

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
April 17, 2012**

**CALL TO ORDER**

President Petterle called the regular meeting of the Board of Directors of North Marin Water District to order at 7:30 p.m. at the District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, Secretary Renee Roberts and Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Lance Wyeth (representing Peter and Marijke Donat), Novato customer J. Frederick and District employees Robert Clark (Operations/Maintenance Superintendent) and Doug Moore (Construction/ Maintenance Superintendent) were in the audience.

**MINUTES**

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

**GENERAL MANAGER'S REPORT**

**Meeting with Supervisor Arnold**

Chris DeGabriele reported that he and Director Rodoni met with Marin County Supervisor Judy Arnold last week to request that funding from the Corps of Engineers for Dry Creek Habitat Restoration be one of the County's top priorities for legislative outreach in Washington, D.C. He said that Director Rodoni asked that Supervisor Arnold contact Sonoma County Supervisor Efren Carrillo to coordinate the effort. Ms. Arnold was receptive to the requests.

**North Bay Watershed Association Conference**

Mr. DeGabriele informed the Board that he attended the North Bay Watershed Association Conference on April 13 with Drew McIntyre, Director Baker and Director Fraites and that the topic of discussion was climate change.

**General Manager Absence**

Mr. DeGabriele advised that he will be out of the office the remainder of the week and that Drew McIntyre will be Acting General Manager.

### Novato Clean and Green Day

The Manager advised that Saturday, April 21, is Novato Clean and Green Day and that a small District contingent will be cleaning up the median on Redwood Boulevard.

### SCWA Budget

Mr. DeGabriele stated that on Tuesday, April 24, the Sonoma County Water Agency Board will consider the Agency's budget and rates for next fiscal year; the District's rates will increase 4% as indicated to the Board previously.

### MMWD 100 Year Anniversary Celebration

Mr. DeGabriele noted the 100 year anniversary celebration of Marin Municipal Water District scheduled for Wednesday, April 25 and Saturday, May 5.

### Amaroli Family Visit

Mr. DeGabriele informed the Board that on Friday, April 27, former Director George Amaroli's family will be visiting the Amaroli Tank in remembrance of Director Amaroli's passing ten years ago.

### **OPEN TIME**

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

### **STAFF / DIRECTORS' REPORTS**

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

#### North Bay Watershed Association

Director Baker stated that he attended the North Bay Watershed Association Conference and gave credit to Jack Gibson and Harry Seraydarian for a very well-organized event.

### **QUARTERLY FINANCIAL STATEMENT**

David Bentley provided a brief overview of the third quarter Financial Statement. He said that after nine months of the current fiscal year, the District has a surplus of \$7.5M versus a budgeted deficit of \$600,000; most of this surplus is due to the \$8M loan from Bank of Marin for the Aqueduct Energy Efficiency Project. He advised that through March, \$5.3M of the \$9.9M budget for capital improvements have been expended and that an additional \$2.9M is anticipated to be

expended by the end of the fiscal year. Mr. Bentley said that on a cash basis, a \$6M surplus is expected.

Mr. Bentley stated that, on an accounting basis which includes normal operating expenses and depreciation, Novato Water's actual loss is \$348,000 thru March 31 and a smaller than budgeted loss is anticipated by the end of the year due to an increase in consumption and decreased expenses. Recycled Water shows a loss of \$102,000 through the first nine months of the fiscal year; Stone Tree Golf Club continues to use less water, an annual loss of \$130,000 is anticipated versus a budgeted loss of \$93,000. He advised that the District received \$1.9M in SRF loan funds for recycled water expansion in March and was used to repay a portion of the debt owed to Novato Water (\$1.7M); the Recycled Water Fund still owes Novato Water approximately \$2.7M and will be repaid as additional loan and grant monies come in.

Mr. Bentley reported that West Marin Water has a net income of \$111,000 through March; water consumption is up and expenses are down compared to one year ago. He stated that budgeted net income of \$177,000 should be realized by year end. Mr. Bentley advised that West Marin Water has repaid Novato Water \$136,000 plus interest through March 31 with a remaining balance of \$220,000 owed to Novato Water.

Mr. Bentley reported that Oceana Marin Sewer shows a net income of \$10,000; revenue is up 5% due to the 5% rate increase but expenses are running over-budget. He said that the net income for the year is projected to be \$25,000, which is less than the \$30,000 budgeted.

Director Rodoni inquired when other recycled water users are expected to come on-line and contribute to revenue.

Mr. McIntyre responded that three to five customers will be brought on-line at end the of this irrigation season and fifteen to twenty customers are expected the following year. He advised that North Service Area customers can't be brought on-line until Novato Sanitary District's project is completed - expected in August, and the South Service Area recycled water won't be available until September.

### **MONTHLY PROGRESS REPORT**

Mr. DeGabriele provided the Monthly Progress Report for the month of March. He stated that water sales and production is up in Novato, and in West Marin, sales are up but production is down; there has been no production at Stafford Treatment Plant since December and no recycled water production this calendar year. Mr. DeGabriele reported that because of March and April rainfall, Stafford Lake elevation is 189 feet and the lake is 67% full.

Mr. DeGabriele advised that the Russian River system is in good shape; Lake Mendocino is 95% full and Lake Sonoma is completely full. He further advised that storage and treatment ponds in Oceana Marin have good freeboard.

Mr. DeGabriele stated that the Summary of Complaints and Service Orders show that complaints in March are down 35% compared to March 2011 and down 10% for the year. He said that good feedback from customers continue as shown on the Customer Service Questionnaire; however, not many questionnaires are being returned.

Mr. Bentley reported that at the end of March, the District's investment portfolio had a cash balance of \$12.3M and that during March, \$1.9M in SRF loan funds for the Recycled Water Project was received. He informed the Board that he is investigating alternatives to investing in the Local Agency Investment Fund and will report back any findings. He said the weighted average portfolio rate earned last month was 0.44% on investments.

### **CONSENT CALENDAR**

At the request of Director Baker, Agenda Item No. 8, Annexation to PRE 1 Improvement District - 12719 Sir Francis Drake Blvd - Inverness, was removed from the consent calendar for further discussion.

On the motion of Director Schoonover, seconded by Director Fraites and unanimously carried, Agenda Items 7, 9, 10 and 11 were approved on the consent calendar:

### **NSD - DEL ORO LAGOON PUMP STATION 12" WATER MAIN RELOCATION**

The Novato Sanitary District is rehabilitating its Del Oro Lagoon sewage pump station in Bel Marin Keys and the new pump station's wet well location is in conflict with NMWD's existing 12-inch water main. This agreement provides construction of a new 12-inch pipeline realignment away from the new NSD facilities. New Zone 1 water facilities include 120 feet of 12-inch pipe.

### **ANNEXATION TO PRE 1 IMPROVEMENT DISTRICT - 12719 SIR FRANCIS DRAKE BLVD - INVERNESS**

This item was removed from the consent calendar at the request of Director Baker.

Peter and Marijke Donat are requesting inclusion of their 5.16 acre parcel fronting Sir Francis Drake Boulevard in the District's PRE Improvement District.

Director Baker expressed his concern that parcels requesting annexation to the PRE Improvement District may exacerbate capacity limitations on the West Marin Water System.

Mr. McIntyre stated that individual properties in this area that have been previously annexed to the PRE Improvement District are connected to the District's water main located in Sir Francis

Drake Boulevard. He stated that he is not concerned with capacity limitations as there are just a few properties fronting the water main and that the Inverness Public Utility District boundary will prevent expansion beyond the District's service area. He added that any parcels located in the higher elevations would have to pay for a water main extension which would be cost-prohibitive. Mr. McIntyre stated that the structure on the Donat property is currently being served by the Hamilton Mutual Water Company and that the owners propose to construct a new single family residence; both structures will be served by the District.

Mr. DeGabriele commented that the property lies within the District's service territory and that this and other properties in the Inverness area are included in the District's water supply planning.

Director Rodoni asked that the District reinforce its landscape restrictions with the applicant and follow-up to insure that the property's landscaping continues to meet District requirements.

Lance Wyeth, designer and builder of the Donat residence, assured the Board that the property is currently landscaped with drought tolerate and indigenous plants and future landscaping will include same.

On motion of Director Schoonover and seconded by Director Fraites, and unanimously carried, the Board declared intent to proceed with the annexation requested and provide service to the subject parcel pursuant to District regulations.

#### **RECORDS RETENTION - DESTRUCTION OF RECORDS**

The Board approved Resolution No. 12-11 entitled, "Resolution of the Board of Directors of North Marin Water District to Approve Destruction of Certain Records."

#### **APRIL 2012 VEHICLE/EQUIPMENT AUCTION REQUEST**

The Board authorized the General Manager to enter into a sales contract with 1<sup>st</sup> Capitol Auction to dispose of surplus equipment.

#### **DESIGNATE VOTING DELEGATE TO THE ACWA 2012 SPRING CONFERENCE AND AUTHORIZE VOTE IN SUPPORT OF PROPOSED ACWA BYLAWS AMENDMENT**

The Association of California Water Agencies (ACWA) Board is proposing to revise the ACWA Bylaws which were last adopted in December 2010. David Bentley will be attending the ACWA 2012 Spring Conference and the Board designated Mr. Bentley as the District's voting delegate and authorized him to vote in the affirmative of the proposed ACWA Bylaws amendments.

## **ACTION CALENDAR**

### **CONSIDER: REQUEST FOR ADDITIONAL BILL ADJUSTMENT**

Mr. Bentley presented a request for an additional bill adjustment from Mr. J. Frederick who received a bill in March for \$1,878 due to water loss from a broken service line. Mr. Frederick received an adjustment in the amount of \$1,383 for both the January and March bill, reducing the amount owed to \$630. Mr. Frederick is requesting that his November bill be considered for adjustment also since he suspected a leak in November, but District field staff who responded to his call told him that they did not detect a leak.

Mr. Frederick addressed the Board. He reviewed the events leading up to his high water bills and his reasoning for requesting a further bill adjustment that would include his November bill. He stated that had the leak been detected when he first called the District in November, he would have fixed it immediately and the amount of water loss and his subsequent bills would have been considerably less.

Director Schoonover responded that although he commiserates with Mr. Frederick's situation, District policy states that the District has no obligation regarding a leak on private property.

The Board took no further action and the credits currently authorized under the District's Bill Adjustment Policy remain.

Mr. Frederick thanked the Board and left the meeting.

### **APPROVE: POINT REYES WELL #3 REPLACEMENT - APPROVE BID ADVERTISEMENT**

Mr. McIntyre summarized the key milestones accomplished so far in meeting requirements to obtain necessary permits for the Point Reyes Well #3 Replacement Project. He advised that the Notice of Determination was filed with the Marin County Clerk and no public comments were received during the comment period. He said that the California Coastal Commission (CCC) approval process is still ongoing, and it is optimistically expected that final approval will be granted within two or three months. He opined that it is prudent to move forward with the bid advertisement so that the District will know what the cost is and which contractor is ready so that when permits are in place, the project can proceed. Mr. McIntyre pointed out that staff's request is only for the soliciting of bids and that the permitting process shall be completed before returning to the Board for approval of the contract.

Director Schoonover moved staff's recommendation to authorize bid advertisement for the project.

Director Fraites asked that should salinity intrusion be a problem with Well #3, is there another well further upstream that can be used as a contingency?

Mr. McIntyre responded that the Gallagher Well is further upstream and out of any impact for salt water intrusion and that the Gallagher Well project is included in the long-range budget plan.

Mr. DeGabriele commented that Well #3 will be influenced by salinity, but that the well must be installed so the District can avoid pumping during high tide periods. He stated that the ultimate solution to the salinity problem is to move to the Gallagher well.

Director Baker asked if the CCC permit has not been granted by time of contract award, what will be staff's strategy?

Mr. McIntyre responded that there are 90 days between the bid opening and contract award; and it is hoped that by time the contract is awarded, District staff will have vetted any concerns from the CCC staff and the permit will be issued.

Director Baker seconded the motion and the Board unanimously authorized the bid advertisement for the Point Reyes Well #3 Replacement project.

**APPROVE: RECYCLED WATER EXPANSION NORTH SERVICE AREA PLUM STREET TANK REHABILITATION PROJECT - BLASTCO INC. - CHANGE ORDER NO. 7**

Mr. McIntyre said that the request for approval for Change Order No. 7 to Blastco Inc. is related to extra work on the Plum Street Tank Rehabilitation project. He reminded the Board that they recently heard a recap of the project by the construction manager, Steve Wrightson (The Covello Group) wherein the Board learned of significant pitting and corrosion of the tank that was discovered when the original tank coating was removed. Mr. McIntyre advised that the change order will cover the contractor's extra time that was required to do the additional blasting and covers cost of materials and disposal of the blast material. He advised that Blastco's original request for additional compensation was \$28,000 and as a result of in-depth claims analysis performed by The Covello Group, the amount requested was reduced to \$5,000. Mr. McIntyre informed the Board this change order exceeds the total contingency amount that was approved by the Board previously and that with the approval of this change order, the total contingency amount is now \$21,400.

On motion of Director Schoonover and seconded by Director Rodoni, and unanimously carried, the Board authorized the General Manager to execute Change Order No. 7 to Blastco, Inc. in the amount of \$5,000.

## **INFORMATION ITEMS**

### **OFFICE ADA ENTRY REMODEL**

Robert Clark updated the Board on the progress of the modification of the Administration Building entry doors and sidewalk for ADA compliance. He said that the original proposal was modified to obtain quotes for handrail installation only and that Maintenance staff will perform the demolition and installation of the entry doors. He said that this will keep the project cost within budget.

Director Petterle made suggestions to the modifications and requested staff reconsider the metal handrail proposed since it is important to maintain the architectural integrity of the building and to consider an aesthetic feature as an alternative to a steel handrail.

### **INITIAL REVIEW - PROPOSED FY 12/13 EQUIPMENT BUDGET**

David Bentley presented the proposed FY 12/13 Equipment Budget for the Board's initial review. He said that the budget totals \$232,900 which is less than the five-year financial plan that included \$250,000. He said that two-thirds of the equipment budget consists of rolling stock, trucks and trailers. He said that an additional review will be at the May 15<sup>th</sup> Board of Directors meeting and a public hearing is scheduled for June 19<sup>th</sup>. Mr. Bentley requested that the Board provide comments earlier in the process rather than later.

Director Rodoni commented that the dump truck that was eliminated from last year's budget did not appear in this year's budget. He requested that staff double check that items listed in the equipment budget are really needed before spending additional money.

Mr. Clark stated that the three-yard dump truck previously scheduled for replacement was retrofitted with an exhaust component and the truck should last five more years.

### **INITIAL REVIEW - FY 13 CAPITAL IMPROVEMENT PROJECTS BUDGET**

David Bentley presented the FY13 (\$9.7M) and FY 14 (\$5.7M) Capital Improvement Projects for initial review and stated that all four enterprise districts are included for this first review. He cited the major projects: Aqueduct Energy Efficiency Project (\$3.9M); Recycled Water (\$5.9M) and the other projects (\$5.5M). Mr. Bentley said that there are 37 improvement projects budgeted for next year. He again requested that the Board provide comments earlier in the process rather than later.

## **MISCELLANEOUS**

The Board received the following miscellaneous information: Disbursements, Letter from Ed Grundstrom, Ribbon Cutting - Coho Broodstock Building, Self Insured Workers Comp - 3<sup>rd</sup> Quarter Status Report, North Marin Water District Flushing Program.



The Board also received the following news articles: Sonoma County takes another step toward public power agency, The Positives and Negatives of Ionized Water, Where in Novato is this?, NMWD Recognized for Excellence in Financial Reporting, Conventional Local Dairy Closures Expected to Continue.

**ADJOURNMENT**

President Petterle adjourned the meeting at 8:32 p.m.

Submitted by



Renee Roberts  
District Secretary