meters, logging in water use totals into hand-held computers while making the rounds. Meter readers have been on the job for the utility since 1948.

Now North Marin is launching an \$850,000 pilot project to test Advanced Meter Information technology. With the last of the pilot system hardware set up this week, testing will start and results are expected next week.

ADVERTISING

The district has installed 200 of the new “smart” meters at homes. Those meters will send data to 26 antennas atop district water tanks, with the information then relayed to district headquarters at 999 Rush Creek Place in Novato.

There, staff will be able to track water usage in real time, instead of waiting for meter readers to input data. Customers also will be able to look up their water use online.

“This will be helpful for customers who are looking to conserve water,” said David Bentley, finance manager for the utility. “They can see how much water they are using right away. Now, they get a bill once every two months.”

The antennas placed on top of the water tanks — in all sectors of the city — range from 10 to 26 feet, with the typical one being 14 feet. The new meters have been placed near the street fronting a customer’s property.

All water utilities are under a state mandate to conserve water, with goals set for 2020 and 2025. The new technology will be able to better track how water is being used and inadvertently wasted by providing hourly consumption data.

“It will help us and the customers to detect leaks right away,” Bentley said.

The new meters rely on cellphone signals to transfer data. With Novato’s hilly topography, the pilot project will determine how reliable the service is.

If it works, the utility will upgrade all 20,500 of its meters over the next two years to the new smart meters at a cost of \$5.5 million. The state would provide a low interest loan for the program as it promotes conservation around the state. The current meter readers would be re-deployed by the district to assist residents with conservation efforts.

Bentley said the use of the meters is a concern among some customers worried about the use of cellular signals to transmit data. Four of the 200 people designated for the pilot opted out after receiving letters about the plan.

“We tell them the system uses less power than a cellphone or a microwave oven,” Bentley said. A public meeting was held on Dec. 13 to address concerns.

Chris DeGabriele, general manager of the district, believes the system will be helpful if fully implemented.

“If the pilot program is successful and (Advanced Meter Information) is installed throughout our service area, customers will have access to their individual water consumption data online, which can assist their knowledge about water use patterns and water conservation, provide early leak detection and more reliable meter reading information,” he said.

Advertisement


The Marin Municipal Water District, which has 190,000 customers between San Rafael and Sausalito, is considering implementing the system in the future for residential customers.

In 2015 the water district received a state Proposition 84 drought grant for \$975,000 and will provide \$325,000 of its dollars to use the technology on 800 irrigation accounts. That is expected to happen later this year.

“It will take about six months to roll out,” said Lon Peterson, Marin Municipal spokesman.

10

MEMORANDUM

To: Board of Directors
From: Drew McIntyre, General Manager 
Subj: Oppose Unless Amended letter for SB 623
t:\gmbod misc 2018\memo sb 623.docx

March 2, 2018

RECOMMENDED ACTION: Support ACWA Coalition Letter and Authorize General Manager to execute oppose unless amended letter re: SB 623

FINANCIAL IMPACT: None at this time

In March 2017, Senator Monning (Carmel) introduced Senate Bill (SB) 623, which proposes the first-ever statewide water tax as a way to address a lack of access to safe drinking water for some people who live in rural, disadvantaged communities. The bill, which became a two-year bill in September 2017, would implement a per-connection tax on residential and business water bills based as one of two funding mechanisms for a fund to be administered by the State Water Resources Control Board (SWRCB). The water tax depends on the size of the meter, \$0.95 per month for 1-inch or less, \$4.00 per month for meters greater than 1-inch but less than or equal to 2-inch (i.e., between 1 and 2 inches), \$6 per month for meters between 2 and 4-inches and \$10 per month for meters greater than 4-inches. For a typical North Marin customer with a 5/8-inch meter, the additional monthly tax of \$0.95 represents a 6% increase in the bi-monthly service charge.

The Brown Administration's 2018-19 January Budget Summary includes a statement of intent to establish a "Safe and Affordable Drinking Water Fund" consistent with the policy framework of SB 623. On January 31, 2018 the Administration released their proposed budget trailer bill language (see Attachment 1). A summary of the Brown administration's proposed budget trailer bill prepared by the Association of California Water Agencies (ACWA) is provided as Attachment 2.

According to the State Department of Finance, budget trailer bills are introduced by the Governor or Legislature in order to enact changes to existing state law to implement the Governor's budget. These budget implementation bills, commonly known as "trailer bills", bypass the standard legislative policy bill process, and minimize the Legislature's ability to amend and debate each bill's merits. If the Brown administration is not successful with the budget trailer bill, Senator Monning will likely try to move SB 623.

ACWA and over 100 member agencies strongly oppose the proposed new tax, as outlined in the draft Oppose Unless Amended coalition letter dated February 23, 2018 (see Attachment 3). There is no question that everyone in California should have access to safe drinking water but a tax on customer's water bills is not the appropriate solution. Problems with the tax proposal include:

- Redirects local customer dollars to water projects outside of NMWD's service area
- Adding a tax on water is contrary to keeping water affordable
- It is not sound policy to turn local water agencies into taxation agents for the state and to tax something that is essential for everyday life
- Assistance to those who lack access to safe drinking water is a public health and social issue that is appropriately addressed through the State General Fund

ACWA is requesting member agencies join the coalition letter and also send separate Oppose Unless Amended comment letters. The draft Oppose Unless Amended letter is included as Attachment 4.

RECOMMENDATION:

That the Board support ACWA's Coalition Letter and Authorize General Manager to execute Oppose Unless Amended letter re: SB 623.

SAFE AND AFFORDABLE DRINKING WATER ACT
February 1, 2018

The people of the State of California do enact as follows:

SECTION 1. Article 10.5 (commencing with Section 595) is added to Chapter 3 of Part 1 of Division 1 of the Food and Agricultural Code, to read:

Article 10.5. Safe Drinking Water Fee/or Confined Animal Facilities Excluding Dairies

595. For purposes of this article, the following definitions apply:

(a) "Confined animal facilities excluding dairies" includes, but is not limited to, bovine operations, poultry operations, swine operations, and other livestock operations. "Confined animal facilities excluding dairies" does not mean milk cow dairies.

(b) "Fee" means the safe drinking water fee/or confined animal facilities excluding dairies.

(c) "Fund" means the Safe and Affordable Drinking Water Fund established by Section 116767 of the Health and Safety Code.

596. (a) The secretary shall convene a working group composed of representatives of confined animal facilities excluding dairies to determine the actual risk, if any, to groundwater from discharges of nitrate from confined animal facilities excluding dairies.

(b) Beginning January 1, 2021, the secretary shall establish a safe drinking water fee for confined animal facilities excluding dairies payable annually to the secretary by each confined animal facility excluding a dairy in an amount commensurate with the actual risk to groundwater from discharges of nitrate as determined by the working group. The fee shall not exceed one thousand dollars (\$1,000) per facility per year. The secretary shall adopt regulations to implement and administer this section by January 1, 2021.

(c) This section shall remain in effect only until January 1, 2036, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2036, deletes or extends that date.

597. (a) No later than January 1, 2035, the secretary shall convene a working group with representatives of confined animal facilities excluding dairies to determine the actual risk, if any, to groundwater from confined animal facilities excluding dairies.

(b) Beginning July 1, 2036, the secretary shall establish a safe drinking water fee for confined animal facilities excluding dairies payable annually to the secretary by each confined animal facility excluding a dairy in an amount commensurate with the actual risk to groundwater from discharges of nitrate determined by the working group.

(c) The secretary may adjust the fee established pursuant to subdivision (b) through emergency regulation as necessary to meet but not exceed the anticipated funding need for nitrate in the most recent assessment of funding need adopted by the State Water Resources Control Board pursuant to subdivision (b) of Section 116769 of the Health and Safety Code. An emergency regulation adopted pursuant to this subdivision shall be adopted by the secretary in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare. Any emergency regulations adopted by the secretary pursuant to this subdivision shall remain in effect until revised by the secretary.

(d) The fee collected pursuant to subdivision (b) of this section, in combination with the dairy safe drinking water fee collected pursuant to Section 62215, shall total the sum of three million dollars (\$3,000,000), or 30 percent of the funding need for nitrate in the most recent assessment of funding need adopted by the State Water Resources Control Board pursuant to subdivision (b) of Section 116769 of the Health and Safety Code, whichever is less.

(e) Notwithstanding subdivisions (c) and (d), the fee collected pursuant to subdivision (b) shall not exceed one thousand dollars (\$1,000) per facility per year.

(f) This section shall become operative on January 1, 2034.

598. The secretary shall deposit all moneys received under this article into the fund.

599. The Legislature may not increase the fees established under section 596 and 597 except by an affirmative vote of two-thirds of the membership in each house of the Legislature.

SEC. 2. Article 6.5 (commencing with Section 14615) is added to Chapter 5 of Division 7 of the Food and Agricultural Code, to read:

Article 6.5. Fertilizer Safe Drinking Water Fee

14615. (a) It is the intent of the Legislature to require licensees of bulk fertilizing materials, and to authorize licensees of packaged fertilizing materials, to pass the fertilizer safe drinking water fee on to the end user of the fertilizer.

(b) For purposes of this article, the following definitions apply:

(1) "Bulk fertilizing material" has the same meaning as applies to "bulk material" in Section 14517.

(2) "Fertilizing material" has the same meaning as defined in Section 14533.

(3) "Fund" means the Safe and Affordable Drinking Water Fund established by Section 116767 of the Health and Safety Code.

(4) "Packaged" has the same meaning as defined in Section 14551.

14616. (a) In addition to the assessments provided in Section 14611, a licensee whose name appears on the label of bulk or packaged fertilizing materials shall pay to the secretary a fertilizer safe drinking water fee of six mills (\$0.006) per dollar of sales for all sales of fertilizing materials to be deposited into the fund.

(b) This section shall remain in effect only until January 1, 2034, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2034, deletes or extends that date.

14616. (a) In addition to the assessments provided in Section 14611, a licensee whose name appears on the label of bulk or packaged fertilizing materials shall pay to the secretary a fertilizer safe drinking water fee of two mills (\$0.002) per dollar of sales for all sales of fertilizing materials to be deposited into the fund.

(b)(1) After January 1, 2036, the secretary may adjust the fertilizer safe drinking water fee through emergency regulation as necessary to meet but not exceed 70 percent of the anticipated funding need for nitrate in the most recent assessment of funding need adopted by the State Water Resources Control Board pursuant to subdivision (b) of Section 116769 of the Health and Safety Code, or the sum of seven million dollars (\$7,000,000), whichever is less. By October 1 of each year, the secretary shall notify all licensees of the amount of the fertilizer safe drinking water fee to be assessed in the following calendar year.

(2) An emergency regulation adopted pursuant to this subdivision shall be adopted

by the secretary in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare. Any emergency regulations adopted by the secretary pursuant to this subdivision shall remain in effect until revised by the secretary.

(c) This section shall become operative on January 1, 2034.

14617. (a)(1) A licensee whose name appears on the label who sells or distributes bulk fertilizing materials shall charge an unlicensed purchaser the fertilizer safe drinking water fee as a charge that is separate from, and not included in, any other fee, charge, or other amount paid by the purchaser. This fee shall be included on the bill of sale as a separate line item.

(2) (A) A licensee whose name appears on the label of packaged fertilizing materials may include the fertilizer safe drinking water fee as a charge that is separate from, and not included in, any other fee, charge, or other amount paid by the purchaser or may include the charge with the assessment collected pursuant to Section 14611 as a separate line item on the bill of sale and identified as the California Regulatory and Safe Drinking Water Assessment.

(B) Notwithstanding paragraph (1), a licensee whose name appears on the label who sells or distributes bulk fertilizing material may include the fertilizer safe drinking water fee with the assessment collected pursuant to Section 14611 as a separate line item on the bill of sale and identified as the California Regulatory and Safe Drinking Water Assessment.

(b) The secretary may prescribe, adopt, and enforce regulations relating to the administration and enforcement of this article.

(c) (1) Except as provided in paragraph (2), the secretary may retain up to 4 percent of the moneys collected pursuant to this article for reasonable costs associated with the implementation and enforcement of this article.

(2) Beginning July 1, 2021, the secretary may retain up to 2 percent of the moneys collected pursuant to this article for reasonable costs associated with the implementation and enforcement of this article.

14618. The Legislature may not increase the fees established under section 14616 except by an affirmative vote of two-thirds of the membership in each house of the Legislature.

SEC. 3. Article 14.5 (commencing with Section 62215) is added to Chapter 2 of Part 3 of Division 21 of the Food and Agricultural Code, to read:

Article 14.5. Dairy Safe Drinking Water Fee

62215. (a) It is the intent of the Legislature that the dairy safe drinking water fee be paid for all milk purchased in the state, regardless of grade.

(b) For purposes of this article, the following definitions apply:

- (1) "Fee" means the dairy safe drinking water fee.
- (2) "Manufacturing milk" has the same meaning as defined in Section 32509.
- (3) "Market milk" has the same meaning as defined in Section 32510.
- (4) "Milk" includes market milk and manufacturing milk.

62216. (a) Beginning January 1, 2021, each handler, including a producer-handler, subject to the provisions of a stabilization and marketing plan shall deduct the sum of \$0.01355 per hundredweight of milk from payments made to producers for milk, including the handler's own production, as a dairy safe drinking water fee.

(b) The secretary shall adopt regulations necessary for the proper administration and enforcement of this section by January 1, 2021.

(c) This section shall remain in effect only until January 1, 2036, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2036, deletes or extends that date.

62216. (a) Each handler, including a producer-handler, subject to the provisions of a stabilization and marketing plan shall deduct the sum of \$0.00678 per hundredweight of milk from payments made to producers for milk, including the handler's own production, as a dairy safe drinking water fee.

(b) The secretary may adjust the fee through emergency regulation as necessary to meet but not exceed 30 percent of the anticipated funding need for nitrate in the most recent assessment of funding need adopted by the State Water Resources Control Board pursuant to subdivision (b) of Section 116769 of the Health and Safety Code, or the sum of three million dollars (\$3,000,000), whichever is less. An emergency regulation adopted pursuant to this subdivision shall be adopted by the secretary in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare. Any emergency regulations adopted by the secretary pursuant to this subdivision shall remain in effect until revised by the secretary.

(c) When setting the amount of the fee pursuant to subdivision (b), the secretary shall consider the amount of funding being collected by the safe drinking water fee for confined animal facilities excluding dairies pursuant to Section 597 and shall reduce the dairy safe drinking water fee by the amount collected by the safe drinking water fee for confined animal facilities excluding dairies. In no event shall the dairy safe drinking water fee and the safe drinking water fee for confined animal facilities excluding dairies exceed 30 percent of the anticipated funding need for nitrate in the most recent assessment of funding need adopted by the State Water Resources Control Board pursuant to subdivision (b) of Section 116769 of the Health and Safety Code or the sum of three million dollars (\$3,000,000), whichever is less.

(d) The secretary shall adopt regulations necessary for the proper administration and enforcement of this section.

(e) This section shall become operative on January 1, 2036.

62217. (a) A handler shall pay the dairy safe drinking water fee to the secretary on or before the 45th day following the last day of the month in which the milk was received.

(b) The secretary shall remit the moneys paid to him or her pursuant to this article to the State Water Resources Control Board for deposit into the Safe and Affordable Drinking Water Fund established by Section 116767 of the Health and Safety Code.

(c)(1) Except as provided in paragraph (2), the secretary may retain up to 4 percent of the total amount that is paid to the secretary pursuant to this article for reasonable costs of the secretary associated with the implementation and enforcement of this article

(2) Beginning July 1, 2021, the secretary may retain up to 2 percent of the moneys collected pursuant to this article for reasonable costs of the secretary associated with the implementation and enforcement of this article.

(d) The secretary may require handlers, including cooperative associations acting as handlers, to make reports at any intervals and in any detail that he or she finds necessary for the accurate collection of the fee.

(e) For the purposes of enforcing this article, the secretary, through his or her duly authorized representatives and agents, shall have access to the records of every producer and handler. The secretary shall have at all times free and unimpeded access to any building, yard, warehouse, store, manufacturing facility, or transportation facility in which any milk or milk product is produced, bought, sold, stored, bottled,

handled, or manufactured.

(f) Any books, papers, records, documents, or reports made to, acquired by, prepared by, or maintained by the secretary pursuant to this article that would disclose any information about finances, financial status, financial worth, composition, market share, or business operations of any producer or handler, excluding information that solely reflects transfers of production base and pool quota among producers, is confidential and shall not be disclosed to any person other than the person from whom the information was received, except pursuant to the final order of a court with jurisdiction, or as necessary for the proper determination of any proceeding before the secretary.

62218. The Legislature may not increase the fees established under section 62216 except by an affirmative vote of two-thirds of the membership in each house of the Legislature.

SEC. 4. Chapter 4.6 (commencing with Section 116765) is added to Part 12 of Division 104 of the Health and Safety Code, to read:

CHAPTER 4.6. SAFE AND AFFORDABLE DRINKING WATER

Article 1. Legislative Findings and Declarations 116765. The Legislature finds and declares all of the following:

(a) Section 106.3 of the Water Code declares that it is the policy of the state that every human being has the right to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes.

(b) For all public water systems, the operation and maintenance costs to supply, treat, and distribute potable water that complies with federal and state drinking water standards on a routine and consistent basis may be significant.

(c) All community water systems are currently required to set, establish, and charge a schedule of rates and fees that are sufficient to recover the operation and maintenance costs required to supply, treat, and distribute potable water that complies with federal and state drinking water standards on a routine and consistent basis.

(d) Hundreds of community water systems in the state cannot charge rates and fees that are affordable and sufficient to recover the full operation and maintenance costs required to supply, treat, and distribute potable water that complies with federal and state drinking water standards on a routine and consistent basis due to a combination of low income levels of customers, high treatment costs for contaminated water sources, and a lack of economies of scale that result in high unit costs for water

service. Many schools that serve as their own regulated public water systems and have contaminated water sources cannot afford the full operation and maintenance costs required to provide water that meets federal and state drinking water standards.

(c) Nearly all state or federal drinking water project funding sources prohibit the use of that funding for operation and maintenance costs, and as a result, those systems that cannot afford required operation and maintenance costs are unable to access funding for capital projects to meet federal and state drinking water standards.

(f) As a result, hundreds of thousands of Californians, particularly those living in small disadvantaged communities, may be exposed to unsafe drinking water in their homes and schools, which impacts human health, household costs, and community economic development.

(g) A significant number of California residents rely on state small water systems and domestic wells to provide their drinking water.

(h) The state small water systems and individual domestic wells face a serious threat of contamination because they often draw their water from shallow groundwater sources and have fewer or no chemical monitoring requirements.

(i) To ensure that the right of every Californian to safe, clean, affordable, and accessible water adequate for human consumption, cooking, and sanitary purposes is protected, it is in the interest of the State of California to identify where Californians are at high risk of lacking reliable access to safe drinking water or are known to lack reliable access to safe drinking water, whether they rely on a public water system, state small water system, or domestic well for their potable water supply.

(j) Long-term sustainability of drinking water infrastructure and service provision is necessary to secure safe drinking water for all Californians and therefore it is in the interest of the state to discourage the proliferation of new, unsustainable public water systems and state small water systems, to prevent waste, and to encourage consolidation and service extension when feasible.

(k) It is in the interest of all Californians to establish a fund with a stable source of revenue to provide financial support, particularly for operation and maintenance, necessary to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure.

Article 2. Definitions

116766. For the purposes of this chapter:

- (a) "Administrator" has the same meaning as defined in Section 116686.
- (b) "Board" means the State Water Resources Control Board.
- (c) "Community water system" has the same meaning as defined in Section 116275.
- (d) "Customer" means a purchaser of water from a community water system who uses the water for municipal purposes, including residential, commercial, governmental, and industrial uses.
- (e) "Disadvantaged community" has the same meaning as defined in Section 116275.
- (f) "Domestic well" means a groundwater well used to supply water for the domestic needs of an individual residence or water systems that are not public water systems and that have no more than four service connections.
- (g) "Eligible applicant" means a public water system, including, but not limited to, a mutual water company; a public utility; a public agency, including, but not limited to, a local educational agency that owns or operates a public water system; a nonprofit organization; a federally recognized Indian tribe; a state Indian tribe listed on the Native American Heritage Commission's California Tribal Consultation List; an administrator; or a groundwater sustainability agency.
- (h) "Fund" means the Safe and Affordable Drinking Water Fund established pursuant to Section 116767.
- (i) "Fund implementation plan" means the fund implementation plan adopted pursuant to Section 116769.
- (j) "Groundwater sustainability agency" has the same meaning as defined in Section 10721 of the Water Code.
- (k) "Low-income household" means a household with an income that is less than 80 percent of the statewide median household income.
- (l) "Nontransient noncommunity water system" has the same meaning as defined in Section 116275.
- (m) "Public water system" has the same meaning as defined in Section 116275.
- (n) "Replacement water" includes, but is not limited to, bottled water, vended water, point-of-use, or point-of-entry treatment units.
- (o) "Safe drinking water" has the same meaning as defined in Section 116681.

(p) "Service connection" has the same meaning as defined in Section 116275.

(q) "Small community water system" has the same meaning as defined in Section 116275.

(r) "State small water system" has the same meaning as defined in Section 116275.

(s) "Vended water" has the same meaning as defined in Section 111070.

Article 3. Safe and Affordable Drinking Water Fund

116767. The Safe and Affordable Drinking Water Fund is hereby established in the State Treasury. Notwithstanding Section 13340 of the Government Code, all moneys in the fund are continuously appropriated to the board without regard to fiscal years, in accordance with this chapter. Moneys in the fund at the close of the fiscal year shall remain in the fund and shall not revert to the General Fund. Moneys in the fund shall not be available for appropriation or borrowed for use for any purpose not established in this chapter unless that use of the moneys receives an affirmative vote of two-thirds of the membership in each house of the Legislature.

116768. (a) The board shall administer the fund for the purposes of this chapter to provide a source of funding to secure access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure. The board shall prioritize the use of this funding to assist disadvantaged communities and low-income households served by a state small water system or domestic well. In order to maximize the use of other funding sources for capital construction projects when available, the board shall prioritize use of this funding for costs other than those related to capital construction costs, except for capital construction costs associated with consolidation and service extension to reduce the ongoing unit cost of service and to increase sustainability of drinking water infrastructure and service delivery. Beginning January 1, 2019, an expenditure from the fund shall be consistent with the annual fund implementation plan.

(b) In accordance with subdivision (a), the board shall expend moneys in the fund for grants, loans, contracts, or services to assist eligible applicants with any of the following:

(1) The provision of replacement water, as needed, to ensure immediate protection of health and safety as a short-term solution.

(2) The development, implementation, and sustainability of long-term solutions, including, but not limited to, technical assistance, planning, construction, and

operation and maintenance costs associated with replacing, repairing, blending, or treating contaminated or failing drinking water sources, creating and maintaining natural means of treating and improving sustainable water quality, consolidating water systems, or extending drinking water services to other public water systems, domestic wells, or state small water systems. Technical assistance and planning costs may include, but are not limited to, analyses to identify, and efforts to further, opportunities to reduce the unit cost of providing drinking water through organizational and operational efficiency improvements, system consolidation and service extension, implementation of new technology, and other options and approaches to reduce costs.

(3) Identifying and providing outreach to Californians who are eligible to receive assistance from the fund.

(4) Testing the drinking water quality of domestic wells serving low-income households, prioritizing those in high-risk areas identified pursuant to Article 4 (commencing with Section 116770).

(5) The provision of administrative and managerial services under Section 116686.

(c) The board may expend moneys from the fund for reasonable costs associated with administration of the fund. Beginning July 1, 2021, the board may expend no more than 5 percent of the annual revenues from the fund for reasonable costs associated with administration of the fund.

(d) The board may undertake any of the following actions to implement the fund:

(1) Provide for the deposit of both of the following moneys into the fund:

(A) Federal contributions.

(B) Voluntary contributions, gifts, grants, or bequests.

(2) Enter into agreements for contributions to the fund from the federal government, local or state agencies, and private corporations or nonprofit organizations.

(3) Provide for appropriate audit, accounting, and fiscal management services, plans, and reports relative to the fund.

(4) Direct portions of the fund to a subset of eligible applicants as required or appropriate based on funding source and consistent with the annual fund implementation plan.

(5) Direct moneys deposited into the fund described in subparagraph (B) of paragraph (1) towards a specific project, program, or study.

(6) Take additional action as may be appropriate for adequate administration and operation of the fund.

(e) In administering the fund, the board shall make reasonable efforts to ensure both of the following:

(1) That funds are used to secure the long-term sustainability of drinking water service and infrastructure, and natural means and green infrastructure solutions that contribute to sustainable drinking water, including, but not limited to, requiring adequate technical, managerial, and financial capacity of eligible applicants as part of funding agreement outcomes. Funding shall be prioritized to implement consolidations and service extensions when feasible, and administrative and managerial contracts or grants entered into pursuant to Section 116686 where applicable. Funds shall not be used to delay, prevent, or avoid the consolidation or extension of service to public water systems where it is feasible and the least-cost alternative. The board may set appropriate requirements as a condition of funding, including, but not limited to, a system technical, managerial, or financial capacity audit, improvements to reduce costs and increase efficiencies, an evaluation of alternative treatment technologies, and a consolidation or service extension feasibility study. As a condition of funding, the board may require a domestic well with nitrate contamination where ongoing septic system failure may be causing or contributing to contamination of a drinking water source to conduct an investigation and project to address the septic system failure if adequate funding sources are identified and accessible.

(2) That funds are not used to subsidize large-scale nonpotable use, to the extent feasible.

(f) In administering the fund, the board shall ensure that all moneys deposited into the fund from the fertilizer safe drinking water fee established by Article 6.5 (commencing with Section 14615) of Chapter 5 of Division 7 of the Food and Agricultural Code, the dairy safe drinking water fee established by Article 14.5 (commencing with Section 62215) of Chapter 2 of Part 3 of Division 21 of the Food and Agricultural Code and the safe drinking water fee for confined animal livestock facilities excluding dairies established by Article 10.5 (commencing with Section 595) of Chapter 3 of Part I of Division I of the Food and Agricultural Code shall be used to address nitrate-related contamination issues.

(g) At least once every 10 years, the board shall conduct a public review and assessment of the Safe and Affordable Drinking Water Fund to determine all of the following:

(1) The effectiveness of the fund in securing access to safe drinking water for all Californians, while also ensuring the long-term sustainability of drinking water service and infrastructure.

(2) If the fees deposited into the fund have been appropriately expended.

(3) If the safe and affordable drinking water fee imposed by Article 5 (commencing with Section 116771) may be reduced based on past and projected future changes to the fund.

(4) What other actions are necessary to carry out the purposes of this chapter.

(h) Neither the board nor any employee of the board may be held liable for any act that is necessary to carry out the purposes of this chapter. Nor shall the board nor any authorized person be deemed to have incurred or be required to incur any obligation to provide additional funding or undertake additional action solely as a result of having undertaken an action pursuant to this chapter.

116769. By July 1 of each year, the board shall do all of the following:

(a) Prepare and make available a report of expenditures from the fund.

(b) Adopt, after a public hearing, an assessment of funding need, based on available data, that includes all of the following:

(1) Identification of systems and populations potentially in need of assistance, including all of the following:

(A) A list of systems that consistently fail to provide an adequate supply of safe drinking water. The list shall include, but is not limited to, all of the following:

(i) Any public water system that consistently fails to provide an adequate supply of safe drinking water.

(ii) Any community water system that serves a disadvantaged community that must charge fees that exceed the affordability threshold established in the Safe Drinking Water State Revolving Fund Intended Use Plan in order to supply, treat, and distribute potable water that complies with federal and state drinking water standards.

(iii) Any state small water system that consistently fails to provide an adequate supply of safe drinking water.

(B) A list of programs that assist, or that will assist, households supplied by a domestic well that consistently fails to provide an adequate supply of safe drinking water. This list shall include the number and approximate location of households served by each program without identifying exact addresses or other personal information.

(C) A list of public water systems and state small water systems that may be at risk of failing to provide an adequate supply of safe drinking water.

(D) An estimate of the number of households that are served by domestic wells or state small water systems in high risk areas identified pursuant to Article 4 (commencing with Section 116770). The estimate shall identify approximate locations of households, without identifying exact addresses or other personal information, in order to identify potential target areas for outreach and assistance programs.

(2) An analysis of anticipated funding, per contaminant, needed for known projects, services, or programs by eligible applicants, consistent with the fund implementation plan, including any funding needed for existing long-term funding commitments from the fund. The board shall identify and consider other existing funding sources able to support any projects, services, or programs identified, including, but not limited to, local funding capacity, state or federal funding sources for capital projects, funding from responsible parties, and specialized funding sources contributing to the fund.

(3) An estimate of the funding needed for the next fiscal year based on the amount available in the fund, anticipated funding needs, other existing funding sources, and other relevant data and information.

(c)(1) Adopt, after a public hearing, a fund implementation plan and policy handbook with priorities and guidelines for expenditures of the fund.

(2) The board shall work with a multi-stakeholder advisory group that shall be open to participation by representatives of entities paying into the fund, public water systems, technical assistance providers, local agencies, nongovernmental organizations, residents served by community water systems in disadvantaged communities, state small water systems, and domestic wells, and the public, to establish priorities and guidelines for the fund implementation plan and policy handbook.

(3) The adoption of a fund implementation plan and policy handbook and the implementation of the fund pursuant to the policy handbook are not subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

Article 4. Information on High Risk Areas

116770. (a)(1) By January 1, 2020, the board, in consultation with local health officers and other relevant stakeholders, shall use available data to make available a map of aquifers that are at high risk of containing contaminants and that exceed primary federal and state drinking water standards that are used or likely to be used as a source of drinking water for a state small water system or a domestic well. The board shall update the map at least annually based on any newly available data.

(2) The board shall make the map of high risk areas, as well as the data used to make the map, publicly accessible on its Internet Web site in a manner that does not identify exact addresses or other personal information and that complies with the Information Practices Act of 1977 (Chapter 1 (commencing with Section 1798) of Title 1.8 of Part 4 of Division 3 of the Civil Code). The board shall notify local health officers and county planning agencies of high risk areas within their jurisdictions.

(b)(1) By January 1, 2020, a local health officer or other relevant local agency shall provide to the board all results of, and data associated with, water quality testing performed by certified laboratories for a state small water system or domestic well that was collected after January 1, 2014, and that is in the possession of the local health officer or other relevant local agency.

(2) By January 1, 2021, and by January 1 of each year thereafter, all results of, and data associated with, water quality testing performed by a certified laboratory for a state small water system or domestic well that is submitted to ~~the~~ a local health officer or other relevant local agency shall also be submitted directly to the board in electronic format.

(c) A map of high-risk areas developed pursuant to this article is not subject to the Administrative Procedure Act (Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code).

Article 5. Safe and Affordable Drinking Water Fee

116771. (a)(1) Beginning July 1, 2019, and until July 1, 2021, except as provided in subdivisions (d) and (e), there is hereby imposed a safe and affordable drinking water fee for the purposes authorized in this chapter on each customer of a community water system as follows:

(A) For a customer with a water meter that is less than or equal to one inch in size, the fee shall be ninety-five cents (\$0.95) per month.

(B) For a customer with a water meter that is greater than one inch and less than or equal to two inches in size, the fee shall be four dollars (\$4) per month.

(C) For a customer with a water meter that is greater than two inches and less than or equal to four inches in size, the fee shall be six dollars (\$6) per month.

(D) For a customer with a water meter that is greater than four inches in size, the fee shall be ten dollars (\$10) per month.

(E) For a customer without a water meter, the fee shall be ninety-five cents (\$0.95) per month.

(F) For a customer that has multiple meters serving a single address, the total fees shall not exceed ten dollars (\$10) per month.

(2)(A) A customer that self-certifies under penalty of perjury to the community water system collecting the fee that he or she meets either of the following criteria shall be exempt from the payment of the fee:

(i) The customer's household income is equal to or less than 200 percent of the federal poverty level.

(ii) The customer operates a deed-restricted multifamily housing development that is required to provide housing exclusively to tenants with household incomes equal to or less than 200 percent of the federal poverty level.

(B) A community water system shall not be held criminally or civilly liable for failing to collect fees from customers who claim a self-certified exemption or for collecting fees from customers who could claim a self-certified exemption but do not provide adequate or timely notice to the community water system that he or she meets a criterion to be exempt.

(3)(A) A customer that is already enrolled in a program offered by a community water system that is designed specifically to reduce the cost of water service incurred by customers who meet established income guidelines is exempt from the payment of the fee.

(B) A connection or meter that is used exclusively for fire flow or uses nonpotable water, including, but not limited to, recycled water, is exempt from the fee.

(b)(1)(A) Beginning July 1, 2021, except as provided in subdivisions (d) and (e) and Section 116772, there is hereby imposed a safe and affordable drinking

water fee on each customer according to a fee schedule established by the board for the purposes of the Safe and Affordable Drinking Water Fund.

(B) Notwithstanding any other provision of this section, the fee schedule shall not exceed the amounts established in paragraph (1) of subdivision (a).

(C) The board shall review and revise the fee schedule each fiscal year as necessary to not exceed the anticipated funding need in the most recent assessment of funding need.

(D)(i) The fee schedule shall exempt any connection or meter that is used exclusively for fire flow or utilizes nonpotable water, including, but not limited to, recycled water.

(ii) By July 1, 2021, the board, in consultation with the Public Utilities Commission, shall adopt regulations to exempt households with incomes equal to or less than 200 percent of the federal poverty level from the fee established in the fee schedule pursuant to this subdivision. The Public Utilities Commission shall provide consultation, as well as relevant data, from the California Alternate Rates for Energy or CARE program established pursuant to Section 739.1 of the Public Utilities Code and from the water utility low-income rate payer assistance programs developed pursuant to Section 739.8 of the Public Utilities Code to the board to aid in development and implementation of the regulations for exemption pursuant to this clause.

(2)(A) Beginning July 1, 2023, the fee schedule shall be set at an amount that does not result in the total uncommitted amount in the fund exceeding two times the anticipated funding need in the most recent assessment of funding need.

(B) Notwithstanding any other provision of this section, the fee schedule shall not exceed the amounts established in paragraph (1) of subdivision (a).

(C) For purposes of this paragraph, "total uncommitted amount in the fund" does not include moneys in the fund from the fertilizer safe drinking water fee established by Article 6.5 (commencing with Section 14615) of Chapter 5 of Division 7 of the Food and Agricultural Code until January 1, 2033, and, until January 1, 2035, does not include moneys in the fund from the dairy safe drinking water fee established by Article 14.5 (commencing with Section 62215) of Chapter 2 of Part 3 of Division 21 of the Food and Agricultural Code or the safe drinking water fee for confined animal livestock facilities excluding dairies established by Article 10.5 (commencing with Section 595) of Chapter 3 of Part I of Division I of the Food and Agricultural Code.

(c) A community water system shall collect the fee imposed by subdivisions (a) and (b) from each of its customers and may retain an amount, as approved by the board, as reimbursement for the reasonable costs incurred by the public water system associated with the collection of the fee. Until July 1, 2021, the amount retained by a community water system as reimbursement shall not exceed 4 percent of the amount collected and beginning July 1, 2021, the amount retained as reimbursement shall not exceed 2 percent of the amount collected. For small community water systems, reasonable community water system administrative cost reimbursement shall not exceed five hundred dollars (\$500) or 4 percent of the total revenue collected, whichever is greater. The community water system shall remit the remainder to the board on an annual schedule.

(d) A community water system with fewer than 200 service connections and its customers shall be exempt from the requirements of this section. The board may approve an exemption for a community water system with 200 or more service connections and its customers from the requirements of this section if the board finds that the amount required to be remitted to the board pursuant to this section would be de minimis.

(e) Notwithstanding any other provision of this article, a fee shall not be imposed pursuant to this article on a person or entity that is itself a community water system if that community water system is purchasing water from another community water system to supply its own customers that are themselves being assessed the fee.

(f) All moneys remitted to the board under this article shall be deposited in the Safe and Affordable Drinking Water Fund.

116772. (a) A community water system may apply to the board to authorize the community water system to use an alternative method to calculate the amount owed by each customer for the charge imposed by Section 116771 by submitting an application, in a form prescribed by the board, that demonstrates both of the following:

(1) That the method required by statute, regulation, or fee schedule adopted by the board would be impractical for the community water system to collect.

(2) That the method proposed by the community water system would provide a level of total revenue equivalent to the revenue the community water system would transmit to the board pursuant to the applicable fee schedule and that the method is consistent with the fee restrictions in this article, including, but not limited to, amount maximums and exemptions.

(b) The board shall review any application submitted pursuant to subdivision (a) to determine if the proposed alternative is consistent with this article. If the board denies

the application, that denial shall be in writing and shall not be reviewable. If the board approves the application, the community water system may use the alternative method for an amount of time prescribed by the board, not to exceed five years.

(c) There is not a limit on the number of applications the board may approve pursuant to this section to establish or renew an alternative method of fee calculation.

116773. (a) The board, in consultation with the California Department of Tax and Fee Administration, shall administer and collect the fees imposed by this article in accordance with the Fee Collection Procedures Law (Part 30 (commencing with Section 55001) of Division 2 of the Revenue and Taxation Code).

(b) For purposes of administration of the fee imposed by this article, the following references in the Fee Collection Procedures Law shall have the following meanings:

(1) "Board" or "State Board of Equalization" means the State Water Resources Control Board.

(2) "Fee" means the safe and affordable drinking water fee imposed pursuant to this article.

(3) "Feepayer" means a customer liable to pay the fee.

(c) The board, in consultation with the California Department of Tax and Fee Administration, may prescribe, adopt, and enforce regulations relating to the administration and enforcement of this article, including, but not limited to, collections, reporting, refunds, and appeals.

(d) The initial regulations adopted by the board to implement this article shall be adopted in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, and shall not rely on the statutory declaration of emergency in subdivision (e).

(e) Except as provided in subdivision (d), the regulations adopted pursuant to this section, any amendment to those regulations, or subsequent adjustments to the annual fees or adoption of fee schedule, shall be adopted by the board as emergency regulations in accordance with Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The adoption of these regulations is an emergency and shall be considered by the Office of Administrative Law as necessary for the immediate preservation of the public peace, health, safety, and general welfare. Any emergency regulations adopted by the board, or adjustments to the annual fees made by the board pursuant to this section, shall remain in effect until revised by the board.

116774. The Legislature may not increase the fees established under section 116771 except by an affirmative vote of two-thirds of the membership in each house of the Legislature.

SEC. 5. Section 13050 of the Water Code is amended to read:

13050. As used in this division:

- (a) "State board" means the State Water Resources Control Board.
- (b) "Regional board" means any California regional water quality control board for a region as specified in Section 13200.
- (c) "Person" includes any city, county, district, the state, and the United States, to the extent authorized by federal law.
- (d) "Waste" includes sewage and any and all other waste substances, liquid, solid, gaseous, or radioactive, associated with human habitation, or of human or animal origin, or from any producing, manufacturing, or processing operation, including waste placed within containers of whatever nature prior to, and for purposes of, disposal.
- (e) "Waters of the state means any surface water or groundwater, including saline waters, within the boundaries of the state.
- (f) "Beneficial uses" of the waters of the state that may be protected against quality degradation include, but are not limited to, domestic, municipal, agricultural, and industrial supply; power generation; recreation; aesthetic enjoyment; navigation; and preservation and enhancement of fish, wildlife, and other aquatic resources or preserves.
- (g) "Quality of the water" refers to chemical, physical, biological, bacteriological, radiological, and other properties and characteristics of water which affect its use.
- (h) "Water quality objectives" means the limits or levels of water quality constituents or characteristics which are established for the reasonable protection of beneficial uses of water or the prevention of nuisance within a specific area.
- (i) "Water quality control" means the regulation of any activity or factor which may affect the quality of the waters of the state and includes the prevention and correction of water pollution and nuisance.

(j) "Water quality control plan" consists of a designation or establishment for the waters within a specified area of all of the following:

- (1) Beneficial uses to be protected.
- (2) Water quality objectives.
- (3) A program of implementation needed for achieving water quality objectives.

(k) "Contamination" means an impairment of the quality of the waters of the state by waste to a degree which creates a hazard to the public health through poisoning or through the spread of disease. "Contamination" includes any equivalent effect resulting from the disposal of waste, whether or not waters of the state are affected.

(l) (1) "Pollution" means an alteration of the quality of the waters of the state by waste to a degree which unreasonably affects either of the following:

- (A) The waters for beneficial uses.
- (B) Facilities which serve these beneficial uses.

(2) "Pollution" may include "contamination."

(m) "Nuisance" means anything which meets all of the following requirements:

(1) Is injurious to health, or is indecent or offensive to the senses, or an obstruction to the free use of property, so as to interfere with the comfortable enjoyment of life or property.

(2) Affects at the same time an entire community or neighborhood, or any considerable number of persons, although the extent of the annoyance or damage inflicted upon individuals may be unequal.

(3) Occurs during, or as a result of, the treatment or disposal of wastes.

(n) "Recycled water" means water which, as a result of treatment of waste, is suitable for a direct beneficial use or a controlled use that would not otherwise occur and is therefore considered a valuable resource.

(o) "Citizen or domiciliary" of the state includes a foreign corporation having substantial business contacts in the state or which is subject to service of process in this state.

(p)(1) "Hazardous substance" means either of the following:

(A) For discharge to surface waters, any substance determined to be a hazardous substance pursuant to Section 311(b)(2) of the Federal Water Pollution Control Act (33 U.S.C. Sec. 1251 et seq.).

(B) For discharge to groundwater, any substance listed as a hazardous waste or hazardous material pursuant to Section 25140 of the Health and Safety Code, without regard to whether the substance is intended to be used, reused, or discarded, except that "hazardous substance" does not include any substance excluded from Section 311(b)(2) of the Federal Water Pollution Control Act because it is within the scope of Section 311(a)(1) of that act.

(2) "Hazardous substance" does not include any of the following:

(A) Nontoxic, nonflammable, and noncorrosive stormwater runoff drained from underground vaults, chambers, or manholes into gutters or storm sewers.

(B) Any pesticide which is applied for agricultural purposes or is applied in accordance with a cooperative agreement authorized by Section 116180 of the Health and Safety Code, and is not discharged accidentally or for purposes of disposal, the application of which is in compliance with all applicable state and federal laws and regulations.

(C) Any discharge to surface water of a quantity less than a reportable quantity as determined by regulations issued pursuant to Section 311(b)(4) of the Federal Water Pollution Control Act.

(D) Any discharge to land which results, or probably will result, in a discharge to groundwater if the amount of the discharge to land is less than a reportable quantity, as determined by regulations adopted pursuant Section 13271, for substances listed as hazardous pursuant to Section 25140 of the Health and Safety Code. No discharge shall be deemed a discharge of a reportable quantity until regulations set a reportable quantity for the substance discharged.

(q)(1) "Mining waste" means all solid, semisolid, and liquid waste materials from the extraction, beneficiation, and processing of ores and minerals. Mining waste includes, but is not limited to, soil, waste rock, and overburden, as defined in Section 2732 of the Public Resources Code, and tailings, slag, and other processed waste materials, including cementitious materials that are managed at the cement manufacturing facility where the materials were generated.

(2) For the purposes of this subdivision, "cementitious material" means cement, cement kiln dust, clinker, and clinker dust.

(r) "Master recycling permit" means a permit issued to a supplier or a distributor, or both, of recycled water, that includes waste discharge requirements prescribed pursuant to Section 13263 and water recycling requirements prescribed pursuant to Section 13523.1.

(s)(1) "Agricultural operation" means either of the following:

(A) A discharger that satisfies both of the following conditions:

(i) The discharger is an owner, operator, or both, of land that is irrigated to produce crops or pasture for commercial purposes or a nursery.

(ii) The discharger is enrolled or named in an irrigated lands regulatory program order adopted by the state board or a regional board pursuant to Section 13263 or 13269.

(B) A discharger that satisfies both of the following conditions:

(i) The discharger is an owner, operator, or both of a facility that is used for the raising or harvesting of livestock.

(ii) The discharger is enrolled or named in an order adopted by the state board or a regional board pursuant to Section 13263 or 13269 that regulates the discharges of waste from a facility identified in clause (i) to protect ground and surface water.

(2) "Agricultural operation" does not include any of the following:

(A) An off-farm facility that processes crops or livestock.

(B) An off-farm facility that manufactures, synthesizes, stores, or processes fertilizer.

(C) Any portions of land or activities occurring on those portions of land that are not covered by an order adopted by the state board or a regional board identified in clause (ii) of subparagraph (A) or clause (ii) of subparagraph (B) of paragraph (1).

SEC. 6.

Article 4.5 (commencing with Section 13278) is added to Chapter 4 of Division 7 of the Water Code, to read:

Article 4.5. Discharges of Nitrate to Groundwater from Agricultural Operations

13278. (a) For the purposes of this article, the Legislature finds all of the following:

(1) Implementation of currently known best management practices for some crops under some circumstances can reduce but not always completely prevent nitrogen in organic and synthetic fertilizers that transform to nitrate from reaching groundwater at concentrations above the water quality objectives established pursuant to this division.

(2) It is acknowledged that discharges of nitrate from agricultural operations could reach groundwater and could cause or contribute to exceedances of drinking water standards for nitrate, and could cause conditions of pollution of or nuisance in those waters as defined and applied in accordance with this division, or both.

(3) Nitrate pollution of groundwater impacts drinking water sources for hundreds of thousands of Californians and it is necessary to protect current and future drinking water users from the impacts of nitrate pollution.

(4) Despite progress in controlling discharges of nitrogen that lead to nitrate formation, some groundwater sources of drinking water will continue to be adversely impacted by nitrate and it is important to have in place a program for mitigating these impacts.

(5) The regional boards will continue to regulate discharges to reduce nitrogen loading and protect beneficial uses of water and groundwater basins; the state board, regional boards, and courts will ensure compliance with those orders; and dischargers will pay for mitigation of nitrate pollution by funding projects that provide both immediate and long-term drinking water solutions for affected communities and affected domestic wells.

(b) The Legislature declares its intent in establishing this article to limit certain enforcement actions that a regional board or the state board could otherwise initiate during a 15-year period against an agricultural operation that meets specified requirements, while maintaining the overall framework of this division to protect beneficial uses, implement water quality objectives in waters of the state, and regulate activities and factors that affect water quality to attain the highest water quality that is reasonable.

13278.1. (a) An agricultural operation shall not be subject to enforcement undertaken or initiated by the state board or a regional board, under Chapter 5 (commencing with Section 13300), for causing or contributing to an exceedance of a water quality objective for nitrate in groundwater or for causing or contributing to a condition of pollution or nuisance for nitrate in groundwater if an agricultural operation that discharges or threatens to discharge, or has discharged or previously threatened to discharge, nitrate to groundwater meets all of the following requirements:

(1) The agricultural operation is in compliance with all applicable provisions prescribed by a regional board or the state board in an order adopted pursuant to

Section 13263 or 13269, including, but not limited to, the following:

- (A) Requirements to implement best practicable treatment or control.
- (B) Requirements to implement best efforts.
- (C) Monitoring and reporting requirements.
- (D) Applicable timelines.

(2) The agricultural operation is in compliance with an applicable program of implementation for achieving groundwater quality objectives for nitrate that is part of an applicable water quality control plan adopted by the state board or a regional board pursuant to Article 3 (commencing with Section 13240).

(3) The requirement contained in paragraph (1) excludes any provision contained in an order adopted under Section 13263 or 13269 that prohibits in general terms a discharge from causing or contributing, or threatening to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater or a condition of pollution or nuisance for nitrate in groundwater.

(b)(1) An agricultural operation is not in compliance with the requirement in paragraph (1) of subdivision (a) if the agricultural operation has been subject to an enforcement order under Chapter 5 (commencing with Section 13300) within the preceding 12 months for violation of an order adopted under Section 13263 or 13269 authorizing discharges from agricultural operations.

(2) Paragraph (1) does not apply to an enforcement order issued after January 1, 2016, and before January 1, 2019, inclusive, alleging that a discharge from an agricultural operation caused or contributed, or threatened to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater, conditions of pollution or nuisance for nitrate in groundwater, or both.

(c) Except as otherwise provided in subdivision (d), both of the following apply to a discharge of nitrogen to groundwater by an agricultural operation that occurs when the discharger is in compliance with the requirements of paragraph (1) of subdivision (a):

(1) The discharge of nitrogen to groundwater shall not be admissible in a future enforcement action against the agricultural operation by the state board or a regional board, pursuant to Chapter 5 (commencing with Section 13300), to support a claim that the agricultural operation is causing or contributing, or threatening to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater or

a condition of pollution or nuisance for nitrate in groundwater.

(2) The discharge of nitrogen to groundwater shall not be considered by the state board or a regional board to apportion responsibility and shall not be used by any person to diminish responsibility in any enforcement action initiated pursuant to Chapter 5 (commencing with Section 13300) with respect to discharges of nitrogen, regardless of source, that did not occur in compliance with the mitigation requirements of paragraph (1) of subdivision (a).

(d) Nothing in this section alters the state board's or a regional board's authority to do both of the following:

(1) To require or conduct investigations, to require reports on or to establish other requirements for best practicable treatment or control or best efforts, or to require monitoring and reporting requirements to protect water quality.

(2) To take or initiate enforcement action pursuant to Chapter 5.5 (commencing with Section 13370), without regard to whether the agricultural operation met the requirements of paragraph (1) of subdivision (a) at any time.

(c) This section shall not be deemed to change or alter a water quality objective that is part of a water quality control plan adopted by the state board or a regional board pursuant to Article 3 (commencing with Section 13240). (f) This section shall remain in effect only until January 1, 2029, and as of that date is repealed.

13278.2. (a) An agricultural operation shall not be subject to enforcement undertaken or initiated by the state board or a regional board, under Section 13304, for creating or threatening to create a condition of pollution or nuisance for nitrate in groundwater if an agricultural operation that discharges or threatens to discharge, or has discharged or previously threatened to discharge, nitrate to groundwater meets all of the following requirements:

(1) The agricultural operation is in compliance with all applicable provisions prescribed by a regional board or the state board in an order adopted pursuant to Section 13263 or 13269, including, but not limited to, the following:

(A) Requirements to implement best practicable treatment or control.

(B) Requirements to implement best efforts.

(C) Monitoring and reporting requirements.

(D) Applicable timelines.

(2) The agricultural operation is in compliance with an applicable program of implementation for achieving groundwater quality objectives for nitrate that is part of an applicable water quality control plan adopted by the state board or a regional board pursuant to Article 3 (commencing with Section 13240).

(3) The requirement contained in paragraph (1) excludes any provision contained in an order adopted under Section 13263 or 13269 that prohibits in general terms a discharge from causing or contributing, or threatening to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater or a condition of pollution or nuisance for nitrate in groundwater.

(b) An agricultural operation is not in compliance with the mitigation requirement in paragraph (1) of subdivision (a) if the agricultural operation has been subject to an enforcement order under Chapter 5 (commencing with Section 13330) within the preceding 12 months for violation of an order adopted under Section 13263 or 13269 authorizing discharges from agricultural operations.

(c) Except as otherwise provided in subdivision (d), both of the following apply to a discharge of nitrogen to groundwater by an agricultural operation that occurs when the discharger is in compliance with the requirements of paragraph (1) of subdivision (a):

(1) The discharge of nitrogen to groundwater shall not be admissible in a future enforcement action against the agricultural operation by the state board or a regional board, pursuant to Section 13304 to support a claim that the agricultural operation is causing or contributing, or threatening to cause or contribute, to an exceedance of a water quality objective for nitrate in groundwater or a condition of pollution or nuisance for nitrate in groundwater.

(2) The discharge of nitrogen to groundwater shall not be considered by the state board or a regional board to apportion responsibility and shall not be used by any person to diminish responsibility in any enforcement action initiated pursuant to Section 13304 with respect to discharges of nitrogen to groundwater, regardless of source, that did not occur in compliance with the requirements of paragraph (1) of subdivision (a).

(d) Nothing in this section alters the state board's or a regional board's authority to do both of the following:

(1) To require or conduct investigations, to require reports on or to establish other requirements for best practicable treatment or control or best efforts, or to require monitoring and reporting requirements to protect water quality.

(2) To take or initiate enforcement action pursuant to Chapter 5.5 (commencing with Section 13370), without regard to whether the agricultural operation met the requirements of paragraph (1) of subdivision (a) at any time.

(e) This section shall not be deemed to change or alter a water quality objective that is part of a water quality control plan adopted by the state board or a regional board pursuant to Article 3 (commencing with Section 13240).

(f)(1) This section shall become operative on January 1, 2029.

(2) This section shall remain in effect only until January 1, 2034, and as of that date is repealed, unless a later enacted statute that is enacted before January 1, 2034, deletes or extends that date.

13278.3. By January 1, 2028, the state board shall conduct a public review of regulatory and basin plan amendment implementation programs to evaluate progress toward achieving water quality objectives with respect to nitrate in groundwater and assess compliance with adopted timelines, monitoring requirements, and implementation of best practicable treatment or control.

13278.4. Nothing in this article limits the liability of a discharger under any other law, including, but not limited to, Part 3 (commencing with Section 3479) of Division 4 of the Civil Code.

13278.5. As long as the safe drinking water fee for confined animal facilities excluding dairies pursuant to Article 10.5 (commencing with Section 595) of Chapter 3 of Part 1 of Division 1 of the Food and Agricultural Code, the fertilizer safe drinking water fee pursuant to Article 6.5 (commencing with Section 14615) of Chapter 5 of Division 7 of the Food and Agricultural Code, and the dairy safe drinking water fee pursuant to Article 14.5 (commencing with Section 62215) of Chapter 2 of Part 3 of Division 21 of the Food and Agricultural Code are in effect, the Legislature may not amend the provisions in this article except by an affirmative vote of two-thirds of the membership in each house of the Legislature.

SEC. 7. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution for certain costs that may be incurred by a local agency or school district because, in that regard, this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

However, if the Commission on State Mandates determines that this act contains other costs mandated by the state, reimbursement to local agencies and school districts for those costs shall be made pursuant to Part 7 (commencing with Section 17500) of Division 4 of Title 2 of the Government Code.

Association of California Water Agencies

Summary of Brown Administration's Proposed Budget Trailer Bill Safe and Affordable Drinking Water Act – February 1, 2018 Version (Includes Proposal for a State Tax on Drinking Water)

I. INTRODUCTION AND BACKGROUND INFORMATION

The Safe and Affordable Drinking Water Act Budget Trailer Bill (BTB) is essentially the same bill as SB 623 (Monning) with some amendments that do not address ACWA's concerns. ACWA's State Legislative Committee took an "Oppose-Unless-Amended" position on the BTB on February 9, 2018.

Both SB 623 and the BTB are intended to fill gaps in funding for disadvantaged communities and low-income residents without access to safe drinking water. ACWA agrees with that intent but opposes the tax on drinking water proposed in SB 623 and the BTB because it is not the right approach to solving this social issue for the State. ACWA is advancing a more appropriate funding solution – a package of funds that is comprised of federal safe drinking water funds, general obligation bond funds, the assessments related to nitrate in groundwater that are proposed in SB 623 and the BTB and some funding from the State General Fund.

ACWA understand that SB 623 (and now the BTB) is intended to generate \$140 million per year. The proponents have indicated last that the breakdown is supposed to be \$30 million per year (or 21 percent of the funding) in proposed agricultural fees that are related to nitrate in groundwater and \$110 million per year (or 79 percent of the funding) in a proposed State tax on drinking water that would be collected by thousands of community water systems across the State and sent to the State for distributed to selected communities and residents.

SB 623, a two-year bill, is currently at the Assembly Committee on Rules. The Committee could refer SB 623 to one or more policy committees or move SB 623 to the Assembly floor. ACWA expects that SB 623 would be amended to clean it up before any vote on it. **Current legislative activity, however, is focused on the BTB.** As signaled in the summary for the Governor's proposed Budget for Fiscal Year 2018-19, the Brown Administration plans on advancing a BTB that is consistent with the framework of SB 623. The Administration posted the first version of the BTB on February 1, 2018. SB 623 still remains an option to the proponents if the Administration's effort to move the BTB is unsuccessful. Both bills require two-thirds votes by the Assembly and the Senate because of the proposed tax on drinking water. Following is a summary of the BTB.

II. SUMMARY

1. Agricultural Funding Mechanism, Part I – Safe Drinking Water Fee for Confined Animal Facilities Excluding Dairies

The BTB would define “confined animal facilities excluding dairies” (CAFED) to include bovine operations, poultry operations, swine operations, and other livestock operations, explicitly excluding milk cow dairies (see below regarding dairies).

A. CAFED Working Group

The BTB would require the Secretary of Food and Agriculture (the Secretary) to convene a working group composed of representatives of CAFED to determine the actual risk to groundwater, if any, from discharges of nitrate from CAFED. The BTB would require by January 1, 2035, the Secretary to convene a working group composed of representatives of CAFED to determine the actual risk to groundwater, if any, from CAFED.

B. Initial CAFED Fees - Until January 1, 2036

Beginning January 1, 2021, the Secretary would be required, pursuant to a regulation to be adopted by the Secretary by that date, to establish an annual CAFED fee that would be commensurate with the actual risk, if any, to groundwater from discharges of nitrate as determined by the working group. The BTB would cap this fee at \$1,000 per facility. This version of the CAFED fee requirement would be in effect until January 1, 2036.

C. Later CAFED Fees - Beginning July 1, 2036

Beginning July 1, 2036, the Secretary would be required to establish a fee for CAFED, payable annually, to the Secretary by each facility in an amount commensurate with the actual risk to groundwater from discharges of nitrate determined by the CAFED working group. The BTB would authorize the Secretary to adjust the fee through emergency regulation processes, as necessary, to meet but not to exceed the most recent assessment of funding need for nitrate adopted by the State Water Board.

The BTB would generally require this later version of the fee collected from CAFED combined with the Dairy Fee (discussed in Section 3) to total the sum of \$3,000,000 or 30 percent of the funding need for nitrate in the more recent assessment of funding need adopted by the State Water Board, whichever is less. However, the BTB would specify that notwithstanding the emergency regulations fee adjustment authority and the \$3,000,000 or 30 percent provision, the fee on a CAFED could not exceed \$1,000.

2. Agricultural Funding Mechanism, Part II - Fertilizer Safe Drinking Water Fee

A. Initial Fertilizer Fee – Until January 1, 2034

In addition to already-required fertilizer assessments, the BTB would require a licensee whose name appears on the label of bulk or packaged fertilizing materials to pay to the Secretary a Fertilizer Safe Drinking Water Fee (Fertilizer Fee) of six mills (\$0.006) per dollar of sales for all sales of bulk or packaged fertilizer materials. This version of the Fertilizer Fee would remain in effect until January 1, 2034 and then would be repealed.

B. Later Fertilizer Fee – Beginning January 1, 2034

On January 1, 2034, the Safe Drinking Water Fertilizer Fee would be reduced from six mills to two mills (\$0.002) per dollar of all sales of fertilizer. After January 1, 2036, the BTB would authorize the Secretary to adjust the Fertilizer Fee through emergency regulation processes to meet but not exceed the sum of \$7,000,000 or 70 percent (whichever is less) of the anticipated funding need for nitrate in the most recent assessment of funding need adopted by the State Water Board. The BTB would require the Secretary to notify all licensees of the amount of the Fertilizer Fee to be assessed in the following calendar year by October 1 of each year.

C. Enforcement and Administrative Costs

The BTB would authorize the Secretary to adopt regulations relating to the administration and enforcement of the Fertilizer Fee. Until July 1, 2021, the Secretary could retain four percent of collected Fertilizer Fees. Beginning, July 1, 2021, that amount would decrease to two percent.

3. Agricultural Funding Mechanism, Part III – Dairy Safe Drinking Water Fee

A. Initial Dairy Fee – January 1, 2021 – December 31, 2035

This BTB would require, beginning January 1, 2021 and until January 1, 2036, each handler subject to the provisions of a stabilization and marketing plan to deduct from payments made to producers for milk the sum of \$0.01355 per hundredweight of milk as a Dairy Safe Drinking Water Fee (Dairy Fee).

B. Later Dairy Fee – Beginning January 1, 2036

On and after January 1, 2036, the BTB would reduce the Dairy Fee to \$0.00678 per hundredweight of milk. The BTB would authorize the Secretary to adjust the fees through emergency regulation processes as necessary to meet but not exceed thirty percent of the anticipated need for nitrate in the most recent State Water Board funding need assessment or the sum of \$3,000,000, whichever was less. In making such an adjustment, the Secretary would have to reduce the Dairy Fee by the amount collected for the CAFED fee. During this period, the BTB would prohibit the total of the CAFED fee and the Dairy Fee from exceeding: 1) the sum of \$3,000,000; or 2) thirty percent of the funding need for nitrate in the more recent assessment of funding need adopted by the State Water Board, whichever was less.

C. Enforcement and Administrative Costs

The BTB would authorize the Secretary to adopt regulations necessary for proper administration and enforcement of the Dairy Fee. Until July 1, 2021, the Secretary could retain four percent of collected Dairy Fees for reasonable implementation and enforcement costs. Beginning, July 1, 2021, that amount would decrease to two percent.

4. Proposed Definitions Related to the Fund

Following are proposed definitions for key terms related to the Fund:

- 1) "Customer" would mean a purchaser of water from a community water system that uses the water for municipal purposes, including **residential, commercial, governmental, and industrial uses**;
- 2) "Eligible applicant" would mean a public water system, including but not limited to mutual water company; a public utility; a public agency, including but not limited to a local education agency that specifically owns or operates a public water system (PWS); a nonprofit organization; a federally recognized Indian tribe; a state Indian tribe listed on the Native American Heritage Commission's California Tribal Consultation List; an administrator; or a groundwater sustainability agency;
 - 1) "Administrator" would be defined by reference as an entity that has contracted with the State Water Board to provide administrative and managerial services to a designated public water system (see Ca. Health and Safety Code Section 116686);
- 3) "Individual domestic well" would mean a groundwater well used to supply water for the domestic needs of an individual residence or systems of four or less service connections;
- 4) "Low-income household" means a household with an income that is less than 80 percent of the statewide median household income; and
- 5) "Replacement water" would include, but not be limited to, bottled water, point-of-use, or point-of-entry treatment unit.

5. General Provisions and Priorities for Funds

This BTB would establish the Safe and Affordable Drinking Water Fund (the Fund) in the State Treasury and would provide that moneys in the Fund are continuously appropriated to the State Water Board. The purpose of the Fund would be to provide a source of funding to secure access to safe drinking water for all Californians while also ensuring the long-term sustainability of drinking water service and infrastructure. Where money would remain in the Fund at the close of a fiscal year, that money would not revert to the General Fund. Moneys in the Fund

would not be available for appropriation and could not be borrowed for use without an affirmative vote of two-thirds of the membership in each house of the Legislature.

The BTB would require the State Water Board to **prioritize** (not limit) the use of the Fund to: 1) assist disadvantaged communities (DACs) and low-income households served by a state small water system or domestic well; and 2) fund costs other than those related to **capital** construction costs, **except** for capital construction costs associated with consolidation and service extension to reduce the ongoing unit cost of service to increase sustainability of drinking water infrastructure and service delivery.

The BTB would require the State Water Board prioritize funding to implement consolidations and service extensions when feasible and administrative and managerial contracts or grants where applicable. The State Water Board would be required to use the agricultural fees to address nitrate-related contamination issues.

The BTB (at Page 13) would specify that neither the State Water Board nor any employee of the Board could be held liable for any act that is necessary to carry out purposes of this proposed law.

6. Uses of the Fund

The State Water Board would be authorized to expend moneys in the Fund for grants, loans, contracts, or services to assist eligible applicants with:

- 1) The provision of replacement water as a short-term solution;
- 2) The development, implementation, and sustainability of long-term solutions, including but not limited to, technical assistance, planning, **construction**, and operation and maintenance costs associated with replacing, repairing, blending, or treating contaminated or failing drinking water sources, creating and maintaining natural means of treating and improving sustainable water quality, consolidating water systems, domestic wells, or state small systems;
- 3) The identification of Californians who are eligible to receive assistance from the Fund and outreach to them;
- 4) The testing of drinking water quality of domestic wells serving low-income households and prioritizing those in high-risk areas; and
- 5) The provision of administrative and managerial services (for third-party administrators/contractors).

7. Fund Administration

By July 1 of each year, the BTB would require the Water Board to:

- 1) Make available a report on Fund expenditures;
- 2) Adopt an assessment of funding need, as specified at Pages 13-14, that is based on available data. Some of the proposed elements include:
 - 1) a list of community water systems that serve a disadvantaged community that must charge fees that exceed the affordability threshold established in the *Safe Drinking Water State Revolving Fund Intended Use Plan*;
 - 2) a list of public water systems and state small water systems that “**may be at risk** of failing to provide an adequate supply of drinking water”; and
- 3) Adopt, after a public hearing, a fund implementation plan and policy handbook with priorities and guidelines for expenditures of the Fund.

The BTB would require that the Board work with a multi-stakeholder advisory group to establish the priorities and guidelines. It would provide that the adoption of the Fund implementation and policy handbook would **not** be subject to the Administrative Procedure Act.

Beginning January 1, 2019, the BTB would require an expenditure from the Fund to be consistent with the annual fund implementation plan.

8. State Water Board’s Administrative Costs

Initially, the BTB would authorize the State Water Board to expend moneys from the Fund for reasonable Fund administration costs. Beginning July 1, 2021, the BTB would limit that expenditure to 5 percent of the annual revenues for reasonable Fund administration costs. The BTB would require the State Water Board to provide for appropriate audit, accounting, and fiscal management services, plans, and reports relative to the Fund.

The State Water Board would be authorized to take additional action as may be appropriate for adequate administration and operation of the Fund.

9. Mapping of “High Risk Areas”

The BTB would require, by January 1, 2020, the State Water Board, in consultation with local health officers (officers) and other relevant stakeholders, to make available a map of aquifers that are used or likely to be used as a source of drinking water that are at “high risk” of containing contaminants. The BTB would require officers or other relevant local agencies by January 1, 2020 to provide all results of, and data associated with, water quality testing performed by certified laboratories for a state small water system or domestic well that is in the officer’s possession to the State Water Board. On and after January 1, 2020, an officer or

other relevant local agency would require testing data to be submitted directly to the State Water Board.

10. Proposed State Drinking Water Tax

Although labeled in the BTB the “Safe and Affordable Drinking Water Fee,” the BTB proposes a state tax on drinking water as summarized here.

A. Initial, Statutory Drinking Water Tax Schedule

The BTB would set the initial tax schedule in the statute. It would go into effect for the period July 1, 2019 through June 30, 2021, except as specified. It would “impose” the drinking water tax on each customer (i.e., residential, business, industry or governmental) that purchases water from a community water system (CWS) as follows:

- 1) Water meters equal to or less than 1 inch in size: \$0.95/month
- 2) No water meter: \$0.95/month
- 3) Water meters greater than 1 inch and less than or equal to 2 inches: \$4/month
- 4) Water meter greater than 2 inches and less than or equal to 4 inches: \$6/month
- 5) Water meter greater than 4 inches: \$10/month
- 6) Cap on the tax for customers that have multiple meters serving a single address at ten dollars per month.

A customer would be exempt from the fee if he or she self-certified to the CWS that he or she either had an income equal to or less than 200% of the federal poverty level (FPL) or operated deed-restricted multi-family housing developing to provide housing to tenants with incomes at or below 200 percent of the FPL.

The BTB would exclude a connection or meter that is used exclusively for fire flow or uses nonpotable water, including but not limited to recycled water.

The BTB would provide that a CWS would not be held criminally or civilly liable for failing to collect fees from customers who claim a self-certified exemption or for collecting fees from customers who could claim a self-certified exemption but do not provide adequate or timely notice to the CWS that he or she meets a criterion to be exempt.

The BTB would exempt a customer, who is already enrolled in a program offered by the CWS that is designed specifically to reduce the cost of water service incurred by customers who meet established income guidelines, from the payment of the tax.

B. State Water Board-Developed Drinking Water Tax Schedule

Beginning July 1, 2021, the State Water Board would establish a “fee” (tax) schedule that persons or entities that purchased water from a CWS would be assessed by the CWS. The BTB

would prohibit the “fee” schedule from exceeding the above-listed statutory amounts. The BTB would require the State Water Board to review and revise the “fee” schedule as necessary each year to not exceed the anticipated funding need in the most recent assessment of funding need. By July 1, 2021, the State Water Board, in consultation with the Public Utilities Commission, would be required to adopt regulations to exempt households with incomes equal to or less than 200 percent of the FPL.

Beginning July 1, 2023 and going into perpetuity, the BTB would require the State Water Board to set the “fee” schedule at an amount that did not result in the “total uncommitted amount in the Fund” exceeding two times the anticipated funding need in the most recent assessment of funding need. Here too, the BTB would prohibit the “fee” schedule from exceeding the above-listed statutory amounts.

The BTB would provide that the “total uncommitted amount in the fund” would not include Fertilizer Fee dollars until January 1, 2033 and would not until January 1, 2035 include Dairy Fees or CAFED fees in the Fund.

11. CWS Administrative Cost Reimbursement (for Collection of Drinking Water Tax)

The BTB would authorize the CWS to retain an amount, as approved by the State Water Board, as reimbursement of the reasonable costs incurred for the collection of tax. The BTB would allow until July 1, 2021 that a CWS could retain up to 4 percent of the amount collected and beginning July 1, 2021, the reimbursement could not exceed 2 percent of the amount collected. For small CWS, the BTB would allow reimbursement to not exceed \$500 or 4 percent of the total revenue collected, whichever is greater.

The BTB would exempt a CWS with fewer than 200 service connections and its customers from the tax. The State Water Board would be authorized to approve an exemption for CWS with 200 or more service connections and its customers from the tax if they find that the amount required to be remitted to the State Water Board would be de minimis.

The BTB would allow a CWS to apply to the State Water Board to use an alternative method to calculate the amount owed by each customer for the charge imposed by submitting an application, in a form prescribed by the State Water Board that shows that the method required by statute, regulation, or “fee” schedule adopted by the State Water board would be impractical for the CWS to collect; and that the method proposed by the CWS would provide a level of total revenue equivalent to the revenue the CWS would transmit to the State Water Board pursuant to the fee schedule. The State Water Board could deny the application, and the denial would not be reviewable. If the State Water Board approved the application, the approval would be for a specified period – not to exceed five years.

The BTB would authorize the State Water Board, in consultation with the California Department of Tax and Fee Administration, to adopt and enforce regulations relating to the administration and enforcement of the tax on drinking water. The initial adoption would have to comply with

the Administrative Procedures Act. Subsequent amendments could be adopted with the emergency regulation process.

12. Nitrate – Enforcement Relief

The BTB includes detailed enforcement relief provisions at Pages 24-28 for “agricultural operations” that meet certain conditions until January 1, 2034 (i.e., a 15-year period).

The BTB would define “**agricultural operation**” to mean either:

- 1) A discharger that satisfies both the following conditions:
 - A) The discharger is an owner, operator, or both, of land that is irrigated to produce crops or pasture for commercial purposes or a nursery; and
 - B) The discharger is enrolled or named in an irrigated lands regulatory program order adopted by the State Water Board or Regional Board.
- 2) A discharger that satisfies both the following conditions:
 - A) The discharger is an owner, operator or both of a facility that is used for the raising or harvesting of livestock; and
 - B) The discharger is enrolled or named in an order adopted by the State Water Board or a Regional Board that regulates the discharges of waste from a facility to protect ground and surface water.

The BTB would specify that “agricultural operation” does **not** include any of the following:

- 1) A facility that processes crops or livestock;
- 2) A facility that manufactures, synthesizes, or processes fertilizer; or
- 3) Any portion of land or activities occurring on those portions of land that are not covered by an order adopted by the State Water Board or a Regional Board.

In general terms, the enforcement relief would be provided where the agricultural operation was in compliance with all applicable provisions of the State Water Board or Regional Water Board Order, and the operation was in compliance with the applicable program of implementation for achieving the groundwater quality objectives for nitrate, as specified.

Draft Letter: February 23, 2018 – NOT YET DISTRIBUTED

The Honorable Bob Wieckowski , Chair
Senate Budget Subcommittee No. 2
State Capitol, Room 4085
Sacramento, CA 95814

The Honorable Richard Bloom, Chair
Assembly Budget Subcommittee No. 3
State Capitol, Room 2003
Sacramento, CA 95814

Re: Budget Trailer Bill: Safe and Affordable Drinking Water Fund/TAX ON DRINKING WATER

Position: OPPOSE UNLESS AMENDED

Alameda County Water District

Amador Water Agency
Anderson-Cottonwood Irrigation District
Antelope Valley – East Kern Water Agency
Association of California Water Agencies
Bella Vista Water District
Brooktrails Township Community Services District
Browns Valley Irrigation District
Calaveras County Water District
CalDesal
California Municipal Utilities Association
California Special Districts Association
Calleguas Municipal Water District
Camrosa Water District
Carmichael Water District
Casitas Municipal Water District
Citrus Heights Water District
City of Beverly Hills
City of Fairfield
City of Garden Grove
City of Glendale Water and Power
City of Newport Beach
City of Oceanside
City of Redding
City of Roseville
City of San Diego
City of Santa Rosa
City of Shasta Lake
Coachella Valley Water District
Contra Costa Water District
Crescenta Valley Water District
Crestline-Lake Arrowhead Water Agency
Cucamonga Valley Water District
Del Paso Manor Water District
Desert Water Agency
Dublin San Ramon Services District
East Orange County Water District
East Valley Water District
Eastern Municipal Water District
El Dorado Irrigation District
El Toro Water District
Elsinore Valley Municipal Water District
Fair Oaks Water District
Fallbrook Public Utility District
Foothill Municipal Water District

Georgetown Divide Public Utility District
Glenn-Colusa Irrigation District
Helix Water District
Hidden Valley Lake Community Services District
Humboldt Bay Municipal Water District
Humboldt Community Services District
Indian Wells Valley Water District
Indio Water Authority

Irvine Ranch Water District

Kern County Water Agency
Kinneloa Irrigation District
Laguna Beach County Water District
Lake Hemet Municipal Water District
Las Virgenes Municipal Water District
Lindsay-Strathmore Irrigation District
Long Beach Water Department
Malaga County Water District
Mammoth Community Water District
Mariana Ranchos County Water District
McKinleyville Community Services District
Mendocino County Russian River Flood Control & Water Conservation Improvement District
Merced Irrigation District
Mesa Water District
Mid-Peninsula Water District
Millview County Water District
Mission Springs Water District
Mojave Water Agency
Monte Vista Water District
Municipal Water District of Orange County
Northern California Water Association
Olivenhain Municipal Water District
Orange County Water District
Orchard Dale Water District
Otay Water District
Padre Dam Municipal Water District
Palm Ranch Irrigation District
Palmdale Water District
Paradise Irrigation District
Pico Water District
Placer County Water Agency
Quartz Hill Water District
Rainbow Municipal Water District

Rancho California Water District
Regional Water Authority
Redwood Valley County Water District
Richvale Irrigation District
Rincon del Diablo Municipal Water District
Rio Alto Water District
Rio Linda Elverta Community Water District
Rowland Water District
Sacramento Suburban Water District
San Diego County Water Authority
San Gabriel Valley Municipal Water District

San Juan Water District

Santa Fe Irrigation District
Santa Margarita Water District
Scotts Valley Water District
Shasta Community Services District
South Coast Water District
South Tahoe Public Utility District
Southern California Water Committee
Stockton East Water District
Tahoe City Public Utility District
Templeton Community Services District
Three Valleys Municipal Water District
Tulare Irrigation District
Tuolumne Utilities District
United Water Conservation District
Upper Russian River Water Agency
Upper San Gabriel Valley Municipal Water District
Vallecitos Water District
Valley Center Municipal Water District
Valley of the Moon Water District
Vista Irrigation District
Walnut Valley Water District
Westlands Water District
Western Canal Water District
Western Municipal Water District
Wheeler Ridge-Maricopa Water Storage District
Yolo County Flood Control Water Conservation District
Yorba Linda Water District
Yuba County Water Agency
Zone 7 Water Agency

Dear Chair Wieckowski and Chair Bloom:

The above-listed organizations are **OPPOSED UNLESS AMENDED** to the drinking water tax budget trailer bill.

This budget trailer bill is essentially a modified version of SB 623 (Monning, D-Carmel), which is a 2-year bill. The budget trailer bill would establish a fund to be administered by the State Water Resources Control Board (SWRCB) to assist those who do not have access to safe drinking water. The organizations listed on this letter agree with the intent of the bill. The lack of access to safe drinking water in certain disadvantaged communities is a public health issue and a social issue that the State needs to address. The bill proposes two types of funding: 1) fees related to confined animal facilities excluding dairies (CAFED), fertilizer sales and dairies to address nitrate contamination; and 2) a state-mandated tax on drinking water that the bill would require local water agencies to assess on their local ratepayers and send to Sacramento. **The above-listed organizations oppose the proposal for a tax on drinking water.**

PROBLEMS WITH A TAX ON DRINKING WATER: Following are examples of problems with a tax on drinking water:

- 1) **Requiring local water agencies and cities across the state to impose a tax on water for the State of California is highly problematic and is not the appropriate response to the problem;**
- 2) **State law sets forth a policy of a human right to water for human consumption that is safe, clean, affordable and accessible. It is not sound policy to tax something that is essential to life;**
- 3) **Adding a tax on water works against keeping water affordable for all Californians; and**
- 4) **It is inefficient for local water agencies across the state to collect the tax and send it to Sacramento.**

Instead of turning local water agencies into taxation agencies for the state, the above-listed organizations suggest the following funding solution:

FUNDING SOLUTION:

- 1) **Safe Drinking Water State Revolving Fund (SRF)** – this federal funding can be used to fund capital costs;
- 2) **General Obligation (G.O.) Bonds** – SB 5 (de León), which will be on the June 2018 ballot as Proposition 68, proposes \$250 million for safe drinking and clean water, and another bond initiative which is expected to be on the November ballot proposes \$500 million for safe drinking water. These bonds propose to prioritize the drinking water funding to disadvantaged communities (DACs);
- 3) **Ag Funding** – the nitrate-related fee(s) proposed in the bill could be used for replacement water, including point-of-use and point-of-entry treatment, for nitrate contamination; and
- 4) **General Fund** – General Fund funding can fund the non-nitrate operation and maintenance (O&M) costs needs at public water systems in certain DACs.

Everyone in California should have access to safe drinking water. The fact that a small percentage of Californians do not makes this issue a public health and social issue for which the General Fund is an appropriate source of funding as part of the above-suggested funding package.

AMENDMENTS: In addition to including the General Fund as a funding source instead of a tax on water, the organizations listed above are suggesting the amendments shown on the attachment to address various concerns regarding this funding measure.

The above-listed organizations urge your "No" vote on the budget trailer bill unless the proposed tax on drinking water is removed and replaced with an acceptable funding source.

If you have questions, please contact Cindy Tuck, Deputy Executive Director for Government Relations, Association of California Water Agencies at (916) 441-4545 or at cindy@acwa.com.

cc: The Honorable Governor Edmund G. Brown Jr.
Honorable Members, Senate Budget Subcommittee No. 2
Honorable Members, Assembly Budget Subcommittee No. 3
The Honorable William W. Monning
Ms. Kim Craig, Deputy Cabinet Secretary, Office of the Governor
Ms. Joanne Roy, Consultant, Senate Budget Subcommittee No. 2
Ms. Susan Chan, Consultant, Assembly Budget Subcommittee No. 3
Mr. Trevor Taylor, Legislative Aide, Office of Senator William W. Monning
Ms. Rocel Bettencourt, Budget Consultant, Senate Republican Caucus
Ms. Barbara Gausewitz, Consultant, Assembly Republican Caucus

Attachment
SAFE AND AFFORDABLE DRINKING WATER FUND BUDGET TRAILER BILL
AMENDMENTS SUGGESTED BY
WATER AGENCIES AND WATER ORGANIZATIONS LISTED ON THIS LETTER

- 1) Do NOT include a tax on drinking water (i.e., the proposed drinking water “fee.”) Instead, the bill should propose General Fund funding as the funding source for operation and maintenance costs that do not relate to nitrate contamination.**
- 2) Exclude capital costs as an eligible funding category and focus on funding O&M costs, which are difficult to fund through G.O. bonds and cannot be funded with SRF dollars. (G.O. bonds and the SRF are effective in funding capital costs.)**
- 3) Limit the funding to disadvantaged communities (DACs) and low income domestic well users that do not have access to safe drinking water, consistent with 4) below.**
- 4) Exclude individual domestic wells and “state small water systems” (with 5 to 14 connections) as eligible funding categories (with one exception for nitrate). Data is lacking to support a credible needs assessment. For example, the state does not require owners of private wells to sample their wells, and consequently a comprehensive database for these groundwater sources does not exist. The bill should explicitly exclude these two categories from funding with the exception that funding could be made available for replacement water for individual domestic wells or state small water systems in rural areas of the state for which the local health officer has certified that data documents that the wells for which funding is being sought in that area are contaminated with nitrate. The proposed definition of “replacement water” should be narrowed to make this exception workable. (Bottled water, point-of-use treatment and point-of-entry treatment are reasonable parts of this proposed definition.)**
- 5) Make sure the funding goes to address situations where the water is not safe. For example, the proposed language in Section 116769 references systems that “may be at risk of failing.” Funding for safe drinking water should go to where there are real problems as opposed to going to where there is a chance of a problem.**
- 6) Focus on safe drinking water and recognize that affordability issues are being discussed in the State Water Board’s AB 401 implementation process. The language should be deleted from Section 116769 which would include in the needs assessment all CWSs in DACs that charge fees that exceed the affordability threshold in the Clean Water State Revolving Fund Intended Use Plan (i.e., fees that equal or exceed 1.5 percent of the median household income). The State Water Board is currently developing a plan for a low-income water rate assistance program pursuant to AB 401 (Dodd, 2015), and there are many questions being raised about how affordability thresholds should be determined.**
- 7) Clarify what is intended by the proposed authority for the State Water Board to take “additional action as may be appropriate for adequate administration and operation of the fund.” Instead of simply including this rather vague provision in Section 116768, the bill should be specific as to what this proposed authority is intended to cover.**
- 8) Delete the proposal to give the State Water Board and the Board’s staff broad liability protection as they implement the Fund. No case has been made as to why they should have such protection for this program.**



**NORTH MARIN
WATER DISTRICT**

DRAFT

March 7, 2018

999 Rush Creek Place
P.O. Box 146
Novato, CA 94948-0146

PHONE
415.897.4133

EMAIL
info@nmwd.com

WEB
www.nmwd.com

The Honorable Bob Wieckowski, Chair
Senate Budget Subcommittee No. 2
State Capitol, Room 4085
Sacramento, CA 95814

The Honorable Richard Bloom, Chair
Assembly Budget Subcommittee No. 3
State Capitol, Room 2003
Sacramento, CA 95814

Re: SB 623 (Monning) and Budget Trailer Bill – Proposed Drinking Water Tax

Position: Oppose Unless Amended

Dear Chair Wieckowski and Chair Bloom:

On behalf of North Marin Water District, I am writing to express our strong opposition to a proposed state tax on drinking water before the California Legislature. The proposal is being advanced through SB 623 by Sen. William Monning (D-Carmel), a two-year bill introduced in 2017, and a Brown Administration budget trailer bill that is based on SB 623.

As a local water agency, we are committed to delivering safe and reliable water. We wholeheartedly support the goal of ensuring safe drinking water for all Californians, especially those in disadvantaged communities. However, taxing Californians for something that is essential to life does not make sense. North Marin Water District has serious concerns with requiring California's local water agencies to collect this tax for the state. Simply put, taxing drinking water – an essential life-sustaining resource – is just not sound policy.

North Marin Water District believes that the Safe Drinking Water State Revolving Fund (SRF), General Obligation Bonds and the State's General Fund are more appropriate funding alternatives since access to safe and affordable water is a statewide public health and social issue.

For these reasons, North Marin Water District opposes the budget trailer bill related to a tax on drinking water and SB 623 and respectfully requests your "NO" vote on these measures.

If you or your staff has any questions, please contact me at 415-897-4133 or dmcintyre@nmwd.com.

Sincerely,

Drew McIntyre
NMWD General Manager

DIRECTORS: JACK BAKER • RICK FRAITES • MICHAEL JOLY • STEPHEN PETTERLE • JOHN SCHOONOVER

OFFICERS: DREW MCINTYRE, General Manager • KATIE YOUNG, District Secretary • DAVID L. BENTLEY, Auditor-Controller •

ATTACHMENT 4

DRAFT

CC: Members, Senate Budget Subcommittee No. 2
Members, Assembly Budget Subcommittee No. 3
The Honorable William W. Monning
Ms. Kim Craig, Deputy Cabinet Secretary, Office of the Governor
Marc Levine, 10th Assembly District
Mike McGuire, 2nd Senate District

t:\gm\bod misc 2018\oppose letter - sb 623.docx

11

MEMORANDUM

To: Board of Directors
 From: David L. Bentley, Auditor-Controller
 Subj: AMI Project Financing
 t:\actword\ami\financing proposals board memo.docx

March 2, 2018

RECOMMENDED ACTION: Approve Financing**FINANCIAL IMPACT: \$4.6 Million Indebtedness**

Funding proposals for the Advanced Meter Information (AMI) project were solicited from:

- 1) Bank of Marin
- 2) California Infrastructure Bank
- 3) Caldwell Sutter Capital (Private Placement Bonds)¹

Bank of Marin submitted a proposal for a 20-year loan at 4.2%. The California Infrastructure Bank (IBank) is an arm of the Governor's Office of Business and Economic Development. IBank can lend on both 15 and 20-year terms. Several bidders with private placement bonds submitted options for both 15 and 20-year financing through Caldwell Sutter Capital. Caldwell Sutter is an investment advisory and broker dealer firm headquartered in Sausalito.

A summary of the most attractive proposals received is shown on Attachment A. The most attractive proposals came from JPMorgan Chase Bank and IBank. The most attractive 15-year proposal is through JPMorgan. The most attractive 20-year proposal is through IBank. For comparison purposes, the net loan proceeds to the District is calculated at \$4,515,000, which is the projected amount required to complete the AMI project.

Lender	Term	Rate	Cost of Issuance	Avg Annual Debt Service	Total Debt Service
JPMorgan	15 Years	2.69%	\$85,000	\$376,627	\$5,649,399
IBank	15 Years	2.99%	\$45,000	\$377,758	\$5,666,368
IBank	20 Years	2.99%	\$45,000	\$315,457	\$6,055,743

The advantage of the 20-year term is the lower annual payment (\$61,000 lower), which would provide about \$870,000 in additional bonding capacity.² However staff recommends the 15-year term as it saves over \$400,000 in total debt service over the 20-year alternative.

The JPMorgan proposal was submitted February 21, and would be adjusted to the market rate on March 7 after Board approval. The market rate was 2.67% as of this writing. The JPMorgan proposal is also contingent upon the State Water Resource Control Board (SWRCB)

¹ Private placement (or non-public offering) is a funding by securities which are sold not through a public offering, but rather through a private offering, mostly to a small number of chosen investors.

² Annual debt service of \$61,000 at 3.5% over 20 years would amortize an \$870,000 loan.

waiving a provision in the District's Recycled Water State Revolving Fund Loan agreements requiring that any parity debt issued by the District be rated "A" or higher by at least two nationally recognized rating agencies. Since the proposed debt amount is relatively small (\$4.5 million) and none of the lenders to whom the District has requested a proposal require a rating from a nationally recognized rating agency, the District has requested the SWRCB waive the rating requirement in order to save time and unnecessary expense. The SWRCB has waived this requirement for other public agencies, but unless the SWRCB can provide such assurance by April 15, JPMorgan will not consummate the loan, and the will bill NMWD \$8,500 for their legal costs. If the SWRCB fails to provide a timely waiver, the District can move to the IBank 15- or 20-year proposal or rebid the financing.

Attachment B is a resolution authorizing the borrowing of funds to finance the AMI project over a 15-year term from JPMorgan Chase Bank.

RECOMMENDATION:

Approve the attached resolution authorizing the borrowing of funds from JPMorgan Chase Bank.

Comparative Analysis of Top Three Bids Received on February 21, 2018
\$4,600,000 North Marin Water District
Alternative A 15-Year Term

<u>Bidder</u>	<u>Rate Bid</u>	<u>Cost of Issuance</u>	<u>Revised Proceeds for Construction</u>	<u>True Interest Cost (TIC)</u>	<u>All Inclusive TIC</u>	<u>Average Annual Debt Service</u>	<u>Total Debt Service</u>
JP Morgan (A)	2.69%	\$85,000.00	\$4,515,000.00	2.7943%	2.9451%	\$ 377,610.00	\$ 5,649,399.00
JP Morgan (B)	2.75%	\$85,000.00	\$4,515,000.00	2.8546%	3.0059%	\$ 379,273.00	\$ 5,672,806.00
JP Morgan (C)	2.87%	\$85,000.00	\$4,515,000.00	2.9749%	3.1265%	\$ 382,523.00	\$ 5,724,211.00
Capital One Public Financing	3.30%	\$85,000.00	\$4,515,000.00	3.4065%	3.5606%	\$ 394,566.00	\$ 5,902,052.00
Branch Banking & Trust	3.36%	\$85,000.00	\$4,515,000.00	3.4667%	3.6209%	\$ 396,247.00	\$ 5,928,077.00

Alternative B 20-Year Term

Capital One Public Financing	3.67%	\$85,000.00	\$4,515,000.00	3.7548%	3.8775%	\$ 329,159.00	\$ 6,569,546.00
Branch Banking & Trust	3.73%	\$85,000.00	\$4,515,000.00	3.8152%	3.8152%	\$ 330,952.00	\$ 6,601,559.00
(A) Callable @ 101							
(B) Non-Callable to 3/1/23 then at par same as (A)	3.73%	\$85,000.00	\$4,515,000.00	3.8152%	3.8152%	\$ 330,952.00	\$ 6,601,559.00
Pinnacle Bank	4.05%	\$85,000.00	\$4,515,000.00	4.1364%	4.2613%	\$ 340,448.00	\$ 6,790,690.00
iBank* (Added)	2.99%	\$45,000.00	\$4,515,000.00	3.3000%	3.4090%	\$ 315,457.00	\$ 6,296,713.00
Bank of Marin** (Added)	4.20%	\$45,000.00	\$4,515,000.00	4.3167% ***	4.3167% ***	\$ 337,388.00	\$ 6,747,750.00

*Loan size of iBank \$4,560,000

**Loan size of Bank of Marin \$4,515,000@ 4.20% with 240 monthly payments of \$27,838.17. Adjustment \$45,000 up front payment folded into loan would increase monthly payments to \$28,115.63 or \$337,387.56 annually.

***APR



NORTH MARIN WATER DISTRICT

RESOLUTION NO. ____

RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH MARIN WATER DISTRICT AUTHORIZING THE BORROWING OF FUNDS FROM A LENDER IN A PRINCIPAL AMOUNT NOT TO EXCEED \$5,000,000 TO FINANCE IMPROVEMENTS, AND APPROVING RELATED DOCUMENTS AND ACTIONS

WHEREAS, the District owns and operates wastewater, water recycling, potable water collection, transport, treatment, storage and/or disposal facilities (collectively, the "System") and the District wishes at this time to finance improvements to the System, consisting generally of a meter replacement program involving the acquisition and installation of an automated meter information system throughout the District's Novato service area (the "Project"); and

WHEREAS, in order to provide funds to finance the acquisition and construction of the Project, the District has determined to borrow the amount of not to exceed \$5,000,000 from JPMorgan Chase Bank, N.A., the California Infrastructure Bank (IBank) or an alternative lender selected by the General Manager, in each case, so long as the parameters of Section 1 are met and to make loan repayments to the chosen lender, to be secured by a pledge of and lien on the revenues of the System; and

WHEREAS, the loan repayments will be payable on a parity basis with the District's outstanding Parity Debt (as defined in the Loan Agreement approved by this Resolution), which consists of existing loan agreements with the State Water Resources Control Board; and

WHEREAS, the District is authorized to borrow amounts for the foregoing purposes under the laws of the State of California, including the provisions of Article 1, Chapter 1, Part 6 of Division 12 of the California Water Code, commencing with Section 31300 of said Code; and

WHEREAS, the Board of Directors approves all of said transactions in furtherance of the public purposes of the District, and the Board of Directors wishes at this time to authorize all proceedings relating to the borrowing of funds from the chosen lender for the purposes set forth herein.

NOW, THEREFORE, BE IT RESOLVED, DETERMINED AND ORDERED by the Board of Directors of the North Marin Water District as follows:

Section 1. Approval of Loan. The Board of Directors hereby approves the borrowing of funds from the chosen lender in the principal amount of not to exceed \$5,000,000 for the purpose of providing funds to finance the acquisition and construction of the Project, funding a reserve fund for the loan repayments (if necessary), and paying the costs of issuance of the Loan; provided, that the true interest cost of the Loan shall not exceed 3.50%.

Section 2. Loan Agreement. The Board of Directors hereby approves the Loan Agreement between the District and the chosen lender in substantially the form on file with the Secretary of the Board of Directors (or the form provided by the IBank), together with any changes therein or additions thereto deemed advisable by the General Manager. The Board of Directors hereby authorizes and directs the General Manager to execute, and the Secretary of the Board of Directors to attest, the final form of the Loan Agreement for and in the name of the District.

Section 3. Engagement of Bond Counsel and Placement Agent. The Board of Directors hereby approves the engagement of Jones Hall, A Professional Law Corporation, to act as bond counsel to the District in connection with the Loan, and the engagement of Caldwell Sutter Capital as placement agent to the District in connection with the Loan. Payment of the fees of said firms shall be contingent on the successful closing of the Loan and shall be paid from the proceeds of the Loan. The Board of Directors hereby authorizes and directs the General Manager to execute an agreement with each of said firms.

Section 4. Official Actions. The President, the General Manager, the Auditor-Controller, the Secretary of the Board of Directors and all other officers of the District are each authorized and directed in the name and on behalf of the District to make any and all assignments, certificates, requisitions, agreements, notices, consents, instruments of conveyance, warrants and other documents, which they or any of them might deem necessary or appropriate in order to consummate any of the transactions contemplated by the agreements and documents approved under this Resolution, including an agreement regarding the establishment of a reserve fund for the loan repayments (if necessary). Whenever in this Resolution any officer of the District is authorized to execute or countersign any document or take any action, such execution, countersigning or action may be taken on behalf of such officer by any person designated by such officer to act on his or her behalf in the case such officer is absent or unavailable.

Section 5. Effective Date. This Resolution shall take effect from and after the date of its passage and adoption.

* * * * *

The foregoing Resolution was duly and regularly introduced, passed, and adopted by the Board of Directors of the North Marin Water District at a regular meeting thereof held on the 6th day of March, 2018.

AYES:

NOES:

ABSENT:


President of the Board

ATTEST:

Secretary of the Board

12

MEMORANDUM

To: Board of Directors
 From: David L. Bentley, Auditor-Controller 
 Subj: Novato Potable Water System Financial Plan Update
t:\aclword\cashflow\19\update 030218.docx

March 2, 2018

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None at this time

Attached is the "dashboard" which summarizes the District's financial plan for the next five years, through fiscal year 2023. Given the assumptions incorporated, the rate increase plan herein recommended will provide a cash reserve balance of 75%¹ of annual operating expense at the close of fiscal year 2023. This is consistent with the District's goal of building a Cash Reserve Balance equal to 90% of Annual Operating Expense.

A review and discussion of the District's financial plan assumptions for fiscal years 2019 through 2023 follows:

1. Water Rate Increase

Assumption: A 4.5% water revenue increase, structured as a 4.5% commodity rate increase and 4.5% bimonthly service charge, is proposed effective June 1, 2018, followed by annual 4.5% water rate increases each year thereafter through fiscal year 2023.

Sensitivity: A 1% change in the rate increase assumption results in a \$185,000 change in the FY19 ending cash reserve balance.

Comment: The FY16 and FY17 financial plan updates forecast 5% annual increases each year into the future. The Manager is recommending a 4.5% increase each year going forward. The increase to the median single-family residential customer would be \$2.50 per month (\$30/year).

2. Water Sales Volume

Assumption: FY19 sales volume is projected at 2.7 billion gallons annually.

Sensitivity: A 100 MG (0.1 BG) change in the FY19 projected sales volume assumption results in a \$277,000 change in the fiscal year-end cash reserve balance.

Comment: The FY19 2.7 BG sales volume assumes a 4% increase from the current fiscal year, a significant moderation from the 13% year over year increase experienced this year. Staff believes that sales volume will remain moderate into the future as customer installation of water efficient technology, combined with higher water prices, will continue to temper

¹ The 75% cash reserve factor includes \$2.1 million paid to CalPERS in June 2014 to pay-off the Side-Fund liability.

consumption. For perspective, note that average sales volume for the first decade of this century averaged 3.5 BG.

3. **Russian River Water Cost**

Assumption: Cost is projected to increase 2% in FY19, and 6% annually thereafter.

Sensitivity: A 1% change in the FY19 projected cost increase assumption results in a \$54,000 change in the fiscal year-end cash reserve balance.

Comment: For FY19, NMWD's rate increase calculated by the Sonoma County Water Agency officials is 4%. However, the Agency will propose a 2% rate increase for NMWD to the Sonoma County Board of Supervisors for FY19 based on North Marin's election to opt-out of the SCWA 2019 bond issue in exchange for payment to the agency \$1.28 million. Going forward, a projected increase of 6% annually is forecast. The purchased water cost increase was 6.8% last year and 6.6% the prior year. The 6% projection going forward is consistent with the forecast last year, as the Agency continues to adjust financially to declining water sales volume.

4. **Labor Cost**

Assumption: Labor cost is projected to increase 3% annually.

Sensitivity: A 1% change in the FY19 projected cost increase assumption results in a \$65,000 change in the fiscal year-end cash reserve balance.

Comment: The 3% forecast is consistent with prior projections. The MOU with employees links an annual cost-of-living adjustment to the change in the consumer price index. The overheaded cost of labor charged to Novato operations has increased by 4% annually on average over the past 5 years. Part of the increase is due to bringing on new employees (3.5 full-time equivalents) over the period to beef-up staff. The District's 6-year MOU with the NMWD Employee Association will expire September 30, 2018. A salary survey will be conducted to assess if employee salaries have remained consistent with our peer agencies. A 3% cost-of-living increase is staff's best projection at this time.

5. **Capital Improvement Projects**

Assumption: CIP to average \$2.5 million per year funded on a "pay-go" basis, i.e., expenditures excluding grant and debt funded projects.

Sensitivity: A dollar for dollar change in the year-end cash reserve.

Comment: The Capital Improvement Project Plan prepared in conjunction with this financial plan stays within the \$2.5 million average approved by the Board in FY14 subsequent to the last Master Plan update. In addition, \$4.5 million is budgeted for the AMI (Advanced Metering Information) Project to commence next month, and \$12 million for Renovation of the Administration Building to commence in FY20, both to be debt financed.

6. **Equivalent Dwelling Units (FRC)**

Assumption: Connection fee revenue is projected at zero going forward.

Sensitivity: The Connection Fee for each equivalent dwelling unit is \$28,600, which goes straight to the year-end cash reserve balance.

Comment: We have added 26 EDUs of demand through February of this fiscal year. Over the past 5 years the annual average has been 20 EDUs. As directed by the Board in 2014, connection fee revenue is not considered in the financial plan projection. Development fees are challenging to forecast and have a significant impact on the District's reserve balance. Accordingly, the forecast for New Equivalent Dwelling Units is set at zero each year going forward. The District considers connection fee revenue retrospectively, and may adjust prospective rate increases based upon actual connection fee revenue received. Through February the District collected \$738,000 in connection fee revenue. The proposed 4.5% water rate increase effective June 1, 2018 would add \$880,000 to the District's June 30, 2019 reserve balance. The \$738,000 in FY18 connection fee revenue collected is equivalent to 84% of the revenue derived from a 4.5% rate increase. However, over the past 5 years the District has collected, on average, only 20 EDUs in connection fees annually. As discussed in Section 8 (Debt Service) below, the annual requirement to fund the Recycled Water System debt service is 29 EDUs of new development annually. Another 35 EDUs² of connection fees is required to support ongoing potable water projects. Given the small number of new connections over the past several years, Staff recommends the Connection Fee Revenue not be used to offset the proposed June 1, 2018 4.5% water rate increase.

7. **Stafford Water Treatment Plant Production**

Assumption: Production is projected at 500 MG (1,500 AF) in FY19 and 650 MG each year thereafter.

Sensitivity: A 100 MG change in FY19 production results in a \$200,000 change in the fiscal year-end cash reserve balance.

² 35 EDUs is based on the FY19 CIP plan and the percentage of each project funded by Facility Reserve Charges.

Comment: Average annual production over the past 5 years was 600 MG. FY19 production is reduced due to low winter rainfall in FY17/18. Normal rainfall is assumed going forward.

8. Debt Service

Assumption: The District anticipates financing most of the \$5.5 million AMI Project with a \$4.5 million 2.7% 15-year bond with payments commencing in FY19, and the \$12 million Administration Building Renovation with a 3.5% 20-year loan with payments commencing in FY20.

Sensitivity: the AMI project will add \$378,000, and the Admin Building Renovation Project will add \$844,000 to the District's annual debt service obligation.

Comment: In addition to the debt service on the Stafford Treatment Plant Rehabilitation and the Aqueduct Energy Efficiency Projects, the Novato Potable Water System also pays the Recycled Water System debt service from its Connection Fee Reserve. The Recycled Water debt service (net of StoneTree & Marin Country Club payments) is \$812,000 annually. Payment of the Recycled Water debt service will require 29 EDUs³ of new development annually commencing in FY19.

	Annual Payment (in \$1,000)	FY19	FY20	FY21	FY22	FY23
a.	STP SRF Loan (e)	\$1,044	\$1,044	\$1,044	\$1,044	\$1,044
b.	AEEP Bank Loan (e)	\$482	\$482	\$482	\$482	\$482
c.	MMWD AEEP Contribution (e)	(\$245)	(\$245)	(\$245)	(\$245)	(\$245)
d.	Admin Building Renovation Loan (f)	\$0	\$844	\$844	\$844	\$844
e.	AMI SRF Loan (f)	\$378	\$378	\$378	\$378	\$378
f.	RW TP SRF Loan (e)	\$273	\$273	\$273	\$273	\$273
g.	StoneTree RW TP Contribution (e)	(\$251)	(\$251)	(\$251)	(\$251)	(\$251)
h.	RW North Expansion SRF Loan (e)	\$282	\$282	\$282	\$282	\$282
i.	RW South Expansion SRF Loan (e)	\$332	\$332	\$332	\$332	\$332
j.	RW Central Expansion SRF Loan (f)	\$274	\$274	\$274	\$274	\$274
k.	Marin Country Club Contribution (f)	(\$98)	(\$98)	(\$98)	(\$98)	(\$98)
		\$2,471	\$3,315	\$3,315	\$3,315	\$3,315

(e) = Existing

(f) = Future

Staff will present the dashboard model at the meeting for further discussion and analysis.

³ (\$812,000 annual debt service (net of annual \$251K StoneTree & \$98K Marin Country Club contributions & including the \$20K annual NBWRA contribution) divided by the FRC charge of \$28,600 per EDU = 29 EDUs

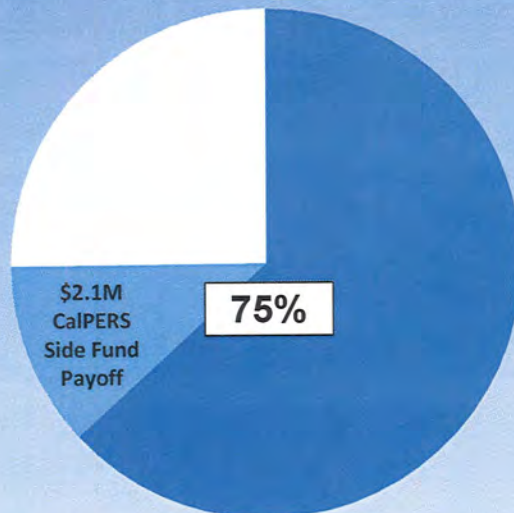


Financial Plan Summary - Novato Potable Water System

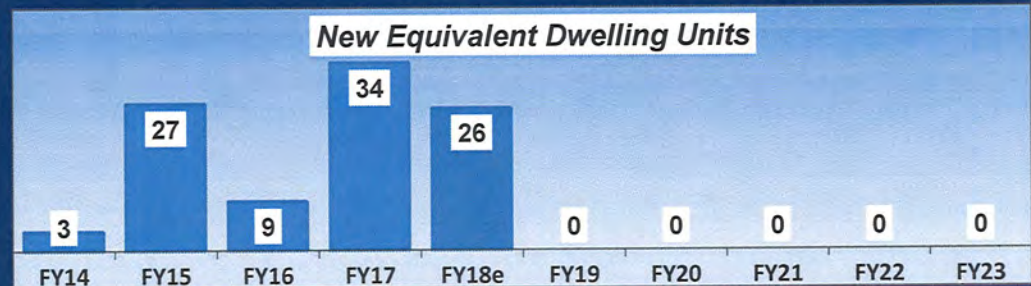
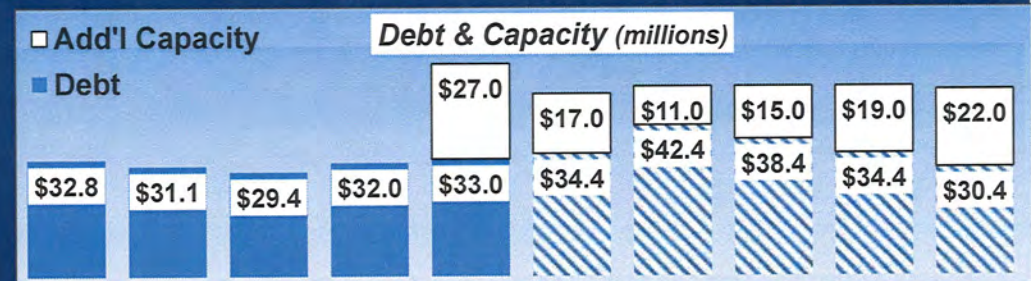
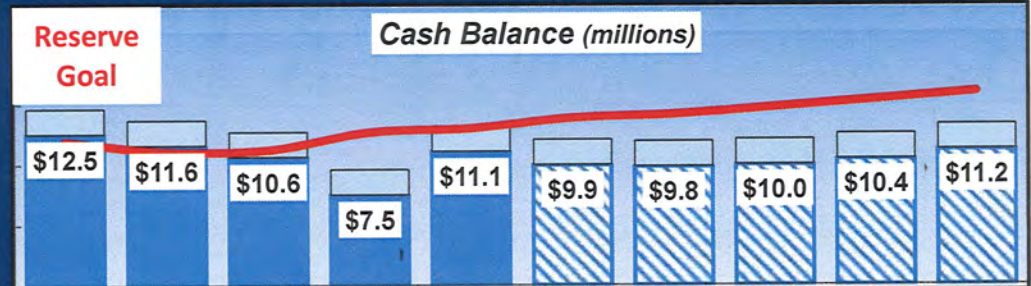
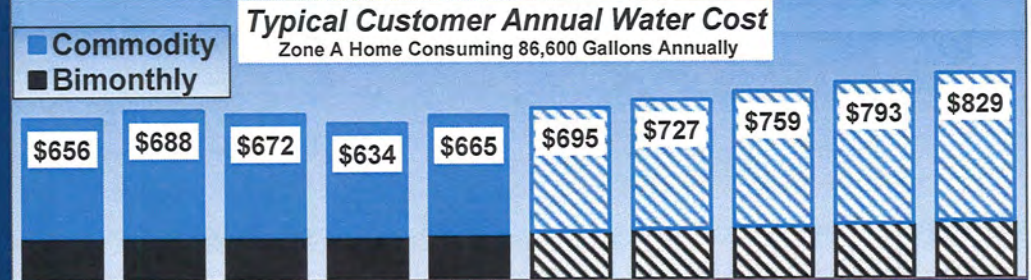
Inputs - Major Assumptions

	FY19	FY20-23
Water Rate Increase	4.5%	4.5%
Water Sales (BG)	2.7	2.7
RR Water Cost Increase	2.0%	6.0%
Labor Cost Increase	3.0%	3.0%
CIP (M)	\$2.5	\$2.5
Equiv Dwelling Units (FRC)	0	0
STP Production (MG)	500	650

FY23 Cash as a % of Operating Expense



Reserve Balance Goal = 90% of Operating Expense



13

FOR ACCESSIBLE
MEETING INFORMATION
CALL: (707) 543-3350
ADD: (707) 543-3031



**WATER ADVISORY COMMITTEE
AND
TECHNICAL ADVISORY COMMITTEE**

MONDAY: FEBRUARY 5, 2018

Utilities Field Operations Training Center
35 Stony Point Road, Santa Rosa, CA

9:00 a.m. Note location

This is a combined WAC and TAC meeting.

1. Check In
2. Public Comment
3. Recap from the November 6, 2017 WAC/TAC Meeting and Approval of Minutes
4. Recap from the January 8, 2018 TAC Meeting and Approval of Minutes
5. Appointment of 2018/2019 WAC Chair/Vice Chair
6. PVP Relicensing Update – Presentation by Janet Pauli, PV Irrigation District
7. Sonoma Marin Saving Water Partnership
 - a. Water Production Relative to 2013 Benchmark
 - b. 2018 MOU Update – Status Report
8. FY2018-19 Draft SCWA Budget – Oral Report
9. Water Supply Coordination Council
10. Water Supply Conditions
11. Biological Opinion Status Update
12. Post October Sonoma Fire Event Update
13. SCWA Local Hazard Mitigation Plan 2018 Update
14. Items for Next Agenda
15. Check Out

*DRAFT Minutes of Water Advisory Committee and Technical Advisory Committee
35 Stony Point Road, Santa Rosa, California
February 5, 2018

Attendees: Tom Schwedhelm, City of Santa Rosa
Carlene Okiyama, City of Santa Rosa
Jennifer Burke, City of Santa Rosa
Colin Close, City of Santa Rosa
Susan Harvey, City of Cotati
Mark Millan, Town of Windsor
Paul Piazza, Town of Windsor
Toni Bertolero, Town of Windsor
Jake MacKenzie, City of Rohnert Park
Mary Grace Pawson, City of Rohnert Park
Colleen Ferguson, City of Sonoma
Mike Healy, City of Petaluma
Dave King, City of Petaluma
Kent Carothers, City of Petaluma
Dan St. John, City of Petaluma
Jack Baker, North Marin Water District
Drew McIntyre, North Marin Water District
Rocky Vogler, North Marin Water District
Mike Ban, Marin Municipal Water District
Mark Heneveld, Valley of the Moon Water District
Dan Muelrath, Valley of the Moon Water District
Jack Gibson, Marin Municipal Water District
Larry Russell, Marin Municipal Water District
Grant Davis, SCWA
Mike Thompson, SCWA
Ann DuBay, SCWA
Pam Jeanne, SCWA
Carrie Pollard, SCWA
Lynne Rosselli, SCWA
Steve Koldis, SCWA
Misha Bailey, SCWA
Sophie Porcelli, SCWA
Justin Adolio, SCWA
Lynda Hopkins, Supervisor District 5

Public Attendees: Brenda Adelman, RRWPC
David Keller, FOER
Bob Anderson, United Winegrowers
Margaret DiGenova, California American Water
Angela Beran, City of Rohnert Park
Janet Pauli, Potter Valley Irrigation District

1. Check-in

Mike Healy, WAC Chair, called the meeting to order at 9:05 a.m.

2. Public Comments

None

3. Recap from the November 6, 2017 WAC/TAC Meeting and Approval of Minutes

Moved by, Susan Harvey, City of Cotati, seconded by Mark Millan, Town of Windsor, to approve the minutes of the November 6, 2017 WAC/TAC meeting; unanimously approved.

4. Recap from the January 8, 2018 TAC Meeting and Approval of Minutes

Moved by Dan Muelrath, Valley of the Moon Water District, seconded by Mary Grace Pawson, City of Rohnert Park, to approve the minutes of the January 8, 2018 TAC meeting; unanimously approved.

5. Appointment of 2018/2019 WAC Chair/Vice Chair

Mike Healy, moved to approve Mark Millan as Chair, seconded by Tom Schwedhelm, City of Santa Rosa; unanimously approved.

Mike Healy, moved to approve Susan Harvey as Vice-Chair, seconded by Mark Millan, Town of Windsor; unanimously approved.

6. PVP Relicensing Update – Presentation by Janet Pauli, PV Irrigation District

Janet Pauli, presented on the brief history and importance of the Porter Valley Project and the status of PG&E's FERC relicensing process. Her presentation included the beneficial use of water from the Eel River diversion in Mendocino and Sonoma Counties. She outlined the FERC relicensing schedule through April 12, 2022 and the desired future outcomes for the relicensing of PVP. Comments and discussion followed.

7. Sonoma Marin Saving Water Partnership

- a. Water Production Relative to 2013 Benchmark – Drew McIntyre, North Marin Water District, referred to the handout and reported that the December 2017 Partnership water usage was 20% below the 2013 benchmark and the year to date water usage is 16% below. Also mentioned that monthly delivery comparisons are shown in Chart 1.
- b. 2018 MOU Update – Status Report – Drew McIntyre, North Marin Water District, reminded the members that the existing MOU expires in June 2018. Colin Close, Chair Ad Hoc Subcommittee, reported that the draft MOU will be presented at the March 5 TAC meeting and subsequently taken to the April 2 WAC meeting for approval. The governing bodies for each respective MOU signatory agency will need to approve and execute by June 2018.

8. FY2018-19 Draft SWCA Budget – Oral Report

Drew McIntyre, North Marin Water District, reported that the Ad Hoc Finance Committee chaired by Dan Muelrath, is scheduled to bring the draft SWCA budget to TAC at the March 5, 2018 meeting and then to the WAC at the April 2, 2018 special meeting.

9. Water Supply Coordination Council

Mike Thompson reported that the Council met last week. Recognized Mark Millan for his direction to keep WAC members better informed.

10. Water Supply Conditions

Pam Jeanne, SCWA, reported that normal water supply conditions are currently in effect. Lake Mendocino is at 94% of the water supply target storage, Lake Sonoma 84% of the water supply pool. The Agency plans to file a Temporary Urgency Change Petition no later than April-May and even earlier if the winter remains dry in order to comply with the Biological Opinion temporary minimum instream flow requirements. Comments followed.

11. Biological Opinion Status Update

Pam Jeanne, SCWA, reviewed hand-out and gave update on the Fish Flow Habitat and Water Rights Project, Dry Creek Habitat Enhancement Project, Fish Monitoring, and Russian River Estuary Management Project. She also reported that staff is working on the 2017 TUCP reports due to the State Water Board by April 1, 2018 and announced that the annual Public Policy Facilitating Committee meeting is being held from 10 a.m. to noon on February 22, 2018. Discussion followed.

12. Post October Sonoma Fire Event Update

Jennifer Burke, City of Santa Rosa, presented an update on the Water Quality Advisory issued for the 13 homes in Fountaingrove. Her update included post-fire water quality sampling, the do not drink/do not boil advisory, Benzene detection, health risks, health & safety, initial action, ongoing investigation, customer service, and next steps. Questions and comments followed by committee members.

Sophie Porcelli, SWCA, presented a video produced by her agency. Comments followed.

13. SCWA Local Hazard Mitigation Plan 2018 Update

Steve Koldis, SCWA, presented an update on the the Agency's Local Hazard Mitigation Plan (LHMP). His update included the LHMP history and purpose, success in gaining FEMA funds, the 2018 update process/schedule, mitigation action progress, new actions and new ranking methodology. Questions and comments followed.

14. Items for next Agenda

Emergency Preparedness Planning

Update on Governmental Affairs from State and Federal

15. Check Out

- a. Next TAC meeting is March 5
- b. Next WAC/TAC meeting is April 2
- c. Meeting was adjourned at 10:50 a.m.

14



North Bay Watershed Association

Board Meeting Notice

March 2nd, 2018

9:30 a.m. – 11:30 a.m.
Marin Municipal Water District
Board Room
220 Nellen Avenue
Corte Madera, CA 94925

Next Meeting: NBWA Conference

April 6th, 2018
8:00 a.m. – 5:00 p.m.
Sheraton Sonoma
County
745 Baywood Drive
Petaluma, CA 94954

Board Meeting Agenda

- | | |
|---|--------|
| 1. Call to Order
<i>Jack Gibson, Chair</i> | 9:30 |
| 2. Public Comment | |
| 3. Approval of Agenda
<i>Approve</i> | 1 min. |
| 4. Approval of Minutes
<i>Approve</i> | 5 min. |
| 5. Treasurer's Report
<i>Accept</i> | 1 min. |
| 6. Director's Report
<i>Information and Questions</i> | |
| 7. Water Supply and Water Quality Act of 2018: What's in the Proposal?
<i>Dr. Jerry Meral</i> | 9:45 |
| 8. Overview and What's New at Marin Municipal Water District
<i>Information</i>
Krishna Kumar, General Manager,
Marin Municipal Water District | 10:15 |
| 9. Surprises at Lagunitas Creek
<i>More Habitat and New Fish</i>
Greg Andrew, Fisheries Program Manager, MMWD
Justine Brumm and Gabby Guaiumi, Americorps/Watershed
Stewards Program | 10:45 |
| 10. Items of Interest | 11:15 |
| 11. Items for the Next Agenda CONFERENCE | 11:25 |

15

DISBURSEMENTS - DATED FEBRUARY 22, 2018**Item #15**

Date Prepared 2/20/18

The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:



Seq	Payable To	For	Amount
EFT*	US Bank	January Bank Analysis Charge (Lockbox \$912 & Other \$372, Less Interest of \$173)	\$1,111.95
1	Allied Mechanical	Repair Leak (Admin Building Boiler)	\$1,155.00
2	Anvil Builders	Final Pymt: RW Expansion Central Service Area - Hwy 101 Crossing (Total Project Cost \$784,000)	37,927.98
3	AT&T	Leased Line	65.90
4	AWWA CA-NV SEC	Exam Fee for Backflow Prevention Assembly Tester Certification	200.00
5	Bank of Marin	Bank of Marin Loan Principal & Interest (Pymt 76 of 240)	46,066.67
6	Bay Area Barricade Service	36" Flagger Symbol Signs (2) (\$152) & Round Shovels (6) (\$149)	301.20
7	Borges & Mahoney	Annual Maintenance on Chemical Metering Pumps, Chlorine Systems, Analyzers & Detectors (STP)	10,679.78
8	California Pipe Fabricators	Ridge Road Pump Station Discharge Manifold Replacement	4,085.03
9	Caltest Analytical Laboratory	Lab Testing	35.00
10	Clipper Direct	Commuter Benefit Program (3)	399.00
11	DataTree	January Subscription to Parcel Data Information	100.00
12	Direct Line	January Telephone Answering Service	165.40
13	Farwest Corrosion Control	Bond Straps for Test Stations (48)	48.84
14	Fastenal	Nitrile Gloves (600) (Const & Maint)	112.25
15	Frontier Communications	Leased Lines	1,436.86

Seq	Payable To	For	Amount
16	GHD Engineering	Prog Pymt#6: PRE Water Tank 4A Replacement (Balance Remaining on Contract \$61,387)	2,004.50
17	Ghilotti Construction	Final Pymt: RW Expansion Central Service Area West Project (Total Project Cost \$6,169,270) (308,464) & Prog Pymt#6: Stafford Dam Spillway Repair (\$17,009) (Balance Remaining on Contract \$30,276)	325,472.53
18	Grainger	Admin Building Entryway & Patio Lamps (6), Air Compressor Filters (STP), Plumbing Supplies for STP (\$386), Utility Pump (STP) (\$438), Carboys (5) (STP) (\$194), Hydraulic Door Closer for Construction Locker Room, Vacuum for E/M Shop, Powder Waste Treatment (\$50), Couplings (8) & Bushings (16) (\$70)	1,473.26
19	InfoSend	January Processing Fee for Water Bills (\$1,262) & Postage (\$3,549)	4,811.48
20	JW Mobile	Air Hose & Hose Adaptors for STP Compressor	220.83
21		Cafeteria Plan: Uninsured Medical Reimbursement	26.67
22	Maltby Electric	Photo Cell Light Controllers, Junction Box, Cover for Walkway & Entryway Lights (Admin Bldg)	35.88
23	Marin Landscape Materials	Crushed Rock (3 yds) (\$173) & Rebar (5)	196.93
24	Marin County Ford	Air Filters (3) (\$54), Oil Filters (3), Cabin Filters (2), Motor Oil (25 qts) (\$116), Fuel Feed Line (\$257) ('10 F150), Seat Belt ('08 F250) (\$303), Left, Right Side & Rear View Mirrors (\$277) ('08 F250)	1,066.51
25	Martrano Enterprises	Exit Loop Relay for Yard Gate Opener	196.32
26	McMaster-Carr Supply	Electrical Tape (12-66' Rolls)	79.26
27	Mitch's Certified Classes	5-Day Backflow Assembly Tester Course in Redding on 3/12-3/16 (Davenport)	1,100.00

Seq	Payable To	For	Amount
28	North Marin Auto Parts	Intake Manifold (\$378), Fuel Filters (3), Fuel Line Disconnect Kit, Oil Filter, Air Filter, Motor Oil (4 qts), U Bolts (2), Magnetic Mirror Set, Engine Degreaser (12-16oz cans), Fuel Pump Assembly (\$182), Battery for O.M. Generator, Dual Wheel Valve Stem Extensions (\$92), Pipe to Hose Adaptor, Shop Rags (60 lbs) (\$127), Trailer Cable Wire (50') (\$92), Marker Light for Boat Trailer, Fuel Pump (\$213) ('99 F350), Bulk Fuel Line, Battery (\$141) ('10 F150) & Diesel Engine Oil (4 gal)	1,654.19
29	North Bay Gas	Plasma Cutter Consumable Parts (\$79), Welding Helmet (\$163), Acetylene, Oxygen, Quick Connect Hose Torch (2) (\$104), Welding Goggles, Welding Respirator Masks (2), Carbon Dioxide & January Cylinder Rental (\$136)	727.06
30	Novato Sanitary District	Annual Outside Lab Test of STP Discharge	721.52
31	Origin Micro	PLC Firewalls for Radio Telemetry	2,045.00
32	Pace Supply	Hymax Clamps (2) & PVC Pipe (580') (\$5,237) & Reducer (\$481)	6,349.81
33	PG&E	Power: Bldgs/Yard (\$2,841), Rectifier/Controls (\$594), Pumping (\$20,130), Treatment (\$144) & Other (\$99)	23,810.26
34	Pini Hardware	Nut Driver, Adaptor & Tubing, Roof Patch, Drain Snake, Batteries, Adhesive, Outlet & Switch Covers, Carpet Glue, Mouse Traps (4), Liquid Chalk Marker, Rat Trap, Adaptor, Carabiner Clip, Measuring Caliper, Utility Knife, Small & Large Squares, Concrete Anchors, Electrical Box Cover, Safety Tape & Flat Stock for Ceiling Panels	338.61
35	Point Reyes Prop Mgmt Assn	February HOA Fee (25 Giacomini Rd)	75.05
36	Quincy Compressor	Start-up Service on Air Compressors @ STP	580.00
37	RGM and Associates	Prog Pymt#4: Third Party Labor Compliance Monitoring for San Mateo Tank Recoating Project (Balance Remaining on Contract \$7,423)	1,757.50
38	David Sell & Virginie Kortekaas	Claim Settlement-Reimbursement for Repair to Service Line Allegedly Damaged When AMI Meter was Installed by District	625.32

Seq	Payable To	For	Amount
39	SoftResources	Progress Billing #3 for Enterprise Asset Management Software Consulting Services (Balance Remaining on Contract \$22,349)	4,316.66
40	Staples Advantage	Adding Machine (\$63), Classification Folders (20) (\$52), Sharpies (36) (\$53) & Pens (48) (\$70), Copy Paper (80-Letter Size Reams \$328 & 5-11" x 17" Reams)	806.33
41	T & T Valve & Instrument	Pilot Control Valve (STP)	408.23
42	United Parcel Service	Delivery Service: RW Central Hwy 101 Crossing Notice of Completion & Drawings	8.90
43	US Bank	January Safekeeping Fee-Treasury Securities	164.00
44	U.S. Bank Card	1095C Forms (\$70), Fire Hose Adaptor for Vacuum Trailer & Mech Shop (\$278), Memorial Donation for Employee's Wife (\$50), Hammerdrill (\$183), Registration for Fall Protection Competent Person Training (\$650) (LeBrun & Kane), AWWA Replacement Certificate (\$5), 3" Conduit (\$103), Registration for North Bay Watershed Assoc Conference (McIntyre, Fraites, & Baker) (\$298) & Birthday Lunches (Jan-Feb) (\$256)	1,893.62
45	US Postal Service	Meter Postage	1,000.00
46	Van Bebber Bros	4' x 8' Sheet (\$55) & 21' Black Iron Pipe	73.88
47	Volvo Construction Equipment	Extended Draw Bar Kit ('11 Ingersol Rand Compressor)	2,965.01
48	Wine Country Balance	Clean & Calibrate Lab Balances (2)	499.00
		TOTAL DISBURSEMENTS	<u>\$491,394.98</u>

The foregoing payroll and accounts payable vouchers totaling \$491,394.98 are hereby approved and authorized for payment.

	<u>2/20/18</u>
Auditor-Controller	Date
	<u>2-20-18</u>
General Manager	Date

DISBURSEMENTS - DATED MARCH 1, 2018

Date Prepared 2/27/18

The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:


Seq	Payable To	For	Amount
P/R*	Employees	Net Payroll PPE 2/15/18 & Final Payout (Young) (\$3,167)	\$136,951.24
EFT*	US Bank	Federal & FICA Taxes PPE 2/15/18 & Final Payout (Young)	55,681.32
EFT*	State of California	State Taxes & SDI PPE 2/15/18 & Final Payout (Young)	11,150.50
EFT*	CalPERS	Pension Contribution PPE 2/15/18	33,875.71
1	Alpha Analytical Labs	Lab Testing	50.00
2	Amazon/Genuine-Hardware	24" PC Monitor (\$128) (Kurfirst) & Ergonomic Keyboard (\$40) (Vogler)	168.21
3	American Family Life Ins	February Employee Accident, Disability & Cancer Insurance	2,938.59
4	ARB	Refund Overpayment on Closed Account	279.10
5	Athens Administrators	Jan Bill Review Fees & March Workers' Comp Admin Fee (\$1,000)	1,039.48
6	AT&T	Telephone (\$46), Fax (\$47), Data (\$291) & Leased Lines (\$188)	572.62
7	Badger Meter	Cellular Meter Charge (18)	15.84
8	Bender, Matthew	Water Supplement & Annual Government Code Update (2018) (\$575) (Budget \$1,060) (1/18- 12/18)	1,075.25
9	Black Point Tree Service	Tree Removal @ PR Tank (3)	1,900.00
10	Bold & Polisner	Legal Services: December & January Potter Valley Relicensing	858.90
11	Comcast	February Internet Connection	161.12

Seq	Payable To	For	Amount
12	Core Utilities	Consulting Services: January IT Support (\$5,000), Modifications to PRTP PLC (\$250), Create & Install Bill Adjustment Fillable Form (\$275), SCADA Programming (\$50), Modify SCADA Low Pressure Warning Trigger (\$175) & Modify Utility Billing Software (\$425)	6,175.00
13	Covello Group	Prog Pymt#17: 1/1-1/31/18 RW Project Central Service Area (Balance Remaining on Contract \$27,907)	14,098.13
14	Crowley, Timothy	Refund Overpayment on Closed Account	75.27
15	Cummings Trucking	Rock (48 yds) & Sand (32 yds)	4,015.83
16	Farr Construction	Prog Pymt#4: San Mateo Recoat Project (Balance Remaining on Contract \$396,913)	501,324.03
17	Ferguson Waterworks	Fiberlyte Meter Box Lids (5)	217.00
18	Fisher Scientific	Petri Dishes (1,100) (Lab)	324.08
19	Fremouw Environmental	Oily Debris Disposal	356.96
20	Gaya, DB	Prog Pymt#10: San Mateo Tank Recoat (Balance Remaining on Contract \$13,128)	11,770.00
21	Golden Gate Petroleum	Gasoline (\$2.84/gal) & Diesel (\$3.17/gal)	2,270.32
22	Goodpaster, Stacie	Exp Reimb: Supplies for Lead Testing in Schools	29.83
23	Grainger	Walkway Light Bulbs (5) & LED Light for Main Gate in Parking Lot (\$87)	119.70
24	Green Point Nursery	Tree Replacement Due to Main Break @ Hwy 37 (2)	194.85
25	Home Depot	Rapid Set Concrete (50-60 lb Bags) (\$650) & Walkway Light Globe	661.61
26	Lincoln Life	Deferred Compensation for 2/15/18 PPE	12,197.89
27	Logvinova, Anna	Refund Overpayment on Open Account	1,000.00
28	Maltby Electric	Walkway Light Photo Cell	16.96
29	Mettler-Toledo Rainin	Annual Pipette Calibration (4)	364.00

Seq	Payable To	For	Amount
30	Micro Motion	Replacement Flow Sensor for Ridge Road Pump Station	3,697.58
31	Mutual of Omaha	March Group Life Insurance Premium	852.74
32	Nationwide Retirement Solution	Deferred Compensation for 2/15/18 PPE	2,150.00
33	Neopost USA	Oct & February Postal Meter Rental	202.30
34	Office Depot	Banker Boxes (8)	54.23
35	O'Reilly Auto Parts	Car Wash (\$69), Soap, Tire, Interior Cleaner & Protectant	189.59
36	Pace Supply	Ells (3), 3" Nipples (25) (\$1,801), Reducers (2), Tee, Ball Valves (4) (\$1,254), Clamps (100), Couplings (54) (\$2,106), 22" Elbow, Gate Valves (2), Meter Pump, Hub Adaptor, 1" Copper Pipe (420') (\$1,675), Plugs (5) & Fire Check Assembly (\$1,675)	9,689.13
37	Pack, Mary and Chris	Refund Excess Advance for Construction - Pack Annexation (O.M.)	620.83
38	Parkinson Accounting Systems	Accounting Software Support (1/1/18 - 3/31/18)	2,182.50
39	Prunuske Chatham	Final Payment: Rush, Novato & Leveroni Creek Repair Plan (Total Project Cost \$57,142)	25,066.00
40	Scheller Construction	Install Window in Consumer Services Office Door (\$380) & Adjust Dead Bolts in Front Doors of Adm Building	430.00
41	School Fuel	Sponsorship of 2018 Tour of Novato	250.00
42	Shafae, Navid	Refund Overpayment on Closed Account	38.40
43	Silverado Avionics	Mobile Radios for New Dodge Ram Pickup & Ford Transit Connect	2,827.43
44	Smart, Toni	Exp Reimb: Travel Costs Incurred to Interview for Auditor-Controller Position	498.38
45	SoftResources	Progress Billing for Enterprise Asset Management Software (Balance Remaining on Contract \$18,033)	4,316.66
46	Sonoma County Water Agency	Conservation Program Support (10/1/17-12/31/17)	9,523.04

Seq	Payable To	For	Amount
47	SRT Consultants	Prog Pymt#8: Stafford Watershed Sanitary Survey (Balance Remaining on Contract \$23,000)	450.00
48	SWRCB Accounting Office	Recycled Water Fees (7/1/16-6/30/17)	4,742.80
49	Stompe, Brad	Exp Reimb: Safety Snacks	28.50
50	Tamagno Green Products	Sludge Removal @ STP (40 yds)	1,000.00
51	Thomas Scientific	Ascarite (Lab)	749.54
52	Township Building Services	January Janitorial Service	1,877.53
53	Van Bebber Bros	Metal Plate to Make Lock Guards for Amaroli Tank	198.57
54	Wildcat Engineering	Prog Pymt#1: Onsite Retrofit for RW Central Area (Balance Remaining on Contract \$547,846)	15,987.79
55		Vision Reimbursement	20.60
		TOTAL DISBURSEMENTS	<u>\$889,573.48</u>

The foregoing payroll and accounts payable vouchers totaling \$889,573.48 are hereby approved and authorized for payment.



Auditor-Controller

2/26/13
Date


General Manager

2.26.18
Date

MEMORANDUM

To: Board of Directors
From: David L. Bentley, Auditor-Controller 
Subj: Employer Assisted Housing Program
t:\ac\word\personnel\housing assistance\program revisions 0218.docx

March 2, 2018

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

This informational memorandum was prepared at Director Baker's request.

In 1992 the District adopted an Employer Assisted Housing Program (current version included as Attachment A) with the goal of increasing the number of employees available to respond rapidly to emergencies affecting the operation of the District. At that time only 16% of District employees lived within NMWD's Service Territory (12% in Novato), and 75% of employees lived outside Marin County. Today, 37% of employees live within NMWD's Service Territory (all in Novato), and 55% live outside Marin County (27% in Petaluma). A graphical history of the success of the Program is included as included as Attachment B.

The District dedicated \$1.5 million of its Liability Contingency Fund to assist employees in purchasing a home within the service territory. These "shared appreciation" loans allow the employee to obtain a "silent second" deed of trust from the District, in exchange for sharing in the gain recognized upon resale¹. The maximum term is 15 years. Since inception, 13 loans have been made. Eight have been repaid and the District has received a weighted average rate of return of 3.6% on its investment (Attachment C), in addition to the primary benefit of enhancing the District's emergency response capability. Five loans totaling \$934,000 remain outstanding (Attachment D).

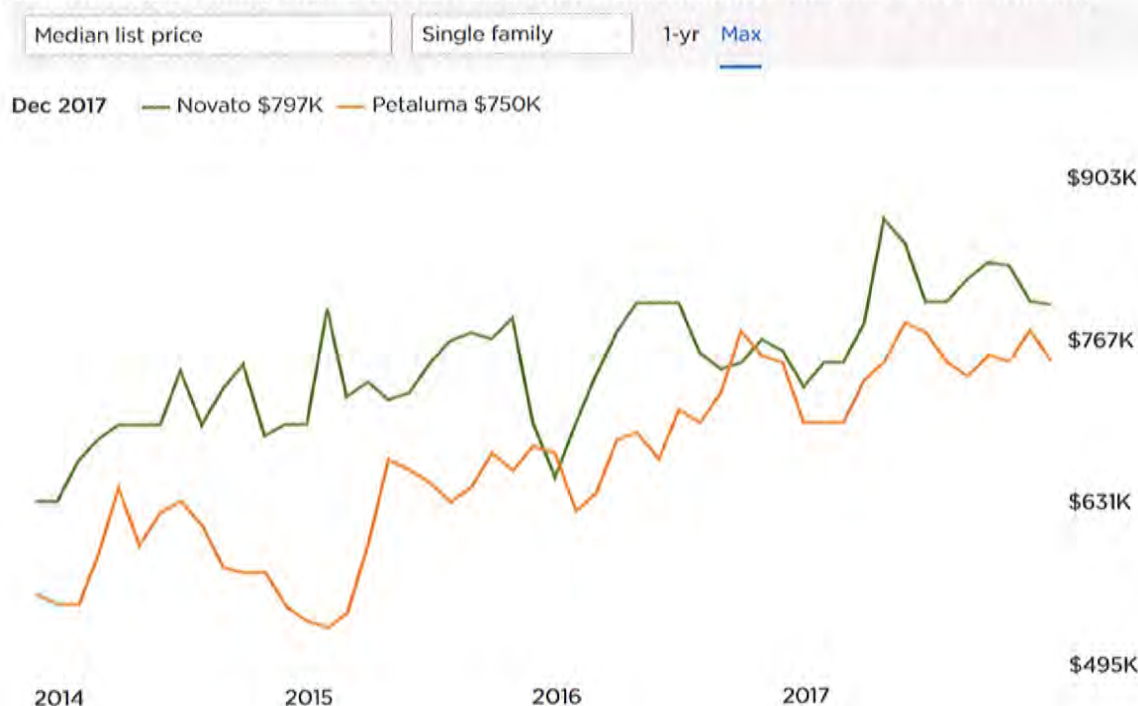
In April 2013, with \$58,000 remaining in the fund, the Program was suspended. Since then, three loans have been repaid, and an employee sold a condominium acquired with Program assistance, repaid the District, and then purchased the District-owned home on Gustafson Court with Program assistance. The Gustafson home had been vacated by a Program participant whose employment had been terminated. The District purchased the 1st deed of trust, rented the home for a period to District employees, then resold it, netting a \$12,400 profit. These transactions bring the balance now available for employee assistance to \$566,000. The program was reinstated in July 2016 with the addition of a sliding scale for the minimum down payment amount, which increases commensurate with the cost of the home. As

¹ Upon resale, the employee has the option to pay the District its foregone investment earnings on the assistance amount rather than share in the appreciation.

shown on Attachment B, the reduction in local employee residency occurred during the period when the Program was suspended.

The assistance amount is intended to close the gap between the cost of housing in Novato and Petaluma. Below is a 5 year snapshot of the differential.

Novato Single Family Home Median List Price Compared to Petaluma – 5 Year History¹



¹Source: <http://www.zillow.com/novato-ca/home-values/>

Note that when a home purchased through the Program is sold, the calculation of the net appreciation accrued since purchase includes a credit to the employee of interest at 10% per year, as required by law, on the employee investment in the property. Thus the employee's down payment and any additional investment in the property is well protected.

Of interest, a February 11, 2018 Marin IJ article by Dick Spotswood entitled "Helping First-Responders and Teachers Live in Marin" outlines a program that the City of San Francisco recently adopted that is similar to North Marin's Employer Assisted Housing Program (Attachment E).

Staff is pleased to see that the progressive City of San Francisco is belatedly catching up with the North Marin Water District.

NORTH MARIN WATER DISTRICT

POLICY: EMPLOYER ASSISTED HOUSING PROGRAM FOR EMPLOYEES OF NORTH MARIN WATER DISTRICT

BOARD POLICY NUMBER: 42

Original Date: 1992
Last Revised: 08/02/16
Last Reviewed: 08/02/16

1. Objective of Program. NMWD may make loans to full-time regular employees for the purpose of purchase of a home located within the District service territory that will enable the employee to respond rapidly to emergencies affecting the operation of the District.

2. Source of Funding. Loans granted under this program will be funded from the District's Liability Contingency Reserve Fund. The cumulative principal amount of all outstanding loans may not exceed One Million Five Hundred Thousand Dollars.

3. District Control of Assistance. Whether to provide financial assistance in any specific home purchase and the amount, terms and conditions of loans are within the discretion of the Board of Directors. Such assistance is voluntary on the part of the District, is not a matter of right of any employee and is at all times subject to the availability and allocation of District funds. If the District determines at any time that it is not beneficial to the District to continue this program, it may be terminated. In the event the program is revised or terminated, existing loans outstanding will remain in effect in accordance with the terms and conditions of the promissory note previously executed.

4. Loan Conditions.

A. Loans shall be made for the sole purpose of paying a part of the purchase price of the fee title to a dwelling with-in the District service territory. "Dwelling," means a single-family residence or condominium unit that shall be the principal residence of the employee.

B. For market rate housing, the loan shall be evidenced by the promissory note of the employee secured by a second deed of trust on the property. For below market rate "workforce" housing such as Meadow Park in Novato, the loan shall be evidenced by the promissory note of the employee secured by a deed of trust on the property that will be subordinate to the interests of the primary lender and of the Redevelopment Agency of the City of Novato or the City of Novato. The District's interest under the deed of trust shall be insured by a title company acceptable to the District at the expense of the employee.

Attachment A

C. The employee shall enter into an agreement with the District to participate when requested by the District in the District's standby duty, and when within ten miles of the District headquarters, carry a pager or cellular phone at all times and be available to respond to emergencies upon call.

5. Terms of Note, Market Rate Housing.

A. Amount. The principal amount of the loan shall be determined by the District and shall not exceed any of the following:

- (1) \$300,000;
- (2) 50% of the purchase price or appraised value of the property as the District shall elect, appraisals to be made at the employee's expense by an appraiser approved by the District;
- (3) The difference between the purchase price (or appraised value as the District shall elect) less the employee's down payment and the amount owing on the first deed of trust.

B. Interest. The interest owed on the note may be calculated using either of the two following methods at the employee's discretion:

- (1) The interest owed on the note shall be contingent upon and directly proportional to the appreciation in value occurring on the property. In the event there is no appreciation, no interest will be due. Appreciation is defined as the difference between the purchase price and the sale price (net of broker's commission and County transfer tax, if any) of the property. The District may, at its option, use the appraised value of the property to calculate the appreciation. Said appraisal shall be made at the employee's expense by an appraiser approved by the District.
- (2) The interest owed on the note shall be the amount of interest revenue foregone by the District on the note amount over the period of the loan based on the District's investment portfolio yield as reported in the Auditor-Controller's Monthly Report of Investments. Said amount of interest revenue foregone shall be solely determined by the District.

C. Maturity. The principal amount of the note and interest thereon shall be due and payable in full upon the first of the following events to occur:

- (1) The sale or rental of the property secured thereby.
- (2) One hundred sixty (160) days after the employee ceases to be a full-time resident of the property.
- (3) One hundred sixty (160) days after receipt of notice of, and failure to cure, breach of any provisions of the promissory note.
- (4) One hundred sixty (160) days after the date of termination of the employee's full-time employment.
- (5) The employee, in the judgment of the District, fails to satisfactorily carry out the terms of the agreement noted in Section 4(c).
- (6) Refinancing of the first deed of trust with cash out.
- (7) Fifteen years from the date of the note.

D. Employee Down Payment. The employee shall make a minimum down payment based upon the purchase price of the property in accordance with the following schedule:

Home Purchase Price	Minimum Down Payment
< = \$600,000	5%
\$600,001 - \$700,000	6%
\$700,001 - \$800,000	7%
\$800,001 - \$900,000	8%
\$900,001 - \$1,000,000	9%
\$1,000,001 +	10%

E. Sale or Refinancing. Upon sale or refinancing of the property the District shall be entitled to the return of its original loan amount plus interest calculated using either of the two following methods at the employee's discretion.

- (1) Fifty percent of the appreciation, less one percent of the appreciation for each percent that the employee's down-payment exceeds five percent. In no event shall the District be entitled to less than 25% of the appreciation.

- (2) The amount of interest revenue foregone by the District on the note amount over the period of the loan based on the District's investment portfolio yield as reported in the Auditor-Controller's Monthly Report of Investments. Said amount of interest revenue foregone shall be solely determined by the District.

6. Terms of Note, Below Market Rate Workforce Housing

A. Amount. The principal amount of the loan shall be determined by the District and shall not exceed any of the following:

- (1) \$150,000
- (2) 40% of the purchase price of the property;

B. Interest. The interest owed on the note shall be contingent upon and directly proportional to the appreciation in value occurring on the property. In the event there is no appreciation, no interest will be due. Appreciation is defined as the difference between the purchase price and the sale price (net of broker's commission and County transfer tax, if any) of the property. The District may, at its option, use the value of the property at maturity for Below Market Rate Workforce Housing set by the Redevelopment Agency of the City of Novato, the City of Novato, or County of Marin to calculate said appreciation.

- (1) The obligation to pay contingent deferred interest is subject to a superior right of the employee, upon termination of the loan, to receive repayment of money paid by the employee for purchase of the security property, including down payment, installment payment of mortgage principal, escrow fees, transfer taxes, recording fees, brokerage commissions, and similar costs of acquisition actually paid by the employee, and money paid by the employee for capital improvements to the security property, plus not less than the legal rate of interest on those cash payments.
- (2) The amount of contingent deferred interest shall not exceed that percentage of the appreciation in appraised fair market value of the security property that equals the District's proportionate share of the total initial equity in the security property. The amount of the total initial equity and of the District's share of the initial equity shall be agreed upon by the employee and the District at the time

of executing the shared appreciation loan, and shall include the District's cash investment, the amount of fees waived by the District (if any), and the value of in-kind contributions made by or on behalf of the District (if any). Funds borrowed by the employee, the repayment of which is secured by the security property, shall not be included in the calculation of total initial equity of the employee.

C. Maturity. The principal amount of the note and interest thereon shall be due and payable in full upon the first of the following events to occur:

- (1) The sale or rental of the property secured thereby.
- (2) Thirty (30) days after the employee ceases to be a full-time resident of the property.
- (3) Thirty (30) days after receipt of notice of, and failure to cure, breach of any provisions of the promissory note.
- (4) Thirty (30) days after the date of termination of the employee's full-time employment.
- (5) The employee, in the judgment of the District, fails to satisfactorily carry out the terms of the agreement noted in Section 4(c).
- (6) Refinancing of the first or second deed of trust with cash out.
- (7) Fifteen years from the date of the note.

D. Appreciation Distribution. Upon sale or refinancing of the property, due to the subordinate position of the District loan, the District's right to share in the appreciation is subject to the superior right of the superior public agency lender (i.e., the Redevelopment Agency of the City of Novato or the City of Novato in the case of Meadow Park) and the borrower, as defined in the loan documents for the said superior public agency loan. Subject to these limitations, the District shall be entitled to the return of its original loan amount plus a percentage of the appreciation, proportionate to the share of the original loan amount pursuant to 6. B. above to the original purchase price of the property.

7. Application for Loans. Employees and prospective employees may request loans for housing assistance. Loans may be made to the applicants who the District determines to be the most valuable for meeting typical emergencies experienced by the District in operating its

water and wastewater systems. In making final selections for employee housing loans it shall be the goal of ultimately achieving assemblage of the ideal integrated emergency response force comprised of the skills and/or positions shown in Table 1. It is planned that an initial goal be achieved within five years of the date this revised program is first adopted and the ultimate goal within fifteen to twenty years.

8. Capital Improvements by Employee. If the employee wishes to make capital improvements to the property costing in excess of five thousand dollars, written approval by the District's General Manager must be obtained in advance. Capital improvements for Below Market Rate Workforce Housing at Meadow Park must be pre-approved by the Redevelopment Agency of the City of Novato or the City of Novato. If the District approves the capital improvement, the amount expended by the employee, evidenced by receipts, will be reimbursed to the employee at the time the note is repaid in full to the District. Said reimbursement amount shall be deducted from the appreciation amount prior to the distribution of appreciation as specified in Sections 5.E and 6.D.

**NORTH MARIN WATER DISTRICT
EMPLOYER ASSISTED HOUSING PROGRAM
IDEAL INTEGRATED EMERGENCY RESPONSE FORCE**

TABLE 1

Classification	2/28/18 Existing	Ultimate Goal	Initial Goal
General Manager	1	1	1
Chief Engineer	0	1	1
Ops/Maintenance Superintendent	0	1	1
Construction Superintendent	0	1	1
Auditor-Controller	1	1	1
Distribution & Treatment Plant Supervisor	1	1	1
Heavy Equipment Operator (Expertise)	1	1	1
Pipeline Foreman	1	1	1
Pipeworker, Pipeworker Apprentice, Laborer or other employees who are trained for and <u>regularly</u> perform standby duty	2	4	2
Any Electrical/Mechanical Classification	1 ¹	2	1
Any Certified Treatment Plant Operator Classification	2 ²	2	1
Any Professional Engineer	1 ³	1	1
Any Engineering Tech Position	0	2	1
Any Chemist or Lab Tech Classification	1	1	1
Any Clerical Position	3	1	1
TOTAL	15	21	16

¹ Renting

² Distribution & Treatment Plant Supervisor is also a Certified Treatment Plant Operator

³ General Manager is also licensed Professional Engineer

2/16/2018

t:\excel\personnel\housing\temp by city2018.xls\summary

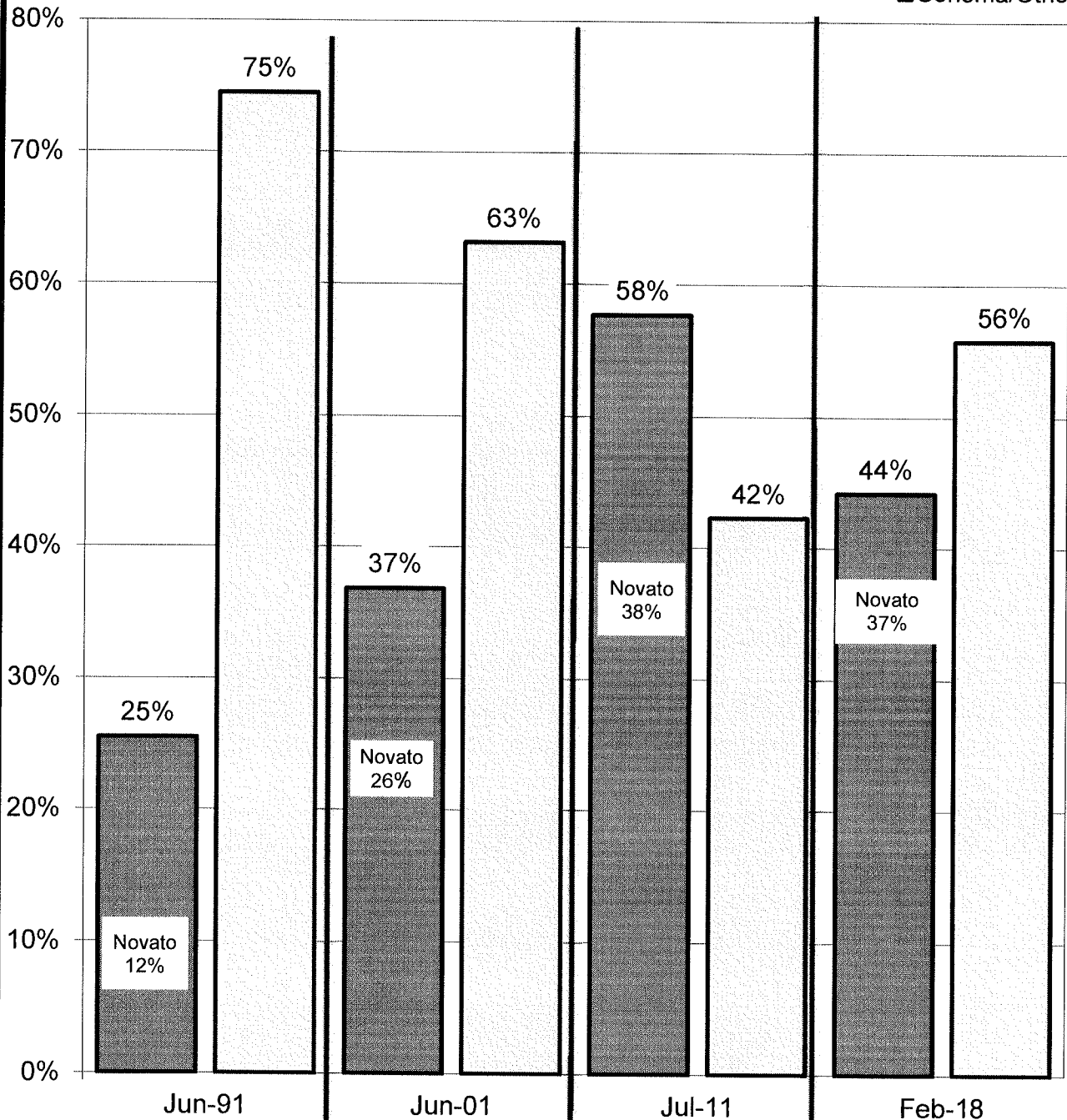
NMWD Employee Residence by County - History

% of
Employees

Employer Housing Assistance Program adopted 1992

■ Marin County

□ Sonoma/Other



Employer Assisted Housing Loans Repaid

2/14/2018

t:\ac\excel\personnel\housing\housing loans outstanding.xlsx\housing loans repaid

	Loan Date	Job Title	Employee	Property Address	Purchase	1st Deed of	Down	District	Repmnt Date	Total Repaid
1	11/1/1992	Accounting Manager	O'Reilly	1139 7th St	\$339,000	\$278,000	\$11,000	\$50,000	8/30/1994	\$56,428
2	9/1/1997	Accounting Manager	O'Reilly	84 Margarita Ct	\$149,000	\$133,000	\$4,000	\$12,000	4/20/1998	\$12,516
3	4/1/2000	Chief Engineer	McIntyre	58 Shields Lane	\$340,000	\$210,800	\$17,000	\$112,000	5/23/2008	\$153,947
4	12/1/2002	Facilities Maint Mgr	Rizvi	29 San Domingo Way	\$660,000	\$407,000	\$33,000	\$220,000	5/13/2004	\$232,640
5	9/1/2007	Pipeworker	Castellucci	4 Cielo Lane, Apt 5C	\$280,000	\$117,846	\$2,800	\$140,000	3/31/2015	\$144,352
6	7/1/2008	Field Service Rep	Venegas	16 Arbor Circle	\$475,000	\$280,000	\$70,000	\$125,000	4/2/2015	\$133,695
7	10/1/2008	Pipeworker	Wayne	15 Gustafson Ct	\$520,000	\$301,395	\$26,020	\$192,585	3/31/2015	\$204,987 *
8	10/1/2006	Pipeworker	Reed	809 Wilson Avenue	\$615,000	\$284,750	\$30,250	\$300,000	10/28/2015	\$300,000
					<u>\$3,378,000</u>	<u>\$2,012,791</u>	<u>\$194,070</u>	<u>\$1,151,585</u>		
										<u>\$1,238,565</u>

* Property was abandoned by employee, then purchased by District, rented for a year, and sold.

Attachment C

Employer Assisted Housing Loans Outstanding

2/14/2018

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	Date	Classification	Employee	Address	Purchase Price	District 2nd	District 2nd at Risk ¹
1	8/1/04	Auditor-Controller	Bentley	1159 Santolina Drive	\$801,000	\$250,000	\$0
2	9/1/04	Heavy Equip Operator	Sjoblom	328 Captain Nurse Circle ²	\$196,000	\$39,200	\$0
3	11/1/07	Wtr Distrib/TP Oper	Garrett	5 Illes Court ²	\$399,000	\$150,000	\$0
4	6/1/10	Water Quality Supervisor	Ramudo	204 Grande Vista	\$490,000	\$245,000	\$0
5	3/31/15	Pipeworker	Castellucci	15 Gustafson Court	\$580,000	\$250,000	\$0
					<u>\$2,466,000</u>	<u>\$934,200</u>	<u>\$0</u>

¹ District 2nd less estimated market value plus the amortized 1st deed of trust - rounded to nearest thousand.

² Deed Restricted Workforce/Affordable Housing

Dick Spotswood

Helping first-responders and teachers live in Marin

For years we've heard Marin is too expensive for our firefighters, po-



Dick Spotswood

lice officers and teachers to be able to purchase a home close to where they work. So far, no one has done anything about the quandary except exclaim, "build-baby-build." While big-scale housing blocks will do wonders for developers' profits and fuel the already overloaded construction industry, they will do little, except indirectly, to help first-responders and educators.

It needs to be acknowledged that our public safety personnel are not underpaid. Almost all firefighters enjoy a six-figure salary enhanced by world-class pension and

health care benefits. Most police officers, while not enjoying the opportunities of firefighters' 24-on, 48-hours-off schedule to pursue second jobs, earn a fair living with the same terrific fringe benefits placing their total compensation in the low six figures.

Teachers are not as well paid, but we're not in the Deep South. They make a decent salary and earn by private sector standards a good pension.

Despite those facts, Marin housing is very expensive. Even with fair compensation it's difficult for public safety employees and teachers to live in or near the communities that employ them.

Instead of going on a development tear, why not mimic a first-rate idea that is currently offered in San Francisco?

As the city's website says, "The First Responders Down-payment Assistance Loan Program (FRDALP)" provides down-payment assistance loans to active uniformed sworn members of San Francisco police, fire and sheriff's departments to purchase their first home in the city and county of San Francisco.

The FRDALP is a silent second loan that requires no monthly payments for 30 years. The principal amount, plus a share of the appreciation (profit), shall become due and payable at the end of the term, or repaid upon sale or transfer. The loan can be as high as \$375,000.

I'd go one step further and make Marin's version of the downpayment assistance loan program open to teachers in all Marin school districts.

Funding for the down-payments comes from the city's Housing Trust Fund.

Essentially, the city is subsidizing the first \$375,000 off the top of any home purchase. Given that most of the potential beneficiaries come from two-income households, this program makes home ownership possible for many essential government workers.

It goes without saying that the community as a whole benefits when public safety folks and teachers live and become full-time participants in the community they serve.

San Francisco's program is not open to the department's top brass. There's an income limit. The employee's household income can't exceed 200 percent of the Bay Area median income.

The purchased home must be owner-occupied during the life of the loan and the employee-borrower must contribute a minimum of 5 percent toward a down-payment.

Ideally, any down-payment assistance plan would be open to all Marin employees in these essential categories. That way a Ross police officer wouldn't have to live in the super-expensive town of Ross to participate.

They could live anywhere in Marin.

Go one step further for teachers. Put long vacant land at Indian Valley Campus, the College of Marin's 333-acre underutilized Novato facility to better use.

Construct rental apartments and condo units at IVC reserved for Marin teachers from both public and private schools

who meet income guidelines like those set in the down-payment assistance loan program.

Due to Marin's numerous municipalities, fire agencies and school districts, creation of a coordinated down-payment loan assistance program requires serious inter-agency cooperation along with active encouragement from affected labor organizations.

If San Francisco, with its own Byzantine bureaucracy, can make this excellent program a reality, exporting their notion to Marin should be do-able.

Columnist Dick Spotswood of Mill Valley writes about local issues on Sundays and Wednesdays. Email him at spotswood@comcast.net.

MEMORANDUM

To: Board of Directors
From: David Bentley, Auditor-Controller
Subject: Status Report - District Home at 25 Giacomini Road
t:\ac\word\memo\16\25 giacomini status report 2018.docx

March 2, 2018

RECOMMENDED ACTION: None – Information Only

FINANCIAL IMPACT: ≈ \$9,570 Income Per Year

Director Baker requested this update on the District's West Marin home.

In April 2005, after the number of employees residing within NMWD's West Marin Water service area declined from three to one, the District purchased a 3-bedroom, 2-bath 1,196 square foot home in a new Point Reyes Station subdivision on Giacomini Road for \$650,000. The home was rented to District employees from July 2005 until October 2015 to maintain presence in the West Marin community and to enhance responsiveness to after-hours emergencies. To make the home affordable, the employee-tenants performed regular District functions on their own time (primarily meter reading) in exchange for reduced rent. After October 2015 we were unable to find any District employee, or other Marin County public employee, interested in residing in Point Reyes Station. Since February 2016 the home has been rented at market value (\$3,000/month) to a tenant not employed by the District.

Investment Status

The home was purchased as an investment with funds from Novato water. Through February 2018, Novato water has received \$314,073¹ in rent and paid \$46,873 in expenses, rendering a positive cash-flow of \$267,200. After deducting the \$142,791 in interest earnings foregone on the \$650,000 outlay for purchase, the net income is \$124,409, or about \$9,570 per year.

There are seven homes in the subdivision, four 2-bedroom and three 3-bedroom. One of the 3-bedroom homes, purchased in April 2005 for \$650,000, resold in April 2017 for \$834,000, a gain of \$184,000. A 2-bedroom home purchased in March 2005 for \$549,000 resold in December 2009 for \$545,000, a loss of \$4,000. The market value of the District's home now ranges from \$857,000 to \$870,000 according to Zillow.

The purchase of this home has been a good investment for the District as it has resulted in a positive cash flow and has a market value approximately 30% over purchase price. The

¹ In-Lieu labor is comprised of 41 bimonthly meter reading cycles, agenda packet deliveries & reduced travel time to render customer service.

Community Land Trust Association of West Marin (CLAM) has expressed interest in purchasing the home to provide affordable housing in Point Reyes Station. CLAM is also a potential manager of the Point Reyes Station Coast Guard property being transferred from the federal government to the County. NMWD's West Marin Water Treatment Plant is located adjacent to the Coast Guard property, and the District needs additional land at the Coast Guard property for its treatment plant operation. Accordingly, a mutually beneficial opportunity may present itself in 2019.

25 Giacomini Rd

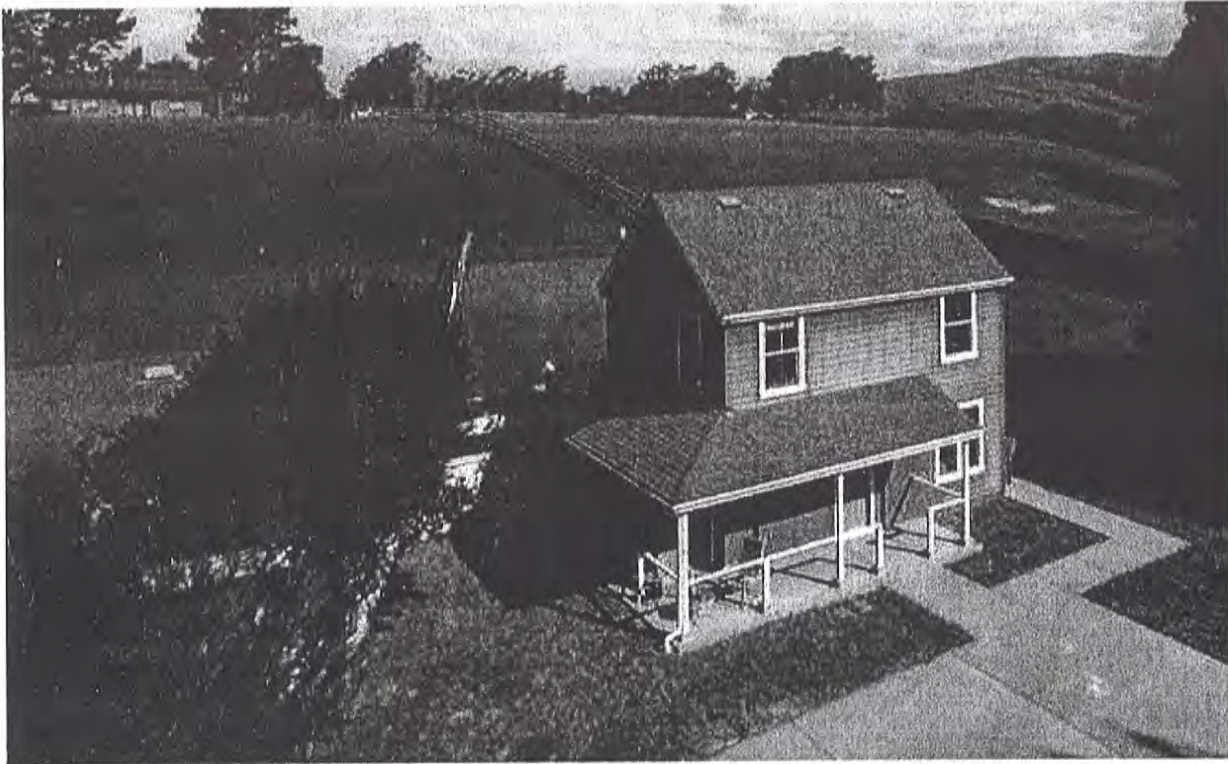
Summary of Income & Expenses

Purchased April 2005 for \$650,000

	Apr 2005 to Feb 2018
Income	
Rent Income	\$177,416
Rent In-Lieu Labor ¹	\$136,657
Total Income	\$314,073
Expenses	
Legal	\$1,084
Possessory Interest Tax	\$5,815
Annual Septic Permit	\$5,819
Property Insurance	\$1,700
HOA Fees	\$13,580
Septic System Monitoring	\$1,747
Repair & Maintenance	\$4,454
Improvements ²	\$12,032
PG&E & Water during vacancy	\$255
Admin Expense	\$386
Subtotal	\$46,873
Foregone Interest	\$142,791
Total Expense	\$189,665
Net Gain	\$124,408

² Primarily exterior painting in FY17

Elaborate effort returns West Marin home to affordable stock



The home at 31 Giacomini Way in Point Reyes Station will revert to affordable housing under an arrangement by the Community Land Trust Association of West Marin. redfin.com

By **Richard Halstead**, *Marin Independent Journal*

POSTED: 12/18/17, 5:34 PM PST | UPDATED: 5 HRS AGO 1 COMMENT

A three-bedroom house at 31 Giacomini Way in Point Reyes Station provides a good example of just how tricky it can be to create new affordable housing in Marin County.

Last week, the Board of Supervisors allocated \$110,000 from the county's in-lieu housing trust fund to help the Community Land Trust Association of West Marin purchase the property. As of Nov. 28, there was about \$6 million in the county fund.

CLAM bought the house on 31 Giacomini Way in April for \$834,000 and intends to sell it to a low-income family for about \$384,000.

Marin County's grant isn't the only contribution CLAM is receiving enabling it to offer the house at the reduced price. It is also receiving a \$110,000 grant from the Marin Community Foundation, \$50,000 from the Tamalpais Pacific Foundation, \$5,000 from the West Marin Fund, \$20,000 from local bank funds, \$112,071 from a local donor challenge grant and \$50,000 from other CLAM donor funds.

The irony, however, is that the house at 31 Giacomini Way was part of a large affordable housing project built by the Ecumenical Association for Housing in 2005. Marin County contributed \$3.2 million to that project and the Marin Community Foundation contributed \$1.6 million.

The project consisted of seven houses and 27 apartment units. The apartment units, a mix of one-, two- and three-bedroom units, are reserved for people making between 30 percent and 60 percent of Marin's median income of \$115,300 per year. Some of the occupants use Section 8 housing vouchers and pay as little as \$122 a month in rent; the highest rent paid for one of the apartments is \$1,612 for a three-bedroom unit.

MEMORANDUM

To: Board of Directors
From: David L. Bentley, Auditor-Controller
Subj: Service Charge Analysis

March 2, 2018

L:\aclword\memo\18\bimonthly service charge analysis 18.docx

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None at This Time

The Service Charge covers fixed costs for debt service, billing and accounting, meter reading, and a portion of the cost to maintain and replace the service line to the customer water meter. Debt service pays for infrastructure which enables water delivery on-demand 24 hours per day, 7 days per week - such as Stafford Water Treatment Plant, pump stations, storage tanks and distribution pipelines. Annually the District updates its analysis of the costs that comprise the charge, which is \$31.50 bimonthly (52¢ per day) for the 73% of District customers who are served with a 5/8" meter.

The Novato 5/8" Bimonthly Service Charge was increased from \$30 to \$31.50 on July 1, 2017. The District's bimonthly cost of a 5/8" service last fiscal year (FY17) was \$38.89, as shown on the attached analysis. The 14% increase from the 2017 analysis is primarily due to a reduction in the Discount Rate from 3.5% to 2.6%¹. Thus, the \$31.50 charge falls 19% shy of the amount required to fully recover the fixed cost associated with the Service Charge.

While many customers are under the impression that the Service Charge is solely for meter reading, the analysis shows that meter reading and meter maintenance comprise only 5% of the charge. In summary, the cost components of the Service Charge, in percentage terms, are as follows:

Capital Replacement Cost	54%
Debt Service	27%
Billing & Accounting	14%
Meter Reading/Maintenance	5%
	<u>100%</u>

Finally, while this analysis shows that the Service Charge (\$31.50) for a 5/8" meter is 19% below actual cost, the Service Charge revenue generated on 1" and larger commercial meters exceeds the calculated cost and partially offsets the loss on the 5/8" meters and the 1" residential meters installed to provide fire sprinkler service. Staff will recommend an increase in the service charge equivalent to the commodity rate increase designated by the Board for FY19.

¹ Discount Rate is based upon the Federal Government's directive specified by the Office of Management & budget.

North Marin Water District
Novato Service Charge Analysis
Annual Cost of Providing a Meter and Rendering a Bill
as of 12/31/17

2/7/18

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Active Meters 12/31/17 = 20,555

Capital Cost	5/8-Inch Service	1-Inch Fire Sprinkler Service	1-Inch Service
Installation Labor & Vehicle Charges ¹	\$2,963.64	\$2,963.64	\$2,963.64
Backfill, Blacktop & Sand ¹	1,128.36	1,128.36	1,128.36
Copper Pipe (30') ²	127.23	127.23	127.23
Water Meter	74.22	194.92	194.92
Angle Meter Stop ²	56.92	56.92	56.92
Corporation Stop ²	51.82	51.82	51.82
Anode (12 lb.)	77.85	77.85	77.85
Service Saddle (6") ²	52.87	52.87	52.87
Fiberlite Meter Box Lid	28.13	48.53	48.53
Meter Box	25.16	31.72	31.72
Corporation Stop Adapter ²	21.55	21.55	21.55
Meter Spud	9.48	11.09	11.09
Grounding Clamp ²	3.93	3.93	3.93
Total Capital Cost ³	\$4,621.18	\$4,770.44	\$4,770.44

Capital Cost Amortization ⁴ \$126.24 \$133.96 \$133.96

Annual Expenses ⁵

Debt Service ⁶	\$1,281,516			
Billing and Accounting (net) ⁷	282,648			
General & Administrative ⁸	241,411			
Customer Service Expense	149,268			
Meter Reading	160,396			
Meter Maintenance	66,356			
Stationary & Supplies	56,383			
Uncollectible Accounts	12,709			
Office Equipment Expense	11,350			
Collection Agency Fees	2,187			
Distributed to West Marin ⁹	(17,161)			
Field Collection Expense (net) ¹⁰	(46,072)			
Total Annual Expense	\$2,200,991	/ 20,555 =	\$107.08	\$107.08 \$107.08

Total Annual Cost per Meter \$233.32 \$241.04 \$241.04

Bimonthly Cost (Annual Cost / 6) **\$38.89** \$40.17 \$40.17

Current Bimonthly Charge \$31.50 \$35.70 \$63.00

Bimonthly Contribution to System Repair and Replacement (\$7.39) (\$4.47) \$22.83

¹ Average cost of last 5 years' installations.

² Same 1" size is used for all three services shown.

³ Includes 8.5% sales tax & 15% material handling charge.

⁴ Annual capital cost amortization (capital recovery) is based upon estimated materials life of 50 years (except the meter which is amortized over 20 years) and assumes, in accordance with the Federal government's directive on discount rates specified in OMB Circular No. A-94 (revised November 2017), a nominal interest rate (projected return on investment) of 2.6% and a projected inflation rate of 2.0%.

⁵ Based on costs reported in the Audited FY2017 financial statement.

⁶ Debt service includes Principal & Interest for the STP SRF Loan and AEEP Bank of Marin Loan less MMWD \$245,000 AEEP Capital Contribution.

⁷ Billing and Accounting amount shown is net of new account charge revenue.

⁸ G&A is 37% of labor expense.

⁹ Billing & Accounting expense is allocated to Recycled Water and West Marin customers based on the number of active accounts.

¹⁰ Field Collection Expense amount shown is net of account turn-on charge revenue.

For March 1 Board Misc

From: Public Affairs [<mailto:publicaffairs@scwa.ca.gov>]

Sent: Thursday, February 22, 2018 3:51 PM

Subject: Water Agency Hot Topics – February 2018

Water Agency Hot Topics – February 2018

Dear Colleagues:

Have you ever had a conversation with a neighbor and been asked – so what's up at the Water Agency? Well, to help you answer that broad question, the Water Agency's Community & Government Affairs Division will begin supplying you with some quick hot topic talking points. We will provide these to you once a month. The issues will change as new and exciting hot topics occur. They are short and to the point – the main goal is to engage interest and get people over to the website (sonomacountywater.org) to learn more. We hope you find these useful.

Water Supply Conditions:

1. We are not in a drought. March could be a miracle and one year of below average rainfall does not constitute a drought.
2. Our region has seen a dry winter to date – Ukiah rainfall average is only 44% of average; Santa Rosa rainfall average is only 66% of average
3. Local water supply levels at both Lake Sonoma and Lake Mendocino remain healthy thanks to a wet winter in 2017. Lake Mendocino is 91% full and Lake Sonoma is 83% full.
4. We continue to ask everyone to use water wisely – it's a California way of life!

Fire Recovery Efforts:

1. The Water Agency is assisting the County of Sonoma with watershed/natural resource recovery efforts.
2. Overall, Water Agency facilities did not sustain any damage from the fires.
3. We are coordinating a fire-smart grant with non-profit Ag Innovations and PG&E at Lake Sonoma to better manage fuel loads (ie. Vegetation management).
4. A temporary weather forecasting radar unit will be placed at the Airport-Larkfield-Wikiup wastewater treatment plant to better forecast and monitor rainfall in fire zones.
5. Stream and rain gages are being placed in fire zones to better monitor stream flows and rainfall conditions.

Water Tax:

1. The media may start reporting on legislative efforts in Sacramento to add a tax onto retail water sales to help pay for water quality/supply projects in disadvantaged communities.
2. While the Water Agency has not taken a formal position, many of our water retailers oppose such a tax and the Association of CA Water Agencies remains opposed to this legislative solution.
3. The Water Agency already charges a watershed improvement fee to our retailers to help pay for water quality improvement projects in the Russian River watershed.

President's Fiscal Year 2019 Budget:

1. As anticipated, the President's Fiscal Year 2019 budget recommends eliminating funding for many programs the Water Agency supports, such as the Pacific Coastal Salmon Recovery Fund
2. The Water Agency's Federal Affairs Program is working over-time to coordinate with Congressional leaders to secure funding for these and other programs
3. The Water Agency continues to support funding for Biological Opinion projects, Army Corps of Engineers maintenance funds for reservoirs, reservoir re-operation initiatives, such as FIRO and salmon recovery initiatives

Public Tours:

1. Water Agency public tours have been announced
2. Please visit this website to learn more <http://www.scwa.ca.gov/tours/>
3. Tours are free, reserve a space on a first-come-first-served basis!

Thanks for reading!

Water Agency Community & Government Affairs Division

MEMORANDUM

To: Board of Directors
From: David L. Bentley, Auditor-Controller
Subj: NMWD Payments Remaining Local
t:\ac\word\memo\18\2017 payments remaining local.docx

March 2, 2018

RECOMMENDED ACTION: None

FINANCIAL IMPACT: \$3,033,000 Returning to Novato

Director Joly asked staff to calculate the amount of NMWD rate payer funds that are returned to the NMWD service territory in the form of salaries to employees residing within the service area and payments to vendors located within the service area.

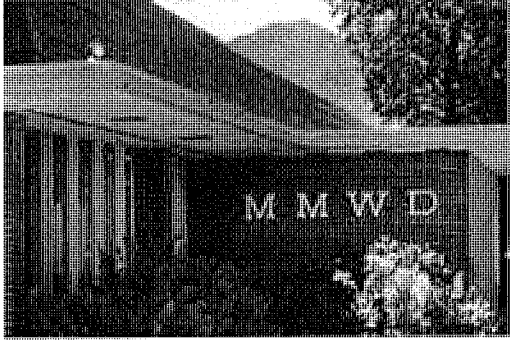
	<u>2017 Total</u>
Salary paid to NMWD employees residing in Novato	\$2,552,000
Payments to NMWD vendors located in Novato	<u>\$481,000</u>
	<u>\$3,033,000</u>

Marin Independent Journal (<http://www.marinij.com>)

Marin water plant to get \$400,000 seismic upgrade

By Mark Prado, Marin Independent Journal

Sunday, February 25, 2018



The Marin Municipal Water District will spend \$400,000 to protect a key treatment plant in case of a big earthquake.

The district's San Geronimo Water Treatment Plant in Woodacre provides half of the water supply to the county, but two circular clarifiers were built prior to current seismic standards and stand vulnerable to a large temblor.

The "major seismic rehabilitation of filters and other structures is required to meet the district's ... goal of producing water within 24 hours of a major earthquake," the district staff report says.

If the clarifiers go down, there is no water.

MMWD > MORE COVERAGE

Water flows down to the San Geronimo clarifiers, which are two round concrete basins with an average water depth of 15.5 feet and a diameter of 125 feet, according to the water district. The clarifiers slowly mix the water to remove sediment.

"The San Geronimo Water Treatment Plant is a vital part of our water distribution system," said Emma Detwiler, water district spokeswoman. "This project will make important structural updates to ensure we are able to provide clean water to our customers after a major seismic event."

Construction is scheduled to begin this fall and go into 2019. One structure at a time will be upgraded so water service can continue throughout.

The work is part of the district's \$62 million, 20-year "Water Treatment Master Plan" to keep the 50-year-old San Geronimo and Bon Tempe water treatment plants functioning another 50 years.

"It's time to reinvest in these facilities so we can get more life out of them," said Krishna Kumar, MMWD general manager. "This is far more cost-effective than building new structures."

Money for the project comes from bonds the district issued after a controversial rate hike last year. Hikes in 2015 and 2016 resulted in an increase of 27 percent as water, service and watershed management fees were imposed. Then a 7 percent increase went into place July 1 last year.

The district might also seek a 7 percent hike to take effect July 1, 2019. Before a 2019 increase is considered, the board will notify the public and hold a hearing no later than June 1, 2019.

The water district also has a "Fire Flow Master Plan," fueled by a \$75 annual parcel tax. That program aims to replace more than 60 miles of undersized pipes, install 750 hydrants and improve seismic safety of storage tanks and pump stations.

While the smaller pipes are adequate for daily needs, they are often too small for fire flow requirements, officials said.

The program also aims to bring fire hydrants within 500 feet of each other to more easily and rapidly get water to fight blazes. The agency's water system includes more than 900 miles of water mains, 95 pump stations and 138 storage tanks.

URL: <http://www.marinij.com/environment-and-nature/20180225/marin-water-plant-to-get-400000-seismic-upgrade>

© 2018 Marin Independent Journal (<http://www.marinij.com>)

Judy Arnold | County Connection

Novatoan Stompe recognized

It is never an easy task to select the recipient of my annual "Look Who's Getting It Done" Award. We are fortunate to live in a community filled with so many residents, doing good, and working to make our community a better place. I am delighted to announce that the 2017 Look Who's Getting It Done Award goes to Novato resident Mary Stompe.

A co-worker of Mary's summed it up nicely: "Mary is an advocate for seniors, a leader in the non-profit world, the green movement, the affordable housing crisis and more."

Professionally, Mary has dedicated her work to serving others. Since 2004, she has served as PEP Housing's Executive Director. Celebrating its 40th Anniversary this year, PEP Housing is a non-profit organization dedicated to providing limited-income seniors access to affordable quality housing with supportive services in Marin and Sonoma Counties.

In 2014 Mary received the Outstanding Advocacy award by Leading Age, a national association of 6,000 non-profit organizations dedicated to making America a better place to grow old. The award recognized Mary's commitment to ensuring there is ongoing funding for developing affordable housing for the rapidly growing population of low-income seniors. Mary also serves on the Board of Directors for Leading Age California as Treasurer and serves as the Chair for the Housing Subcommittee.

Personally, Mary dedicates much of her free time to serving others and doing volunteer work. She is an

active volunteer with the Red Cross, both locally and nationally. She is an animal lover, supporting many animal welfare organizations – and in her free time enjoys spending time at home with her dogs, chickens,



Mary Stompe

ducks and goats!

I recently stumbled upon a quote from an article Mary published in the Marin IJ several years ago which helps embody that type of person Mary is: "What makes living in Marin County so amazing is the support and love we share with our neighbors."

Mary's work couldn't come at a more important time as we see an ever-growing aging population in Marin and at the same time are faced with an unprecedented affordable housing crisis.

Thank you, Mary, for your ongoing and selfless dedication to our community.

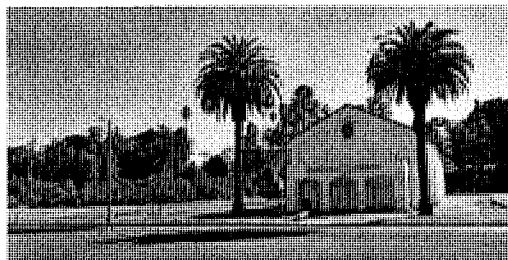
(County Commissioner Judy Arnold writes a monthly column for the Novato Advance.)

Marin Independent Journal (<http://www.marinij.com>)

Novato seeks proposals to develop Hamilton properties

By Adrian Rodriguez, Marin Independent Journal

Wednesday, February 28, 2018



Novato officials will begin shopping for suitors to develop three city-owned properties, including the prominent 4.9-acre Hamilton Town Center lot.

On a 3-2 vote Tuesday, the Novato City Council authorized City Manager Regan Candelario to proceed with requests for proposals to buy or lease and develop three Hamilton Field properties. Council members Pam Drew and Pat Eklund cast dissenting votes.

Councilman Eric Lucan made the motion for approval with the caveat the City Council review in closed session all proposals received, but that those proposals considered viable also will be presented in an open session.

“I think if we leave that decision process only up to staff to make that leaves us very vulnerable as an organization,” Lucan said. “As elected council members we are elected to make those tough decisions and face the heat for those decisions, so I think the council should be the one determining whether or not it’s financially viable.”

HAMILTON > MORE COVERAGE

Eklund wanted to avoid a closed session altogether. She pointed out that last year Hamilton residents petitioned to block high-density housing at the Town Center site after seeing that the property was up for discussion during a closed session at a council meeting.

“We have committed to be open and transparent,” she said. “Let’s turn this process around and let’s make it work for everybody.”

Drew wanted the city to retain ownership of the Town Center lot and thought the city could use profits from the other Hamilton properties toward funding a project there.

Moving forward, the city will be issuing three separate requests for proposals in a sequence beginning in March with the commissary property, a 4.7-acre plot at 802 State Access Road. A proposal here will include an option to pitch a project for the adjacent Christmas Tree Hill lot.

The other properties available are the Town Center lot at 507 S. Palm Drive, which includes the Hamilton theater and the community center, and the Bachelor’s Officers Quarters on 19 acres at 113 San Pablo Ave.

The city staff will review proposals 90 days after issuing the requests. The city could keep the request process open until the council decides to enter into negotiations, at which point the request for proposals of the next project would not be issued.

There are several conditions that the city will impose on the applicants.

City officials are requiring that a proposal for the Town Center site to restore the theater to federal historic preservation standards, estimated to cost at least \$2.7 million. And if the community center is part of the development plan, that the applicant replace and or maintain the function it provides to the Hamilton neighborhood.

At the Bachelor's Office Quarters, that building would also need to be restored to standards, estimated to be about \$7 million. The applicant would have to maintain or restore the Old Hamilton Gym, or exclude it from the proposal. Parking will also have to be provided.

Among top concerns was that the Town Center site is the heart of Hamilton and should be a place for people to gather. One audience member asked that the city consider the site as a city-funded capital improvement project rather than a private-public partnership.

Assistant City Manager Peggy Flynn said Wednesday, "It is very important to the City Council that the public see and get to weigh-in on every possible viable proposal."

Along with the proposals, applicants would have to provide a concept or vision for the project and demonstrate financial capacity to show they could fund the project. They would also have to propose an outreach program to engage the community for input.

Applicants will be subject to nine or more public meetings, including community workshops, as part of the selection and approval process, said Scott Ward, director of the city's Hamilton Base Reuse.

In order to encourage participation in the request for proposals, the city will be open to proposals to lease, buy and other agreements, Ward said.

This will "let the proposers tell us what they see on the sites," he said. "And that way we can maximize the number of proposals and maximize the number of choices the community has."

Deed restrictions on the three Hamilton sites were removed in March 2016. The development prohibitions that once protected the properties from reuse have been transferred to preserve 93 acres of undeveloped, city-owned land that cradles Marin Valley Mobile Country Club. That area had been eyed for potential residential development, but will now remain protected as open space.

The Hamilton properties were initially given to the city through the federal Lands to Parks program, which allows communities to create parks and recreation areas on surplus federal land. Under the program, the parcels could not be sold and were required to be used for recreation.

URL: <http://www.marinij.com/general-news/20180228/novato-seeks-proposals-to-develop-hamilton-properties>

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SECTION 00020

INVITATION TO BID

1.0 RECEIPT AND OPENING OF BIDS

SEALED BIDS will be received by North Marin Water District (District) at 999 Rush Creek Place, Novato, California 94945 until 3:00 p.m., March 27, 2018 for Project No. 1.7161.00. As soon as practical thereafter, they will be publicly opened and read aloud at the time and place stated above for performing Work as follows:

Except for furnishing the 6" and 8" welded steel pipe, Contractor shall furnish all labor, materials, equipment, and perform all work necessary and incidental to the construction of the project known as Ridge Road Water Line Replacement according to drawings and specifications as prepared by the North Marin Water District and according to the Contract Documents.

In general the Work consists of but not limited to removing and replacing approximately 1,400 feet of existing 6-inch Asbestos Cement Pipe (ACP) with 8-inch welded steel pipe (WSP) together with all appurtenances thereto and all restorations. North Marin Water District will install and provide temporary water service (highline) to residents prior to start of main replacement project and will maintain the temporary lines during construction.

The location of the project site is on narrow, winding, steep and dead ended Ridge Road in Novato, CA. from approximately 450 Ridge Road to 402 Ridge Road. The Contract time for Substantial Completion of all the Work is hereby established as 45 calendar days from the effective date of the Notice to Proceed from the District.

2.0 INQUIRIES ABOUT THE PROJECT AND SECURING BID DOCUMENTS

A mandatory prebid conference will be held at 2:00 p.m. on Tuesday, March 13, 2018 at 999 Rush Creek Place, Novato, CA. A site visit tour will be conducted immediately following the pre-bid conference. This prebid conference is mandatory for all prospective bidders. Attendance at both the pre-bid conference and subsequent site visit is mandatory for all prospective bidders. Failure to attend this mandatory prebid conference will make any bid submitted by Bidder unresponsive and will be rejected. The Bidder will be required to comply with Specification Section 00440.

The Contract Documents for this project consist of Volume 1 - Project Manual (Specifications) and Volume 2 - Drawings for the RIDGE ROAD WATER LINE REPLACEMENT Project. Bidders may examine the Contract Documents at the District Office at the following address:

North Marin Water District - Owner
999 Rush Creek Place
P.O. Box 146
Novato, CA 94948
Attn: Eileen Mulliner
Email: emulliner@nmwd.com
Telephone No.: 415-761-8913
Fax No.: 415-878-2049

Contract Documents including specifications and drawings will be available at the District website (www.nmwd.com), under the "Doing Business With Us" tab) for downloading and printing. Bidders must be registered as a planholder to bid.

The Bidder's attention is directed to the Instructions to Bidders for complete instructions regarding submission of a bid.

3.0 BIDS

Bidding procedures are prescribed in the Contract Documents. Bids shall be executed upon the separately stapled bid forms provided, which are provided for convenience in submitting bids and are not a part of said Contract Documents. If there are any discrepancies between the stapled bid forms and the Contract Documents, the Contract Documents shall take precedence. Bid guarantee, in an amount not less than ten percent (10%) of the total bid dollar amount and conforming to the prescribed bidding procedures, is required to be submitted with each bid as a guaranty to be forfeited should the bidder, if awarded the contract, fail to enter into the same, or fail to furnish in a timely manner, the bonds and/or proof of insurance.

In accordance with California Public Contract Code Section 3400, bidders may propose equals of products listed in the plans and specifications by manufacturer name, brand or model number, unless the technical specifications or plans specify that the product is only available from one source, or is necessary to match others in use. Complete information for products proposed as equals must be submitted to the District for review no later than 5:00 p.m. on the fifth day following the bid opening in accordance with the Schedule of Major Equipment and Material Suppliers, Section 00450.

North Marin Water District will not recognize any claim for additional compensation because of the payment by the Contractor of any wage rate in excess of the prevailing wage rates on file as aforesaid. The possibility of a wage increase is one of the elements to be considered by the Contractor in determining his/her or its bid and will not, under any circumstances, be considered as the basis of a claim against the District.

Pursuant to Public Contract Code Section 22300, for moneys earned by the Contractor and withheld by the North Marin Water District to ensure the performance of the Contract, the Contractor may, at its option, choose to substitute securities meeting the requirements of said Public Contract Code Section 22300.

4.0 BIDDER RESPONSIBILITIES

All bidders shall be licensed under the provisions of Chapter 9, Division 3 of the Business and Professions Code of the State of California to do the type of work contemplated in the project. In accordance with provisions of California Public Contract Code Section 3300, the District has determined that the Contractor shall possess a valid Class A License at the time that the bid is submitted. Failure to possess the specified license shall render the bid non-responsive.

The successful bidder will be required to furnish the following: Payment Bond in the amount equal to one hundred percent (100%) of the Contract price; Faithful Performance Bond, in the amount equal to one hundred percent (100%) of the Contract price; and evidences of insurance in full compliance with requirements set forth in Paragraph 00820-2.0, INSURANCE REQUIREMENTS. Each bidder shall submit with its bid a statement setting forth its experience on the forms included in the Bid Proposal.

Telephones will not be available to bidders for the preparation of the bids or for calling in bid results. Bid forms received after the designated time will not be accepted. Bidders and their authorized agents are invited to attend the bid opening.

No bidder may withdraw its bid for a period of sixty (60) calendar days after the date set for the opening of bids.

If the Contract is awarded, the District will give the successful Bidder a Notice of Award within thirty (30) calendar days of the opening bids. The successful Bidder shall execute the Contract, furnish required bonds and insurance certificates within ten (10) working days after the date of the Notice of Award.

The District may withhold Issuance of the Notice to Proceed for a period not to exceed sixty (60) calendar days after the date the Contract Agreement is executed.

The Contractor shall start the Work within ten (10) working days after the date of the Notice to Proceed.

The District reserves the right to reject any or all bids; to make any awards or any rejections in what it alone considers to be in the best interest of the District; and waive any irregularities in the bids.

The successful bidder must ensure that employees and applicants for employment are not discriminated against on the basis of age, color, race, national origin, ancestry, religion, gender, sexual preference, marital status, and comply with the Americans with Disabilities Act.

This Notice is approved and authorized by the Board of Directors of the North Marin Water District.

Date:

By:

Rocky Vogler, Chief Engineer
North Marin Water District

NO.290 MARCH 2, 2018

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