

1 **NORTH MARIN WATER DISTRICT**  
2 **MINUTES OF SPECIAL MEETING**  
3 **OF THE BOARD OF DIRECTORS**  
4 **May 25, 2010**

5  
6 **CALL TO ORDER**

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

12 There were approximately ten people in the audience. District employees Robert Clark  
13 (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance  
14 Superintendent) and Sue Kessler were also in the audience.

15 President Baker asked that all members of the public wishing to speak to the Board  
16 during the public hearing fill out a Public Speaker Card and to limit their time to three-minutes.

17 **OPEN TIME**

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

20 **PUBLIC HEARING**

21 **CONSIDER PROPOSED 11% INCREASE IN WATER RATES FOR NOVATO SERVICE**  
22 **AREA AND RESULTING REVISIONS TO DISTRICT REGULATIONS 54, WATER RATES**

23 President Baker introduced Mr. DeGabriele who made a presentation regarding the  
24 proposed 11% increase in water rates. Mr. DeGabriele stated that over 20,000 individual letters  
25 had been sent to District customers noticing the proposed rate increase and the rate hearing.  
26 He stated that the District received approximately 205 letters protesting the rate increase and  
27 that Mr. Saladino sent a letter and requested it be included in the official public hearing record.

28 Mr. Saladino's letter stated:

29 "Dear Members of the NMWD Board:

30 Please read this letter into the official Public Hearing record on proposed water rate  
31 increase scheduled for May 25, 2010.

32 The Fall 2009 Water Line, Novato's Water Conservation Newsletter states in part:

33 "In response to the State Water Resource Control Board (SWRCB) mandated  
34 reduction in Russian River water diversions this summer, NMWD enacted an  
35 Emergency Water Conservation Ordinance and asked customers to reduce their  
36 summer water use. Novato customers responded admirably and were successful in

1 reducing summer water consumption by 21% from June 1 through September 30,  
2 2009. Novato customers assisted the Sonoma County Water Agency to comply with  
3 the SWRCB order... Even though the state mandated period for water conservation  
4 has ended and NMWD's Emergency water Conservation Ordinance has sunset,  
5 customers are asked to continue conserving water..."

6 Thank you Novato customers. Your reward will be increase water rates. Okay to be  
7 fair, the NMWD did have to purchase higher cost water from Sonoma County Water  
8 Agency where we get 80% of our water. Starting July 1<sup>st</sup> the Sonoma rate increase  
9 will be 9%. So it appears this would justify increasing water rates to something less  
10 than 9% since we only purchase 80% of our water at the higher rate. Well Novato  
11 water users standby, there is a little caveat, NMWD expenses for delivery of that  
12 Sonoma water restrictions in November 2009 by requiring water users reduce their  
13 usage by 20% by 2020, meaning the typical NMWD usage would have to be cut  
14 from 163 gallons per day to 130 gallons. Of course, if we can reach that goal, we  
15 can definitely expect rates to further increase.

16 Now please do NOT justify the NMWD rate increase saying Marin Municipal Water  
17 District pays much more. Will the NMWD customer feel the increase less? NO!!!

18 Sincerely,  
19 Ronald Saladino"

20 Mr. DeGabriele's presentation identified that a \$19.3 million budget is proposed for fiscal  
21 year 2010/2011 and that labor cost comprises 30% of the budget and reflects a 5% reduction in  
22 staff. He advised that 80% of Novato's water supply comes from the Russian River and Stafford  
23 Lake water treatment plant supplies the remainder. The need for a rate increase includes higher  
24 cost of Russian River water supply, reduced revenue from lower water sales and declining  
25 reserve balances which have been used to construct major capital improvements over the past  
26 10 years. Mr. DeGabriele indicated that, with a proposed 11% increase, the typical Novato  
27 residential customer will see an average \$9 increase in each bimonthly bill resulting in the  
28 annual cost below the median of comparison Bay Area urban retail water agencies.

29 Director Petterle asked Mr. DeGabriele to clarify who recommended the reserve rate be  
30 set at 90%. Mr. DeGabriele answered that the District's auditors recommended the District  
31 establish a financial reserve at 90% of the annual operating budget and that the District did hold

1 a public meeting to establish that reserve. Director Schoonover asked Mr. DeGabriele if the  
2 auditors were outside auditors and Mr. DeGabriele stated that was correct.

3 President Baker opened the public hearing at 7:50 p.m.

4 Todd Smith, Feliz Road, stated that the District has relied on 80% of Novato's water  
5 being purchased from Sonoma County for many years and during those years, Novato  
6 population has grown increasing the demand for water. He further stated that he thinks the  
7 District has not provided additional means of capturing water to become more self-sufficient and  
8 that he believes it is poor planning on the part of the District's administration. Mr. Smith  
9 suggested that the District's administration should take decreases in their salaries, pension  
10 plans and benefit packages to offset the proposed water rate increases.

11 President Baker asked if anyone else wanted to speak.

12 Vivian Poole, Indian Valley, stated that the increase in rates would be hard on people  
13 who have orchards and vineyards. She stated that she has cut back on the watering of her  
14 property, completed the Water Smart Home Survey and has done everything the District has  
15 asked. Ms. Poole commented that it is unfortunate that there is no other way to find water for  
16 the City of Novato and those consumers who live on acreage and are not "water hogs", but who  
17 are very conscientious on how they use water. President Baker stated that this issue has come  
18 up a number of times from customers who have large properties. He stated that the District  
19 cannot afford nor is it of benefit to ratepayers to give a break to customers with large turf areas  
20 or who own livestock.

21 Ms. Poole asked what the District's future plans are for trying to find more sources of  
22 water.

23 Mr. DeGabriele addressed both Mr. Smith and Ms. Poole's concerns. He stated that one  
24 reason for developing the recycled water project and expansion of that project is to offset  
25 existing potable water uses with recycled water so that potable water can be freed up for other  
26 purposes. He advised that the District is also investigating how more water storage can be  
27 coaxed from Stafford Lake with dredging or excavating the shoulders of the lake. Mr.  
28 DeGabriele said that the District is working with the County of Marin and Novato Sanitary in  
29 conducting a watershed study to determine if groundwater is available in Novato. He explained  
30 that Novato did have groundwater wells before the District was formed, but they were impacted  
31 by salt water intrusion from the Bay and were not satisfactory for potable use. Mr. DeGabriele  
32 further stated that one issue with obtaining additional potable sources is that the District will not  
33 be able to meet the state's requirement of a 20% reduction in per capita water use by 2020. He

1 noted that to date, the District has achieved approximately 11% of the necessary 20% reduction  
2 with the conservative programs, but the District still needs to achieve the remaining 9% in 10  
3 years. He explained if the District does not comply with this reduction, it will not be eligible for  
4 any grants or loans from the state. Mr. DeGabriele stated that the two major issues facing not  
5 only the District, but all water districts in California, is the state mandate to reduce per capita  
6 water consumption and protection of fisheries. Mr. DeGabriele noted that the District is striving  
7 to do all it can to utilize its local sources of supply as much as possible.

8 Ron Roberts, Gage Lane, stated that there was more water used in the 1920's and 30's  
9 in Indian Valley than used today as there were dairies in the area.

10 Stacey Pogerzelski, La Costa Lane, expressed her support of the increase in water rates  
11 and commented that the District is doing a great job of conserving.

12 Hearing no further comments, President Baker closed the public hearing at 8:10 p.m.

13 Director Schoonover stated that he has been on the Board for 25 years and his pay has  
14 not increased.

15 Director Rodoni stated that if there were a new supply of water, the District would  
16 certainly take advantage of it. He continued that all new water supplies are very expensive and  
17 dredging Stafford Lake would be a big project requiring environmental review. Director Rodoni  
18 further stated that he is sensitive to senior citizens who are on a fixed income and he knows the  
19 general economy is struggling. He noted that the District can live with a little less than 11% and  
20 suggested postponing the reserve increase. Director Rodoni suggested a vote for a 9%  
21 increase this year.

22 Director Petterle expressed his gratitude towards the consumers that were present and  
23 he encouraged them to attend more meetings because some of the questions they might have  
24 could be answered in other meetings. He stated that the Board members were not "in it for the  
25 money" nor the political recognition, but because they want to see the water district run  
26 smoothly. Director Petterle commended the District staff, noting that the District is run efficiently  
27 and effectively and that the staff is bright and intuitive. Director Petterle stated that he agreed  
28 with Director Rodoni and that "we are in exceptional times in this economy" and he would  
29 support a lower rate increase.

30 Director Fraites stated that he also agreed with Directors Petterle and Rodoni and that  
31 he had noticed that one of the main comments in the protest letters was regarding alternative  
32 water supplies. Director Fraites said that the District has future plans to conduct studies and if  
33 the District can find a watershed that can supply another reservoir, then the District will look into  
34 that but the cost would be millions of dollars. He further stated that the District must help protect

1 fisheries because of the federal and state regulations. Director Fraites added that there are  
2 tough times occurring and that people are living on fixed incomes and agreed with Director  
3 Rodoni that the District could possibly extend the goal for the reserves and cut back the  
4 increase to 9%.

5 Director Baker expressed that he was not happy to be in the current situation and that  
6 with Mr. DeGabriele's presentation, it was obvious that the reserves are going down and the  
7 costs are rising. He added that as water sales decrease so do revenues needed for operations  
8 and there is no other feasible choice but to have a rate increase.

9 Director Rodoni made a motion to approve Resolution 10-08 amending Regulation No.  
10 54 pertaining to water rates and charges to reflect an increase of 9% for all Novato service area  
11 customers. Director Fraites seconded the motion.

12 Director Schoonover called for a roll call vote and President Baker called each Director's  
13 name and the following vote was recorded.

- 14 Director Schoonover: Aye
- 15 Director Rodoni: Aye
- 16 Director Petterle: Aye
- 17 Director Fraites: Aye
- 18 Director Baker: Aye

19 Director Baker stated that he would have felt more comfortable with a 10% increase but  
20 will agree to the 9% increase although the customers will have to pay for it sooner or later.

21 Mr. DeGabriele stated that the District will adjust the commercial seasonal rates to affect  
22 the 9% increase.

23 **ADJOURNMENT**

24 President Baker adjourned the meeting at 8:25 p.m.

25 Submitted by  
26  
27 Katie Young  
28 Acting District Secretary