

**NORTH MARIN
WATER DISTRICT**

**NORTH MARIN WATER DISTRICT
AGENDA - REGULAR MEETING**

June 5, 2012 – 7:30 p.m.
District Headquarters
999 Rush Creek Place
Novato, California

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Est. Time	Item	Subject
7:30 p.m.		CALL TO ORDER
	1.	APPROVE MINUTES FROM REGULAR MEETING, May 15, 2012
	2.	GENERAL MANAGER'S REPORT
	3.	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.
	4.	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.
	5.	Consent - Approve Recycled Water South Service Area - On-Site Retrofit Construction Project (Group 1S) - Approve Bid Advertisement
	6.	Consent - Approve Response to Customer Complaint Re Bi-Monthly Service Charge
		ACTION CALENDAR
	7.	Approve: Purchase of FY13 Insurance
	8.	Approve: Marin Clean Energy Participation
	9.	Approve: District Labor Compliance Program for Prop 84 Projects Resolution
	10.	Approve: Oceana Marin Sewer Lining Project - Approve Bid Advertisement
	11.	Approve: Pt. Reyes Water Treatment Plant Solids Handling Facilities Project - Request for Authorization to Conduct CEQA Public Review
	12.	Approve: Point Reyes Well #3 Replacement Project - Award Contract
8:00 p.m.		INFORMATION ITEMS
	13.	Permitting for Delivery of Recycled Water to Existing Customers

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.	Third Quarter FY 11/12 - Water Quality Report
	15.	Response to Marin IJ Article - Dr. Jason Eberhart-Phillips: Are toxins on tap in our drinking water?
	16.	Initial Review - FY13 West Marin Budgets
	17.	YouTube Video - About North Marin Water District (<i>Available at the Meeting</i>)
	18.	NBWA Meeting - June 1, 2012
	19.	MISCELLANEOUS Disbursements Letter from City of Novato Re Clean & Green Day Water is <i>Still</i> Cheap: Demonstrating the True Value of Water Accepting the Affordability Challenge Letter to editor re Water Bill <u>News Articles:</u> We're in Good Shape Water-Wise Despite Dry Winter Eel River will see extra water release Hearing on water rate increase
9:00 p.m.	20.	ADJOURNMENT

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DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 15, 2012

6 **CALL TO ORDER**

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

12 Lance Wyeth, representing Peter and Marijke Donat, and District employee Robert Clark
13 (Operations/Maintenance Superintendent) were in the audience.

14 **MINUTES**

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

17 **GENERAL MANAGER'S REPORT**

18 **Fire Hydrant Knocked Over**

19 Chris DeGabriele reported that on May 2, a motorist knocked over a fire hydrant on Indian
20 Valley Road resulting in lost water pressure, and affected customers in the area were issued
21 Precautionary Water Alert notices. He said that water samples came back clean on Friday, the alert
22 was lifted and customers were notified.

23 **Bay Friendly Garden Tour**

24 Mr. DeGabriele stated that on Saturday, May 19, there will be a Bay Friendly Garden Tour
25 that will include three Novato homeowners' gardens showcasing natural gardening techniques. He
26 said that this event is coordinated throughout the Bay Area.

27 **Drip Irrigation Seminar**

28 Mr. DeGabriele advised that a drip irrigation seminar will be held at the District headquarters
29 on May 31 from 7 p.m. to 9 p.m. in cooperation with the Urban Farmer's Store and the Native Plant
30 Society. He said that on the following Saturday, June 2, there will be a hands-on drip irrigation class
31 at Green Point Nursery in Novato.

1 Temporary Urgency Change Order

2 The General Manager reported that Sonoma County Water Agency received the 2012
3 Temporary Urgency Change Order from the State Water Resources Control Board on May 2 which
4 authorizes lower flows in the Russian River this summer to fulfill the Biological Opinion
5 requirements. He stated that there are no water use restrictions included in the Order. He informed
6 the Board that the Order gives credit to the Sonoma-Marín Saving Water Partnership as being
7 instrumental in achieving regional water conservation commitment and he read a portion of the
8 Order: "...the adoption of the Sonoma-Marín Saving Water Partnership in December 2010
9 memorializes the region's commitment to long-term year around water use efficiency. The
10 Partnership removes one of the most significant barriers to implementing conservation programs'
11 funding. Each of the partners has committed to a minimum level of funding as allocated specifically
12 to conservation program implementation."

13 **OPEN TIME:**

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

16 **STAFF/DIRECTORS REPORTS**

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

19 Air Entrainment at Well #2

20 Robert Clark provided a follow-up to his report given at the last meeting about the air
21 entrainment situation at Point Reyes Well #2 that resulted in cloudy water. He said that the recent
22 measurement at the well revealed that the well pump was not as deep as was thought; and
23 therefore, 12 feet of pipe was added, as well as the existing corroded sections of pipe replaced. He
24 said that there has not been any air entrainment since and there should be sufficient production
25 capacity at the well for the summer months.

26 Meeting with Supervisor Arnold

27 Director Baker reported that he, Bill Long and Ginger Bryant, participants in the North Bay
28 Water Reuse Authority (NBWRA) trip to Washington, DC, met on May 9th with Marin Supervisor
29 Judy Arnold to report on the group's meetings with federal elected officials and their representatives
30 to advocate for continued funding for the NBWRA program.

1 **MONTHLY PROGRESS REPORT**

2 The General Manager provided the Monthly Progress Report for April. He stated that water
3 production in Novato is up 1% year-to-date compared to last year due to the dryer than normal
4 winter, West Marin production is down 3% from a year ago; and there has been no additional
5 production at Stafford Treatment Plant (the plant will start up on July 1). He further stated that the
6 Recycled Water Plant did start up and recycled water is now being delivered to StoneTree Golf
7 Course. Mr. DeGabriele advised that Stafford Lake accumulated over 17 inches of rainfall for the
8 year and the lake's elevation is just under 190 feet; lake storage is 947MG or 68% full. He said that
9 there is ample water in the Russian River system. Mr. DeGabriele stated that there was no irrigation
10 field discharge in Oceana Marin last month and freeboards are in good shape in the irrigation and
11 storage ponds.

12 The Manager advised that the Summary of Complaints and Service Orders show that
13 complaints are up by two complaints compared to last year; and for the year, down about 9%, or
14 100 complaints, primarily due to fewer service repair reports and fewer high bill complaints.

15 Mr. Bentley advised that at the end of April, the District cash balance was \$12.4M, up
16 \$120,000. He said that during April, State Revolving Fund loan monies and grant proceeds in the
17 amount of \$506,000 for the Recycled Water Project were received. He said that absent the \$8M
18 loan from Bank of Marin, the cash balance is up \$48,000. He advised that the District portfolio is
19 earning 0.41%.

20 **CONSENT CALENDAR**

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

23 **NOTICE OF COMPLETION FOR RECYCLED WATER EXPANSION NORTH SERVICE AREA**
24 **PLUM STREET TANK REHABILITATION PROJECT (BLASTCO)**

25 Blastco Inc. has fulfilled their obligations under the contract for the Recycled Water
26 Expansion North Service Area Plum Street Tank Rehabilitation Project including corrections of all
27 work deficiencies and punch list items. The Board authorized the General Manager to execute and
28 file a Notice of Completion for the project.

29 **ANNEXATION NO. 11 TO PARADISE RANCH ESTATES (PRE-1) IMPROVEMENT DISTRICT,**
30 **12719 SIR FRANCIS DRAKE BLVD., INVERNESS**

31 The Board declared its intent to proceed with Annexation No. 11 at the April 17, 2012 Board
32 of Directors meeting, and provide service to the property located at 12719 Sir Francis Drake Blvd.,

1 Inverness. The owners have signed the Annexation Application and Consent and paid all required
2 fees for annexation into the Improvement District.

3 The Board approved Resolution No. 12-12 entitled, "Resolution of the Board of Directors of
4 North Marin Water District Ordering the Annexation No. 11 of Territory Within Said District to
5 Improvement District and PRE-1 of Said District."

6 ***ACTION CALENDAR***

7 **APPROVE: RATE INCREASE LETTER TO WEST MARIN WATER CUSTOMERS**

8 Mr. Bentley advised that to comply with Proposition 218, the District is required to notify its
9 affected property owners and customers when a water rate increase is considered 45 days in
10 advance of the public hearing. He said that staff is recommending a 9% increase for West Marin
11 customers, the eighth consecutive year of 9% increases, and that the public hearing is scheduled for
12 Tuesday, July 3 at the Dance Palace in Point Reyes. Mr. Bentley said that to make the bi-monthly
13 service charge consistent with that in Novato, the West Marin water service charge will increase
14 \$2.50 per month. He stated that a 6% increase in the commodity rate is proposed; and with the
15 service charge increase and commodity rate increase combined, the median residential customer
16 will see a 9% increase. He further stated that a 7% increase is recommended for non-residential
17 customers.

18 Mr. Bentley said that the draft customer letter presented tonight for the Board's approval
19 was reviewed by legal counsel, the letter will be printed in-house and mailed on Friday, May 18th.

20 On motion of Director Fraites, seconded by Director Baker and unanimously carried, the
21 Board approved mailing the rate increase notice letter to affected West Marin property owners and
22 customers.

23 ***INFORMATION ITEMS***

24 **SECOND REVIEW – FY 2012/13 PROPOSED NOVATO WATER CAPITAL EQUIPMENT**
25 **BUDGET**

26 Mr. Bentley stated that there have been no changes since the previous review. He said that
27 the proposed Equipment Budget totals \$233,000, and two-thirds of the budget is for vehicles and
28 rolling stock. He advised that a public hearing and approval of the proposed Equipment Budget is
29 scheduled for June 19, 2012.

30 **SECOND REVIEW – PROPOSED FY 13 & FY 14 NOVATO CAPITAL IMPROVEMENT**
31 **PROJECTS BUDGET**

32 Mr. Bentley stated that minor changes were made to the proposed Novato Capital
33 Improvement Projects Budget since the last review, decreasing the budget by \$30,000 for FY 13

1 and \$20,000 for FY 14. He further stated that the only significant project in the proposed budget is
2 the Aqueduct Energy Efficiency Project and \$3.9M is budgeted for it over the next two years. He
3 said that the net project outlay is \$1.8M and \$1.9M, respectively, for the next two fiscal years and
4 that these budgets stay within the \$2M per year parameter established in the five-year financial plan.

5 **SECOND REVIEW – FY 2012/13 PROPOSED NOVATO OPERATIONS BUDGET**

6 Mr. Bentley stated that the changes to the proposed Novato Operations Budget from the
7 previous review is related to the Recycled Water System Expansion. He said that Novato has been
8 cash-flowing much of the Recycled Water Expansion Project pending receipt of grant and loan
9 monies. He said that more of the project will be completed this year than planned and will allow less
10 money to be spent in FY13 and FY 14 even though the total project cost will remain the same. He
11 said that Recycled Water will be able to repay Novato Water more than anticipated in FY 13, \$1.1M
12 versus \$900,000. Mr. Bentley stated that Novato water sales volume is again conservatively
13 budgeted at 2.7BG and that Stafford Lake production is budgeted at 750MG, less than the 800MG
14 in this year's budget. He advised that the overall operating expenditures are proposed to increase
15 \$215,000 over this year's budget due to increased purchased water cost because less water will be
16 produced at Stafford and the 4% increase in Russian River water cost. He advised that the budget
17 includes a reduction in staffing due to the anticipated retirement of two employees.

18 **SECOND REVIEW – FY 2012/13 PROPOSED NOVATO RECYCLED WATER OPERATIONS**
19 **BUDGET**

20 Mr. Bentley stated that staff's estimate of expenditures for Recycled Water during the current
21 fiscal year has increased \$400,000 since the last review and that will reduce the amount of
22 expenditures over the next two years by the same amount. He said that this will allow the Recycled
23 Water System to payback Novato water an extra \$200,000 over each of the next two fiscal years.
24 Mr. Bentley said that the recycled water demand is estimated at 62MG up from about 50MG this
25 year as 14 new accounts will come on-line with the Recycled Water System Expansion. He stated
26 that a major assumption is the purchase of 39MG of recycled water from Novato Sanitary District
27 and Las Gallinas Valley Sanitary District at \$1500/MG and the pricing is yet to be determined. The
28 proposed budget includes \$5.5M for continued expansion of the North and South Service Areas;
29 \$1.7M is budgeted to repay Novato water. Mr. Bentley reminded the Board that they will have
30 another opportunity to review the budget on June 19 when the public hearing and approval is
31 scheduled.

32 Mr. DeGabriele commented that continually reviewing the five-year financial plan has been
33 beneficial in developing the budget and that the "dashboard" that Mr. Bentley presents helps the
34 Board and staff look out five years as well as look at the current year's budget.

1 **GOVERNOR'S PENSION REFORM PLAN**

2 Mr. DeGabriele stated that he has been participating in the Association of California Water
3 Agencies (ACWA) Local Government Committee and that one of committee's charges this year is to
4 weigh in on the Governor's Pension Reform Plan. He said that he has included the letter that the
5 ACWA Local Government Committee penned to the State Legislative Committee, the Governor's
6 12-Point Pension Reform Plan and other attachments in the Board agenda packet for the Board's
7 review. He said that nothing is happening on pension reform at the state legislature or CalPERS,
8 and he opined that the only place pension reform will likely occur is at local agencies.

9 **NBWA MEETING - MAY 4, 2012**

10 Mr. DeGabriele reported that the District's share of the budget for North Bay Watershed
11 Association will remain the same as this year.

12 Director Fraites provided a brief report on the presentation on the Napa River Flood
13 Protection Project and stated that he was very impressed with Napa's approach to solving the city's
14 flooding problem by reclaiming the flood plain marsh, day-lighting portions of the river and creeks
15 and other natural remedies.

16 **WAC/TAC MEETING - MAY 7, 2012**

17 Mr. DeGabriele reported on the WAC/TAC meeting and spoke about the presentation on the
18 Draft SCWA Long Range Financial Plan. He said that the presentation included four scenarios
19 relative to the financial obligations of the biological opinion and other projects. He outlined the take
20 home points of the scenarios that include: the Dry Creek Habitat Enhancement Project requires the
21 first 3 miles to be completed to determine if an alternative pipeline needs to be built; the Dry Creek
22 habitat enhancements must work to avoid the \$141M capital cost of the Dry Creek By-Pass Pipeline,
23 continue pressuring the Corps of Engineers to share the cost of the Dry Creek habitat
24 enhancements; and pre-funding will help stabilize rates. He said that for the District, the annual rate
25 increases will range from 6% to 7% and cautioned that it is necessary to begin increasing the cost of
26 water now to pre-fund the Dry Creek By-Pass Pipeline if it is needed, otherwise the District's cost of
27 water could increase 12-13% per year for a number of years. Mr. DeGabriele said that the Long
28 Range Financial Plan model that was shared with all the contractors uses a conservative approach.
29 He said that a low number of water deliveries is used in the denominator which means the rates
30 would be higher; and that SCWA believes that the O&M component of the rate will see an escalator
31 of 3% per year which he believes is unreasonable. The Manager stated that the presentation
32 demonstrates to the elected officials that the TAC and SCWA are working together to move forward
33 and are planning adequately.

1 Director Rodoni stated that Mr. DeGabriele and the TAC deserve congratulations because
2 they have worked very hard for many years to get SCWA to bring this plan forward. He said that as
3 presented, the plan is manageable especially if the project is pre-funded.

4 Mr. DeGabriele briefly reviewed the Santa Rosa Plain Groundwater Studies and said it is
5 another area where SCWA and Sonoma County stakeholders are working collaboratively.

6 **MISCELLANEOUS**

7 The Board received the following miscellaneous items: Disbursements, AWWA Regulatory
8 Advisory, Russian River Coho Salmon Captive Broodstock Program Building Ribbon-Cutting
9 Program, Thank you letter from Marilan Amaroli, Potter Valley Project Tour, Eel River Tour,
10 VOMWD's 50th Anniversary Invitation, MMWD Bond Issue Notice.

11 The Board received the following news articles: Sausalito man appointed to State Water
12 Board, Bubbly water for North Marin, PD Editorial: Mark Bramfitt best fit in 1st, North Bay Water
13 Reuse Program Awarded \$3.8 M in federal funding, Novato man says he'll fight water district over
14 bill.

15 **CLOSED SESSION**

16 President Petterle adjourned the Board into closed session at 8:20 p.m. for: Conference with
17 Real Property Negotiator (Chris DeGabriele) regarding North Marin Water District Lagunitas Creek
18 Water Right (Government Code §54956.8).

19 **OPEN SESSION**

20 Upon returning to regular session at 8:33 p.m., President Petterle stated that during the
21 closed session the Board had discussed the issues and no reportable action had been taken.

22 **ADJOURNMENT**

23 President Petterle adjourned the meeting at 8:34 p.m.

24 Submitted by

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Renee Roberts
District Secretary

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MEMORANDUM

June 1, 2012

To: Board of Directors

From: Drew McIntyre, Chief Engineer 
David Jackson, Associate Engineer

Re: Recycled Water South Service Area – On-Site Retrofit Construction Project
(Group 1S) – Approve Bid Advertisement

Z:\Folders by Job No\6000 jobs\6056\Board Memos\6056 Retrofit memo re approval for bid advertisement 6-1-12.docx

RECOMMENDED ACTION: Board Authorize Bid Advertisement of the Recycled Water South Service Area – On-Site Retrofit Construction Project (Group 1S)

FINANCIAL IMPACT: \$150,000 (included in proposed FY2012/13 budget)

Background

The Recycled Water South Service Area On-site Retrofit Construction Project (Group 1S) consists of on-site retrofits to convert six customer sites from current potable water use for irrigation to recycled water use (see Attachment 1 for a map of the sites). The Las Gallinas Valley Sanitary District (LGVSD) Recycled Water facility is scheduled for completion in September, 2012 and NMWD's off-site South Service Area Phase 1a and 1b recycled water distribution and storage facility projects are scheduled to be completed at the same time. The final step in delivery of recycled water is the on-site retrofits. HydroScience Engineers has designed the retrofits for the first group of projects per state regulations and NMWD standards. The District staff has also obtained California Department of Public Health approvals for these designs and is ready to move forward to the bid phase for the Recycled Water South – On-site Retrofit Construction Project (Group 1S).

The following project schedule identifies key dates including the proposed bid advertising date.

SCHEDULE

Advertise Project	June 8, 2012
Plans & Specs available	June 11, 2012
Pre-Bid Meeting	June 28, 2012
Bid Opening	July 10, 2012
Board Authorization of Award (tentative)	July 17, 2012
Notice of Award (tentative)	July 20, 2012
Notice to Proceed	July 23, 2012
Construction Complete	October 29, 2012*

*two sites (S19 & S45) shall be in service by September 28th to meet ARRA loan requirements.

Approved by GM CD
Date 6/1/2012

Project Description and Costs

The Recycled Water South Group 1S Retrofit Construction project includes six sites for restoration. These are: two sites at the Bay Vista Apartments (9 Hathaway Drive and 7 Hutchins Way) and four sites owned by the Meadow Park Home Owner Association (HOA); 369 Bolling Circle, 440 Bolling Circle, 87 Bolling Circle and 100 Moffitt Court. The contractors' work includes disconnecting the customer irrigation system from the potable water meter, installation of new piping from the recycled water meter to the irrigation system connection points, installation of signage, markers and tagging that identify the potable and recycled water appurtenances and other tasks as specified in the design drawings.

The engineering construction cost estimate for Recycled Water South Group 1S Retrofit Construction project is \$150,000 and will be District funded. This estimate will be updated again as soon as bids are received.

Recycled Water Program Administration

The District initially established a state approved Recycled Water Program in 2003 (Program) as part of the StoneTree recycled water project. This Program was developed to ensure recycled water is used in accordance with the state's General Water Reuse Permit (RWQCB Order 96-011) and Title 22 water reclamation criteria. This Program was used when recycled water was expanded to Novato Fire Station 62 (near the intersection of Atherton and Olive Ave) in 2009. Currently, the North Service Area is in the bidding phase for on-site retrofits. The Program was updated in 2011 and will continue to be used to permit and monitor new recycled water use sites. The responsibilities for administering NMWD's Recycled Water Program are as follows:

- General Manager – has overall responsibility for the Recycled Water Program
- Administration/Finance – performs billing and financing functions.
- Engineering – responsible for application processing, design and plan checking for new users (or retrofits) and permit issuance (note: permits are co-signed by Chief Engineer and Water Quality Supervisor).
- Water Quality (under Operations/Maintenance) – responsible for permit issuance and permit compliance (note: permits are co-signed by Chief Engineer and WQ Supervisor).
- Operations/Maintenance – responsible for operations and maintenance of the Deer Island Recycled Water Facility and recycled water distribution/storage facilities including cross connection testing.
- Construction – responsible for distribution system repairs.

RECOMMENDATION

Board authorize bid advertisement of the Recycled Water South Service Area – On-Site Retrofit Construction Project (Group 1S).



NOT TO SCALE

SOUTH AREA RETROFIT SITES



S45 - MEADOW PARK
HOA PHASE 2
100 MOFFETT CT

DRAWING LIST

SHEET NO.	DRAWING NO.	DRAWING TITLE
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GENERAL

1	G1	TITLE SHEET AND APPROVALS
2	G2	GENERAL SITE PLAN AND DRAWING LIST
3	G3	IRRIGATION RETROFIT NOTES
4	G4	PARALLEL AND CROSSING SEPARATION STANDARDS
5	G5	IRRIGATION RETROFITS STANDARD DETAILS 1
6	G6	IRRIGATION RETROFITS STANDARD DETAILS 2

PROJECT SITES

7-9	S19	MEADOW PARK HOA PHASE 2 - 369 BOLLING CIRCLE
10-14	S20	MEADOW PARK HOA PHASE 2 - 440 BOLLING CIRCLE
15-21	S21/S22	BAY VISTA APARTMENTS - 9 HATHAWAY DR/7 HUTCHINS WAY
22-24	S45	MEADOW PARK HOA PHASE 2 - 100 MOFFETT CT
25-28	S46	MEADOW PARK HOA PHASE 2 - 87 BOLLING CIRCLE

S46 - MEADOW PARK
HOA PHASE 2
87 BOLLING CIRCLE

S19 - MEADOW PARK
HOA PHASE 2
369 BOLLING CIRCLE

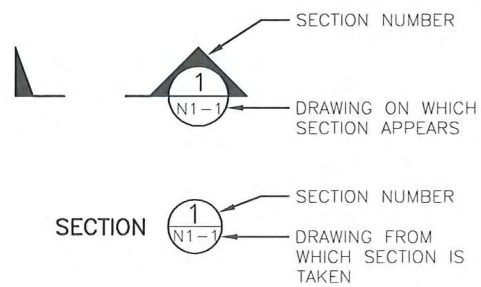
S20 - MEADOW PARK
HOA PHASE 2
440 BOLLING CIRCLE

S22 - BAY VISTA APARTMENTS
7 HUTCHINS WAY

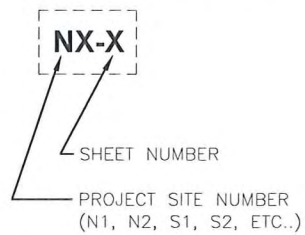
S21 - BAY VISTA APARTMENTS
9 HATHAWAY DRIVE

SECTION AND DETAIL NUMBERING SYSTEM:

- SECTION CUT ON DWG N1
- ON DWG N1 THIS SECTION IS IDENTIFIED AS
- DETAILS ARE CROSS-REFERENCED IN A SIMILAR MANNER, EXCEPT THAT DETAILS ARE IDENTIFIED BY LETTER RATHER THAN NUMBER.



RETROFIT SITE SHEET NUMBERING SYSTEM:



ATTACHMENT 1

NO.	DATE	REVISION	BY	APP.
NORTH MARIN WATER DISTRICT NOVATO, CALIFORNIA				
GENERAL SITE PLAN AND DRAWING LIST GROUP 1				
DES	DR	CH	SCALE	: AS NOTED
KH/CML	KH	CML	DATE	: JUNE 2012
APPROVED: CHIEF ENGINEER			SHEET NO.	: 2 OF 28 SHEETS
R.E. C40936	SERVICE AREA	1	JOB NO.	6056.20
				NO. G2

6

MEMORANDUM

To: Board of Directors

June 1, 2012

From: Chris DeGabriele, General Manager *CD*

Subject: Response to Customer Complaint Regarding Bi-Monthly Service Charge
T:\GMBOD Misc 2012\letter to customer re bimonthly serv chg memo.doc

RECOMMENDED ACTION: Authorize Board President to send the attached response to the District customer

FINANCIAL IMPACT: None

Attached please find a letter to the Board from a customer complaining about the Bi-Monthly Service Charge. Staff has prepared a response (also attached) for the President's signature to send to the customer.

RECOMMENDATION:

Board authorize the President to sign the response to the District customer who complained about the Bi-Monthly Service Charge.

Approved by GM *CD*
Date *6/1/2012*

RECEIVED
MAY 24 2012

To the Board of the North Marin Water District:

Mr. Jack Baker
Mr. Rick Fraites
Mr. Steven Petterle
Dennis Rodoni
John C. Schoonover

MAY 25 2012

North Marin Water District

I am writing this letter to express my anger over an unfair business policy that needs to be eliminated. The service charge of \$20.00 to read our meter **each and every** bill we receive is excessive. Is that not part of the service. Even PG&E doesn't charge to read. Is it not possible to read the water meter once or twice a year or charge a more reasonable one time charge per year? I am quite capable of reading my own meter and as a courtesy would phone my results back to each and every one of you and only charge you one half of the cost. Maybe I should have become a NMWD meter reader. Sounds like a cushy job to me. On top of that, we are getting an 11% increase in our rates starting in June. You must have done some fancy footwork to accomplish that one and get it through.

Sincerely,
Anne Ferguson

cc Novato Advance

DRAFT

June 6, 2012

Anne Ferguson
70 Terry Circle
Novato, CA 94947-7503

Re: Service Charge

Dear Ms. Ferguson:

Thank you for your letter of May 24 regarding the North Marin Water District (NMWD) Service Charge. You receive a water bill every two months which consists of two components: a Service Charge and a Commodity Charge.

The Service Charge is a fixed amount and covers much more than reading the meter. As stated on the back side of your water bill, it covers a portion of the cost of reading, maintaining and replacing your water meter, billing and accounting, debt service and other fixed costs. The debt service helps pay for a portion of the capital cost of the infrastructure (Stafford Water Treatment Plant, pump stations, storage tanks and distribution pipelines) which enables water delivery to you on-demand 24 hours per day, 7 days per week.

The Commodity Charge is a rate per 1,000 gallons for the water consumed. NMWD, like most utilities, has a relatively fixed cost structure: 73% of costs are fixed. However, by design, the water rate structure is virtually the opposite: 77% of revenue comes from the Commodity Charge based on water usage and is designed to encourage water conservation. Were meters read less frequently, the signal to conserve water would be diminished.

You noted in your letter that "Even PG&E doesn't charge to read" [the meter]. In fact, under PG&E's tariff structure, if you were to use zero gas and electricity, you would see a minimum charge of \$7.50 per month plus any applicable taxes and fees.

We hope this information helps you to better understand your water bill. Please feel free to call David Bentley, the District's Auditor-Controller (415.897.4133), if you would like to discuss this further.

Sincerely,

Stephen Petterle
President

t:\aclword\lrr\12\ferguson service charge.docx

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MEMORANDUM

To: Board of Directors
From: David L. Bentley, Auditor-Controller
Subj: Approve - Purchase of FY13 Insurance
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June 1, 2012

RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: \$120,043 included in FY2012/13 Operations Budget

The District requested proposals for insurance coverage for the coming fiscal year. This year we again solicited proposals from broker SST Insurance located in the City of Sonoma (SST), who won the District's business four years ago from long-time broker Marsh Risk Services. The Marsh team that previously served the District moved in-mass about three years ago to Gallagher Insurance Services in San Francisco. Gallagher made a proposal last year, but was not competitive, except for the workers' compensation excess policy. This year, Gallagher's package proposal pricing is superior to SST's.

For the past four years the District has purchased a package policy written by Travelers Insurance that includes all coverage except for the \$10 million Umbrella Liability policy, which has been written by Insurance Co of Pennsylvania. SST again proposed the Travelers package with the Insurance Co of PA umbrella policy, plus a second package proposal from Glatfelter Insurance. Gallagher proposed a package policy from Argonaut Insurance along with a renewal of the New York Marine and General workers' comp excess policy.

The recommended purchase package presented for your consideration herein reflects a cost decrease of \$33,162 (22%) from the current year premium.

PROPOSAL SUMMARY

Insurance Proposal	FY11/12	FY12/13	% Δ
Property	\$45,119	\$40,415	-10%
Liability ¹	\$62,540	\$32,281	-48%
Excess Workers' Comp	\$45,546	\$47,347	4%
	\$153,205	\$120,043	-22%

PROPERTY INSURANCE

Property insurance protects the District against loss or damage that occurs to the District's buildings, equipment and water storage tanks. Structures and tanks are insured in an amount up to the value of the asset as shown on the attached schedule. Equipment coverage is

¹ Amounts shown are NMWD's net cost after MCWCFCFD's contributions (FY12 \$28,611 & FY13 \$15,000).

provided on an agreed value basis. The coverage proposed this year does not include the \$1 million limited "Cybercrime" coverage to protect the District from electronic fraud that was purchased for the first time last year from Travelers. However, the Argonaut policy proposed does include \$500,000 in computer and fraudulent funds transfer coverage. The insured value of the District's property, including mobile equipment (backhoes, generators, etc.) rose 3% from the prior year, to \$54.6 million.

<u>2011-12 Actual</u>					
<u>CARRIER</u>	<u>TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>	<u>PREMIUM</u>	<u>RATE/\$1,000</u>
Travelers	Property	\$53,070,000	\$10,000	\$43,802	\$0.83
<u>2012-13 Proposal</u>					
Argonaut	Property	\$54,624,000	\$10,000	\$40,415	\$0.74 ←
Glatfelter	Property ²	\$51,951,000	\$10,000	\$43,220	\$0.83
Travelers	Property ²	\$54,624,000	\$10,000	\$49,928	\$0.91

VEHICLE PHYSICAL DAMAGE INSURANCE

Comprehensive & Collision insurance for District autos and trucks protects the District against physical damage occurring due to collision, fire, theft, etc, on an agreed value basis. The insured value of the District's insured vehicle fleet increased 9% from the prior year to \$472,000.

<u>2011-12 Actual</u>					
<u>CARRIER</u>	<u>TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>	<u>PREMIUM</u>	<u>RATE/\$1,000</u>
Travelers	Auto PD	\$435,000	\$3,000	\$1,317	\$3.03
<u>2012-13 Proposal</u>					
Argonaut	Auto PD	\$472,000	\$3,000	Included	- ←
Travelers	Auto PD	\$472,000	\$3,000	\$1,376	\$2.92
Glatfelter	Auto PL/PD ³	\$472,000	\$3,000	\$12,985	-

PUBLIC OFFICIALS ERRORS & OMISSIONS AND EMPLOYMENT PRACTICES LIABILITY

Errors and Omissions is a form of liability coverage that insures the District Board and Officers against claims made for "breach of duty" occurring through negligence, error or unintentional omission. It also includes Directors and Officers' Employment Practice Liability Insurance, covering claims for wrongful termination, discrimination, harassment, etc.

² Includes \$1 Million Cybercrime policy

³ Includes \$1 Million liability coverage

<u>2011-12 Actual</u>			
<u>CARRIER</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>	<u>PREMIUM</u>
Travelers	\$3,000,000	\$25,000	\$14,706
<u>2012-13 Proposal</u>			
Argonaut	\$1,000,000	\$25,000	Included ←
Glatfelter	\$1,000,000	\$25,000	\$12,564
Travelers	\$3,000,000	\$25,000	\$15,758

GENERAL AND AUTO LIABILITY UMBRELLA INSURANCE

General and Auto liability umbrella coverage provides a backstop in the event of a large liability claim (bodily injury, property damage, personal injury) where the damage exceeds the District's \$1 million self-insured retention (SIR). The umbrella covers subsidence, failure to supply, inverse condemnation, eminent domain and dam failure. In addition, the umbrella covers the \$1 million Public Officials and Employment Practices policy.

A 1985 agreement with the Marin County Flood Control and Water Conservation District (MCFCWCD) requires North Marin to maintain a minimum \$10 million liability policy and obligates MCFCWCD to pay the incremental cost of increasing the limit from \$5 million to \$10 million. The District self-insures the first \$1 million in liability. The Argonaut package insures the provides the next \$9 million, rendering total coverage of \$10 million. MCFCWCD's share of the cost drops dramatically under the Argonaut policy, from \$28,611 this year to \$15,000 next fiscal year for the \$5 million in additional coverage required under the agreement.

<u>2011-12 Actual</u>			
<u>CARRIER</u>	<u>COVERAGE</u>	<u>SIR</u>	<u>PREMIUM</u>
Travelers/Ins Co PA	\$10,000,000	\$1,000,000	\$45,959 ⁴
<u>2012-13 Proposal</u>			
Argonaut	\$10,000,000	\$1,000,000	\$32,281⁵ ←
Travelers/Ins Co PA	\$10,000,000	\$1,000,000	\$60,569 ⁶
Glatfelter	\$10,000,000	\$25,000	\$95,038 ⁷

⁴ Net cost shown. Total premium was \$74,570. MCFCWCD paid \$28,611 for the incremental \$5M coverage.
⁵ Net cost shown. Total premium is \$47,281. MCFCWCD would pay \$15,000 for the incremental \$5M coverage.
⁶ Net cost shown. Total premium is \$89,180. MCFCWCD would pay \$28,611 for the incremental \$5M coverage.
⁷ Net cost shown. Total premium is \$107,115. MCFCWCD would pay \$12,077 for the incremental \$5M coverage.

EMPLOYEE FIDELITY INSURANCE

The employee blanket fidelity bond insures the District against loss occurring through dishonesty (fraud) on the part of District employees. The policy includes an endorsement to include the District Treasurer. Losses are covered up to \$500,000.

2011-12 Actual

<u>CARRIER</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>	<u>PREMIUM</u>
Travelers	\$500,000	\$10,000	\$1,875

2012-13 Proposal

Argonaut	\$500,000	\$10,000	Included	↔
Glatfelter	\$500,000	\$10,000	\$264	
Travelers	\$500,000	\$10,000	\$1,875	

EXCESS WORKERS' COMPENSATION

The District reinstated its certification to self-insure workers' compensation liability effective July 1, 2011, employed a third-party administrator (TPA), and purchased an excess workers' compensation policy that protects the District against a catastrophic loss exceeding \$750,000, which is the self-insured retention (SIR). The current year cost for the TPA and excess insurance will come in at \$57,500. The District incurred only two claims through May (a remarkably safe year thus far) and has paid \$8,200 in claims cost. This \$65,700 cost (\$57,500 + \$8,200) compares to Travelers proposal of \$159,000 for the same coverage. Staff recommends the District continue to self-insure its Workers' Compensation liability.

Gallagher approached seven carriers for Excess Workers' Compensation coverage. Only one, New York Marine and General, the incumbent, provided a proposal. The other six declined, indicating they could not be competitive with the incumbent's proposal.

2011-12 Actual

<u>CARRIER</u>	<u>COVERAGE</u>	<u>SIR</u>	<u>PREMIUM</u>
NY Marine	Statutory (unlimited)	\$750,000	\$45,546

2012-13 Proposal

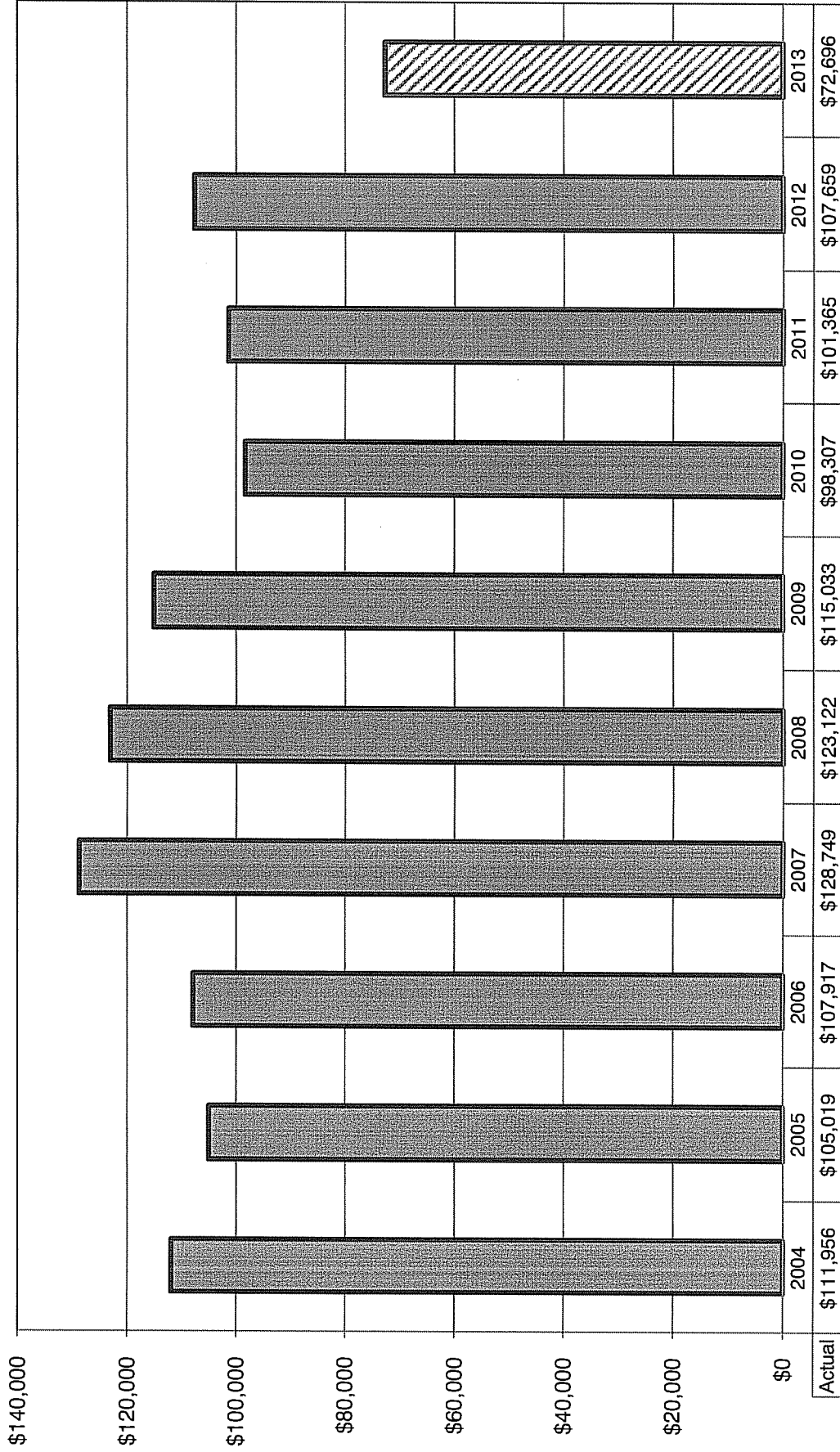
NY Marine	Statutory (unlimited)	\$750,000	\$47,347	↔
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Last year's comparable insurance purchase totaled \$153,205.

STAFF RECOMMENDATION:

<u>TYPE</u>	<u>CARRIER</u>	<u>RATING</u>	<u>COVERAGE</u>	<u>PREMIUM</u>
Property	Argonaut	A XII	\$54,624,000	\$40,415
Liability	Argonaut	A XII	\$10,000,000	\$32,281 ⁵
Excess Worker's Comp	NY Marine	A IX	Unlimited	\$47,347
				<u>\$120,043</u>

NMWD Insurance Premium Expense 10-Year History (Excludes Workers Compensation Insurance)



SCHEDULE OF STRUCTURES AND CONTENTS

NORTH MARIN WATER DISTRICT

Revised 3/26/12

LOC.	DESCRIPTION	2012-13		
		INSURED VALUE STRUCTURE	CONTENTS	
Buildings				
1	Administration Office 999 Rush Creek Pl. - Constructed 1966 Wood Frame w/Concrete Slab Foundation	8,340 Ft ²	\$2,793,900	\$1,965,000
2	Warehouse, Shop & Yard Buildings (4) 999 Rush Creek Pl. - Constructed 1966 Steel Frame w/Non-Reinforced Concrete Slab	16,380 Ft ²	\$2,866,500	\$1,262,000
3	Waterworks & Misc Supplies/Inventory on Ground and in Cargo Containers (3)		\$13,000	\$829,000
4	Single-Family Residence- 3-bedroom 2-bath 25 Giacomini Road, Pt Reyes Station	1,196 Ft ²	\$403,000	\$41,000
Treatment Plants - Water				
5	Stafford TP 3015 Novato Blvd - Renovated 2005 Steel Frame & Reinforced Concrete on/Reinforced Concrete Slab	33,200 Ft ²	\$7,693,000	\$6,200,000
6	Point Reyes TP - Constructed 1971 Includes Well #1, #2, Downey and Gallagher Well	200 Ft ²	\$166,000	\$323,000
Treatment Plants - Sewage				
7	Oceana Marin TP - Constructed 1990	96 Ft ²	\$15,000	\$29,000
8	Oceana Marin Treatment Lagoons & Piping		\$62,000	\$0
Treatment Plants - Recycled				
9	Recycled Water Facility - Constructed 2007	825 Ft ²	\$695,000	\$2,155,000
Pump Stations, Pressure Systems & PRS (note 1)				
(A - Above Ground; B - Below Ground)				
10	B - Bahia Pump Station (concrete)		\$15,000	\$41,000
11	A - Bear Valley Pump Station (wood frame)		\$50,000	\$41,000
12	B - Buck Center Pump Station (steel)		\$9,000	\$63,000
13	A - Cabro Court PS & 5,500 Gal Concrete Tank (wood frame)		\$50,000	\$48,000
14	A - Eagle Drive Pump Station (wood frame)		\$17,000	\$78,000

SCHEDULE OF STRUCTURES AND CONTENTS

NORTH MARIN WATER DISTRICT

Revised 3/26/12

<u>LOC.</u>	<u>DESCRIPTION</u>	<u>2012-13</u>	
		<u>INSURED VALUE</u>	<u>INSURED VALUE</u>
		<u>STRUCTURE</u>	<u>CONTENTS</u>
<u>Pump Station and Pressure Systems (continued)</u>			
15	A - Inverness Park Pump Station (wood frame)	\$51,000	\$41,000
16	B - Lynwood Pump Station (concrete)	\$395,000	\$293,000
17	B - Nunes Pump Station (wood frame)	\$51,000	\$78,000
18	B - Oceana Marin Lift Station & Generator (concrete)	\$120,000	\$219,000
19	B - Old Ranch Road (Davies) Pump Station (wood shed)	\$15,000	\$34,000
20	A - Olema Pump Station (wood frame)	\$51,000	\$41,000
21	B - Paradise Ranch Estates (3 pump stations) (wood shed)	\$28,000	\$203,000
22	B - Ponti Pump Station (wood shed)	\$15,000	\$79,000
23	B - Ridge Road Pump Station (wood shed)	\$9,000	\$48,000
24	B - Robin Hood Drive (Cherry Hill) Pump Station (metal box)	\$9,000	\$112,000
25	B - San Andreas Pump Station (wood shed)	\$15,000	\$63,000
26	A - San Marin Drive Pump Station (brick & concrete)	\$460,000	\$269,000
27	B - School Road Pump Station (steel box)	\$9,000	\$80,000
28	A - Truman Pump Station (wood shed)	\$9,000	\$80,000
29	B - Trumbull Pump Station (wood frame)	\$50,000	\$80,000
30	B - Wild Horse Valley Pump Station (wood shed)	\$9,000	\$80,000
31	B - Windhaven Pump Station (small wood frame)	\$15,000	\$13,000
32	A - Winged Foot Drive Pump Station (metal box)	\$9,000	\$66,000
33	B - Woodland Heights Pump Station (wood shed)	\$9,000	\$80,000
34	B - World College West Pump Station (wood shed)	\$15,000	\$63,000
35	B - Diablo Hill Pressure System (wood shed)	\$15,000	\$48,000
36	B - Garner Pressure System (wood shed)	\$9,000	\$53,000
37	A - Hayden Drive Pressure System (wood frame)	\$51,000	\$53,000
38	B - Indian Hills Pressure System (wood shed)	\$9,000	\$95,000

SCHEDULE OF STRUCTURES AND CONTENTS

NORTH MARIN WATER DISTRICT

Revised 3/26/12

LOC.	DESCRIPTION	2012-13	
		INSURED VALUE STRUCTURE	CONTENTS
<u>Pump Station and Pressure Systems (continued)</u>			
39	B - Rockrose Pressure System (wood shed)	\$9,000	\$93,000
40	B - Atherton Avenue Regulator Station (concrete vault)	\$5,000	\$22,000
41	B - Black Point Regulator Sta No.1 (Harbor @ Hwy 37) (vault)	\$5,000	\$22,000
42	B - Black Point Regulator Sta No.2 (Harbor @ Grandview) (vault)	\$5,000	\$22,000
43	B - Black Point Reg Station No. 3 (Iolanthus) (vault)	\$5,000	\$22,000
44	B - Calle De La Mesa Regulator Station (vault)	\$3,000	\$22,000
45	B - Hamilton (Main Gate Rd) Regulator Station (vault)	\$5,000	\$22,000
46	B - Robin Hood Drive Regulator System (at PS) (vault)	\$9,000	\$22,000
47	B - Robin Hood Drive Regulator System (Uphill) (vault)	\$5,000	\$22,000
48	B - San Marin Reg Sta Aqueduct Control Valve (metal box)	\$10,000	\$22,000
49	B - San Marin East Regulator Station (vault)	\$5,000	\$22,000
50	B - Sunset Regulator Station (vault)	\$5,000	\$22,000
51	B - Captain Nurse Circle Regulator Station (vault)	\$5,000	\$22,000
52	B - Western Avenue Regulator Station (vault)	\$5,000	\$15,000
<u>Other</u>			
53	Hamilton (Main Gate Rd) Master Meter	\$5,000	\$15,000
54	Pt Reyes (NPS) Master Meter.	\$5,000	\$15,000
55	Cherry Hill Chlorination Station	\$5,000	\$32,000
56	Crest Radio Building	\$53,000	\$63,000
57	Highway 37 Automated Valve	\$34,000	\$53,000
		<u>\$16,459,400</u>	<u>\$15,896,000</u>

notes

- 1 Pressure systems include pump station and enclosure plus, included in contents, buried tanks with 1,200 to 6,000 gallon capacity.
- 2 All pump stations are within the greater Novato area except loc #11, 15, 20, and 21 which are located in the greater Point Reyes Station area, and loc #18, which is Dillon Beach.

SCHEDULE OF TANKS
NORTH MARIN WATER DISTRICT
Revised 3/26/12

Loc.	Tank	Total Gallons Capacity	Above Ground	Below Ground	Steel	Concrete	Wood	2012-13 Agreed Value
58	Air Base Tank	1,000,000	X		X			\$756,000
59	Amaroli Tank	4,500,000		X		X		\$1,956,000
60	Atherton	5,000,000	X		X			\$2,211,000
61	Bear Valley (3)	30,000	X			X		\$23,000
62	Black Point	300,000	X		X			\$243,000
63	Buck	500,000	X		X			\$397,000
64	Cabro Court	5,500		X		X		\$4,000
65	Center Road	500,000	X		X			\$397,000
66	Cherry Hill #1	250,000	X		X			\$204,000
67	Cherry Hill #2	200,000	X		X			\$163,000
68	Crest #1	500,000	X		X			\$397,000
69	Crest #2	500,000	X		X			\$397,000
70	Dickson	250,000	X		X			\$204,000
71	Garner	100,000	X		X			\$83,000
72	Half Moon	100,000	X		X			\$83,000
73	Inverness Park #1	30,000	X			X		\$23,000
74	Inverness Park #2	100,000	X		X			\$83,000
75	Loma Verde*	200,000	X		X			\$163,000
76	Lynwood #1	500,000	X		X			\$397,000
77	Lynwood #2	850,000	X		X			\$652,000
78	Norman	500,000	X		X			\$397,000
79	Nunes Tank	120,000	X		X			\$99,000
80	Old Ranch Road	50,000	X				X	\$174,000
81	Olema	150,000	X			X		\$111,000
82	Pacheco Valley	5,000,000	½	½		X		\$1,996,000
83	Palmer Drive	3,000,000	X		X			\$1,797,000
84	Paradise Ranch #1	25,000	X				X	\$87,000

SCHEDULE OF TANKS
NORTH MARIN WATER DISTRICT
 Revised 3/26/12

Loc.	Tank	Total Gallons Capacity	Above Ground	Below Ground	Steel	Concrete	Wood	2012-13 Agreed Value
85	Paradise Ranch #2	25,000	X				X	\$87,000
86	Paradise Ranch #3	38,000	X			X		\$29,000
87	Paradise Ranch #4A ***	-	-				-	\$0
88	Paradise Ranch #4B	50,000	X				X	\$174,000
89	Plum Street (Recycled Wtr)	500,000	X		X			\$397,000
90	Point Reyes #1	180,000	X			X		\$133,000
91	Point Reyes #2	100,000	X		X			\$83,000
92	Point Reyes #3	300,000	X		X			\$243,000
93	Ponti	500,000	X		X			\$397,000
94	Reservoir Hill (Recycled Wtr)	492,000		X		X		\$354,000
95	San Andreas	250,000	X		X			\$204,000
96	San Mateo Way	5,000,000	X		X			\$2,211,000
97	Sunset	5,000,000	X		X			\$2,211,000
98	Trumbull	1,500,000	X		X			\$1,075,000
99	Wild Horse Valley - 3rd Zone	500,000	X		X			\$397,000
100	Wild Horse Valley - 4th Zone	44,000	X		X			\$37,000
101	Windhaven	8,000	X			X		\$6,000
102	Winged Foot Drive	600,000	X		X			\$472,000
103	Woodland Heights*	120,000	X		X			\$99,000
104	World College West	200,000	X		X			\$163,000
		<u>39,667,500</u>						
							Tanks	\$22,269,000
							Structures	16,459,400
							Total Real Property	\$38,728,400
							Contents/Personal Property	\$15,896,000
							Rolling Stock	\$472,000
							Contractor's Equipment	\$301,000
							Total District Property	\$55,397,400
							Accounts Receivable	\$100,000
							Valuable Papers	\$100,000
							Extra Expense	\$100,000
							Total Insured Value	\$55,697,400

All storage tanks are located within the greater Novato area except locations #61, 73, 74, 81, 84-88 & 90-92 which are located within the greater Point Reyes Station area.

* Disconnected from the system
 ** Not a system tank
 *** Destroyed by fire

Supplemental Property Insurance Schedule

North Marin Water District

Vehicles > \$3,000 & Equipment > \$10,000

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Revised 3/26/12

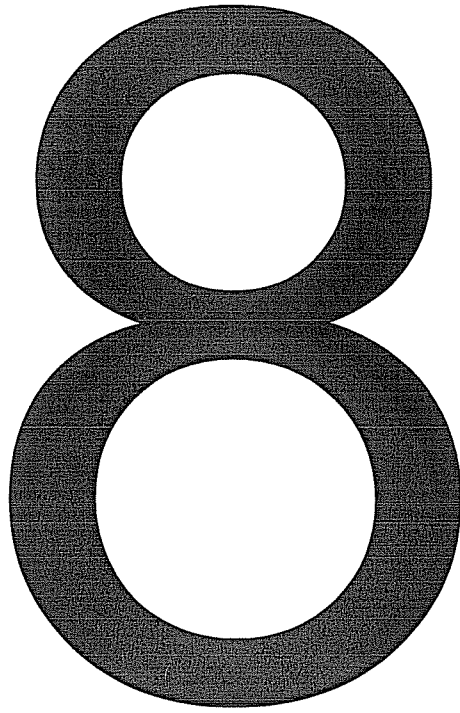
Unit	Year	Description (Make and Model)	GVW	Serial Number	License Number	Loc	2012-13 Insured Value
5	1991	International 5 Yard Dump Diesel	13,860	1HTSDNWN7MH366772	E-290092	Yard	\$9,000
19	1998	Ford 1 Ton Pickup w/Service Body	5,573	1FDWF37S9XEB96840	1010971	Yard	\$4,000
44	2002	International 5 Yd Dump Truck	13,906	1HTMMAAN72H521889	1052721	Yard	\$20,000
46	2002	Chevrolet 1-ton Truck	8,705	4KBB4B1R22J802654	1110442	Yard	\$4,000
49	2003	Dodge Dakota Quad Cab 4X4	4,412	1D7HG48N33S338786	1145362	Home	\$6,000
51	2003	Chevrolet 1/2 Ton Pickup	4,294	1GCEC14V23Z346527	1145361	Yard	\$5,000
52	1999	Ford F550 3 Yd Dump	9,240	1FDAF56F3XED84442	6X04936	Yard	\$10,000
53	2004	Chevrolet Silverado 1/2 Ton Pickup	4,239	1GCEC14V54Z330209	1171166	Yard	\$6,000
54	2004	Chevrolet Silverado XT Cab Pickup	4,557	1GCEC19V44Z339282	1171165	Yard	\$6,000
55	1999	Intl 5-yd Dump Truck	12,760	1HTSCAAL2YH286268	7D00578	Yard	\$12,000
56	2005	Honda Civic Hybrid 4-dr Sedan	2,875	JHMES966X5S021528	1206931	Yard	\$8,000
57	2005	Honda Civic Hybrid 4-dr Sedan	2,875	JHMES96615S020932	1206930	Yard	\$8,000
58	2005	Ford Ranger Pickup	3,090	1FTYR10U35PA83164	1206907	Yard	\$4,000
59	2005	Ford Ranger Pickup	3,090	1FTYR10U05PA95188	1206933	Yard	\$4,000
501	2006	Chevy Pickup	3,978	1GCDT136568298361	1184992	Home	\$8,000
502	2007	Chevy Silverado Pickup	5,340	1GCHK24U37E150266	1185032	Home	\$9,000
503	2007	International 4300	15,001	1HTMNAAL57H534840	1234101	Yard	\$50,000
504	2007	Chevy Colorado Pickup	3,548	1GCCS19E678182931	1185037	Yard	\$6,000
505	2008	Ford F250 4x4 Pickup	6,827	1FTSF21R28ED28423	1222920	Home	\$17,000
506	2008	Ford F250 4x4 Pickup	6,827	1FTSF21R48ED28424	1222919	STP	\$17,000
507	2008	Ford F350 4x4 Pickup	9,400	1FDWF37RX8ED33587	1222925	Yard	\$24,000
508	2009	Peterbilt 335 Crew	26,000	2NPLHM6XX9M792524	1269125	Yard	\$80,000
509	2008	Chevrolet Colorado 4x4	3,843	1GCDT19E088189310	1222930	Home	\$11,000
510	2009	Toyota Prius Hybrid	3,795	JTDKB20U697834280	1269111	Home	\$12,000
511	2010	Ford F150 4X4	6,650	1FTMF1EW2AKA38225	1269133	STP	\$15,000
512	2010	Ford F150	6,450	1FTMF1CW7AKA38224	1269132	Home	\$12,000
513	2010	Ford F150	6,450	1FTMF1CW6AKA89942	1269134	Home	\$12,000
514	2012	International 5 Yd Dump Truck	35,000	3HAMKAAR1CL146294	1261752	Yard	\$93,000
Total Auto/Truck Count = 28			Total Autos/Trucks				<u>\$472,000</u>

Contractor's Equipment

5A	2007	Trailmax Trailer	7,880	5UCPB31227A000080	1260065	Yard	\$14,000
44A	2007	Trailmax Trailer TD-40-T	8,820	5UCPT32277A000751	1273817	Yard	\$16,000
73	2001	230 Kw Trailer Mounted Generator		1C9F016281C28164	1100104	Yard	\$20,000
76	2003	Vac-Tec Vacuum Excavator		1V9PT19253C112019		Yard	\$10,000
77	2004	John Deere Backhoe (diesel)		T031058941154		Yard	\$37,000
80	2006	Hose Reel Trailer		1H9BU15216N500606	1184987	Yard	\$65,000
82	2008	Magnum Generator & Trailer		5AJGS13128B000892	1222934	Yard	\$25,000
84	2008	Whisperwatt 36Kw Generator		4GNFU12288B024152		Yard	\$20,000
86	2009	JD Backhoe - Diesel 4x4		T0310SJ178270		Yard	\$80,000
87	2011	185 CFM Portable Air Compressor		4FVCABAA5BU427718	129049	Yard	\$14,000
Total Contractor's Equipment Count = 10			Total Contractor's Equipment				<u>\$301,000</u>

Night-time Location

999 Rush Creek Place	28	\$654,000
3015 Novato Blvd	2	\$32,000
Employee Residence	8	\$87,000
	<u>38</u>	<u>\$773,000</u>



MEMORANDUM

To: Board of Directors
From: Robert Clark Operations / Maintenance Superintendent
Subj: Marin Clean Energy Participation
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June 1, 2012



RECOMMENDED ACTION: Approval

FINANCIAL IMPACT: None

In July 2010, the Board approved remaining with Marin Clean Energy (MCE) program for all of District electrical services outside of Novato, excluding the treatment plants. Over this past year, the Novato City Council adopted a resolution to join MCE which, in turn, has allowed the District to now make a choice to have the Novato electrical services included in the MCE program. Attached is a list of District electrical services outside Novato with the current power provider and level of participation. The rates established by MCE are noted in light- or dark-green, depending on the level of participation. The Board's previous action was to select MCE services to be at the dark-green level.

There are 20 of 23 District electrical services outside of Novato currently participating in the MCE program (Attachment 1). There are an additional 42 services within Novato which staff has reviewed to determine if participation in MCE is recommended. (Attachment 2)

The attached analysis (Attachment 3) shows the past 12 month electricity costs as compared to the proposed Novato MCE energy plan and including Stafford Treatment Plant (STP) solar electricity costs. The analysis considers using the dark-green option (100% clean, renewable energy) and would result in an annual cost increase of around 2% or \$8,600. The solar array project for the STP has also been factored into the proposed changes which will allow the District to reach beyond the AB32 greenhouse gas (GHG) emission goal for 2050 by 117 metric tons. The light-green option staff is recommending as shown on Attachment 2 is projected to result in no additional cost for the Novato electrical services. The future electricity charges should match those of the past 12 months and still meet the AB32 GHG emission goal for 2050.

Recommendation

Authorize the General Manager to select the light-green option with Marin Clean Energy Authority for the 15 Novato electrical accounts shown on the Attachment 2.

Located Outside the City of Novato Eligible for MCE

	Service ID#	Description	Location	Rate	MCE Option
		OCEANA MARIN			
1	8824698315	Wtr Pump/Ocean View	100 Ocean View Ave	A1P	Deep Green
2	8824698320	OM Sewer Lift Station	End of Tahiti Way	A 10s	Deep Green
3	8824698325	OM Sewer Lift Station	1 Ocean View Ave	A1	Deep Green
		WEST MARIN WATER			
4	6524238330	Inverness Pump	16 Balboa Ave	A1	Deep Green
5	8824698280	PRE Pump - Tank #1	Drakes View & Lwr Robert Dr	A1P	Deep Green
6	8824698285	PRE Pump - Tank #2	Drakes View & Upr Robert Dr	A1P	Deep Green
7	8824698290	PRE Pump - Tank #3	Drakes View E of Sunshine Ct	A1P	Deep Green
8	8824698300	Rectifier/Controls IP Tank	Balboa Ave	A1	Deep Green
9	8824698305	Bear Valley Pump	Bear Valley & Silver Hills Rd	A1P	Deep Green
10	8824698270	Olema Pump	Hwy 1	A1P	Deep Green
11	8824698255	Rectifier/Controls PR Tanks	Hwy 1 - ½ mi N Pt Reyes Sta	A1P	Deep Green
12	8824698260	Gallagher Well Pump	14509 Petaluma Hill Rd	A1P	Deep Green
13	8824698265	Downey Pump Station	Pt Reyes-Petaluma Rd	A1P	Deep Green
14	8824698275	Pt Reyes Wells Pumps	Off Highway #1	A 10S	Opted Out
		NOVATO WATER			
15	8824698020	Rectifier/Controls Atherton pipe	Atherton 500' W/Bugeia Ln	A1	Deep Green
16	8826498025	Rectifier/Controls	Top/Robinhood Dr	A1	Deep Green
17	8824698045	School Rd Pump	School Rd-Sunset Trl	A10	Deep Green
18	8824698170	WHV Pump (pp)	Wild Horse Vly Rd	A1P	Deep Green
19	8824698215	Davies Booster Pump	Indian Vly & Old Ranch Rd	A1P	Deep Green
20	8824698374	Stafford Treatment Plant	3015 Novato Blvd	A 10sx	Opted Out
21	8824698135	Chlorine Analyzer	2285 Novato Blvd	A1	Deep Green
22	8824698165	Rectifier/Controls WH2 tank	111 Wild Horse Vly Dr	A1	Deep Green
23	8824698335	Rectifier/Controls North Aqueduct	SE 101 HWY S/San Antonio Ck	A1	Opted Out

Located Inside the City of Novato Eligible for MCE

	Service ID#	Description	Location	Rate	MCE Option	
		NOVATO WATER				
24	8824698075	Buck Pump Station	Buck Center - Mt Burdell	A1P	Opt Out	
25	8824698035	Bahia Pump (pp)	2160 Laguna Vista Dr	A1P	Opt Out	
26	6563125005	Office	999 Rush Creek Pl	A 10s	Opt Out	
27	8824698080	Corp Yard Bldgs	999 Rush Creek Pl	A 10s	Opt Out	
28	8824698030	Robinhood Pump	7 Robinhood Dr	A6TOU	Opt Out	
29	8824698992	Black Pt Tank Elec Tower	67 Stonetree Ln	A1	Light Green	New
30	8824698040	Crest Radio Transmitter	End of Lindsay	A1	Opt Out	
31	8824698663	Rectifier/Controls	Marsh & Hann Ranch Rd	A1	Light Green	New
32	8824698055	Nunes Pump Station	Across from 12 Nunes Dr	A1P	Opt Out	
33	8824698060	Control Valves	Hwy 101 & San Marin Dr	A1	Opt Out	
34	8824698065	San Marin Pump	San Marin Pump Station	A6TOU	Opt Out	
35	8824698070	Rockrose Pump (pp)	Rockrose Wy	A1P	Opt Out	
36	8824698100	Area Lighting Lt #6	Atherton Ave	OL1	Light Green	New
37	8824698105	Hayden Pump (pp)	Reichert & Hayden St	A1P	Opt Out	
38	8824698110	Rectifier/Controls	San Domingo Bet 40 & 44	A1	Light Green	New
39	8824698115	Rectifier/Controls	San Andreas 1085' N/La Merida	A1	Light Green	New
40	8824698120	San Andreas Pump	San Andreas & La Merida	A1P	Opt Out	
41	8824698140	Garner Pump (pp)	E/O Garner Dr	A1	Opt Out	
42	8824698145	Truman Pump	Truman Dr Between 30 & 32	A1P	Opt Out	
43	8824698150	Rectifier/Controls	Rowland & Redwood Blvd	A1	Light Green	New
44	8824698155	Rectifier/Controls	Top/Arlington Cir	A1	Light Green	New
45	8824698160	Woodland Heights Pump	Arlington & Terry Cir	A1P	Opt Out	
46	8824698175	Cabro Ct Pump	Cabro Ct Pvt Dr Up Hill RS Top	A1	Opt Out	
47	8824698649	Wildhorse Pump	Blanca Dr End	A6TOU	Opt Out	
48	8824698195	Rectifier/Controls	W/95 Half Moon Rd	A1	Light Green	New
49	8824698200	Diablo Hill Pump (pp)	Hill Rd S/O Diablo	A1P	Opt Out	
50	8824698210	Lynwood Pump	Novato Blvd & Sunset	A6TOU	Opt Out	
51	8824698220	Rectifier/Controls	End of Karla	A1	Light Green	New
52	8824698235	Ponti Pump	Paper Mill Creek Crt	A6TOU	Opt Out	
53	8824698245	Winged Foot Booster Pump	Winged Foot Dr NS	A 10S	Opt Out	
54	8824698250	Rectifier/Controls	Winged Foot Dr End	A1	Light Green	New
55	8582858512	Center Rd Tank Controls	155 Sanchez Way	A1	Light Green	New
56	8824698190	Halfmoon Pump	455 Ridge Rd	A1	Opt Out	
57	8824698205	Rectifier/Controls	21 Kavon Ct	A1	Light Green	New
58	8824698002	Street Light	Office Parking Lot	LS1-A	Light Green	New
59	8824698185	Indian Hills Pump (pp)	127 Indian Hills Dr	A1P	Opt Out	
60	8824698225	Eagle Dr Pump (pp)	25 Eagle Dr	A1	Opt Out	
61	8824698950	Rectifier	155 Captain Nurse Cir	A1	Light Green	New
62	8824698240	Controls/Tennis Light Timer	10 Charmaine Crt	A1	Opt Out	
63	8824698473	Norman Tank Electric	8 Oak Grove Dr #B	A1	Opt Out	
64	8824698021	Palmer Dr Tank	20 Rowe Ranch Way	A1	Opt Out	
65	5941891787	Rectifer/Controls	Ammo Hill Storage Tank	A1	Light Green	New
66	8824698330	Windhaven Pump	4900 Redwood Bl S Petaluma	A1P	Opt Out	

Analysis of NMWD Electricity Costs and KWH Usage

Past 12 month Electricity charges for all District services

	Cost	KWH	
MCE	\$45,908.22	206,358.00	\$0.22
PG&E *	\$391,971.51	2,439,746.00	\$0.16
Total	\$437,879.73	2,646,104.00	\$0.17

Renewable energy supply from MCE 7.80%

27% of our services are from MCE

AB32 GHG 2020 Goal is 862 MT, 2050 Goal is 690 MT

The above mix should produce approximately 898 MT

* Proposed new MCE accounts at light green should match this cost

Proposed Novato Accounts Changed to MCE and Solar Project Changes

	Cost	KWH	
MCE **	\$47,325.79	212,730	\$0.22
PG&E	\$250,016.14	1,556,174	\$0.16
SPG Solar	\$149,124.00	877,200	\$0.17
Total	\$446,465.93	2,646,104	\$0.17

Renewable energy supply from MCE and Solar 41.19%

50% of our services would be from MCE

Percentage difference 33.39%

Additional costs for new portfolio \$8,586.20 2%

AB32 GHG 2020 Goal is 862 MT, 2050 Goal is 690 MT

The above mix should produce approximately 573 MT

** Assumes all MCE accounts are dark green

9

MEMORANDUM

To: Board of Directors

June 1, 2012

From: Drew McIntyre, Chief Engineer



Subject: Approve District Labor Compliance Program for Prop 84 Projects

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RECOMMENDED ACTION: That the Board adopt the attached resolution approving the District Labor Compliance Program for Prop 84 State bond-funded projects.

FINANCIAL IMPACT: Approximately \$6,000 to develop the program

The Board has previously been advised that the District was successful in receiving Prop 84 grant funds through the Bay Area Integrated Regional Water Management Program. NMWD, acting as a sub-recipient through an agreement administered by Novato Sanitary District, will receive Prop 84 grant funds for the Recycled Water North project. A similar arrangement is in place for receipt of Prop 84 grant funds for the Recycled Water South Project wherein NMWD would be a sub-recipient to an agreement administered by Las Gallinas Valley Sanitary District. Total anticipated grant funds are estimated at \$195,000 for the South plus \$240,000 for the North.

The Prop 84 agreement requires that each recipient of grant funds adopt a Labor Compliance Program pursuant to Labor Code Section 1771.5. The attached resolution (Attachment 1) authorizes the District to move forward with the implementation of a labor compliance program for the two projects. The first step is to transmit notification to the State Department of Industrial Relations (DIR) as it relates to formal approval of the Labor Compliance Program (provided in Attachment 2). The attached Labor Compliance Program was prepared by The Covello Group as part of their existing construction management contract for the Recycled Water North Service Area.

RECOMMENDATION

That the Board adopt the attached resolution approving the District Labor Compliance Program for Prop 84 State bond-funded project.

**RESOLUTION NO. 12-
RESOLUTION OF THE BOARD OF DIRECTORS OF
NORTH MARIN WATER DISTRICT
APPROVING DISTRICT LABOR COMPLIANCE PROGRAM**

WHEREAS, in 2006, the Legislature and the voters approved the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006, (Public Resources Code § 75075 et seq.) (commonly referred to as Proposition 84; hereinafter "State Bonds") to assist water districts in financing capital projects; and

WHEREAS, the Legislature enacted a provision that requires that any district awarding a contract for a public works project financed in any part from funds made available from the State Bonds shall adopt and enforce, or contract with a third party to enforce, a labor compliance program pursuant to subdivision (b) of Labor Code Section 1771.5 for that project [and other projects using funds from the State Bonds]; and

WHEREAS, the District intends to use funds from the State Bonds as part of the funding for some of its projects; and

WHEREAS, the District has prepared the attached application to the Department of Industrial Relations for approval of its own Labor Compliance Program, and included a manual outlining the policies and procedures for enforcing California's prevailing wage laws, Labor Code Sections 1720-1861 et seq.; and

WHEREAS, the District is prepared to implement a Labor Compliance Program for projects funded by State Bonds, as defined above.

NOW, THEREFORE, the Board of Directors of the North Marin Water District hereby finds, determines, declares, orders, and resolves as follows:

Section 1. That the above recitals are true and correct.

Section 2. That the District designees are directed to transmit the notification to the Department of Industrial Relations, and take any and all additional steps to carry out, give effect to, and comply with the terms and intent of this Resolution.

* * * * *

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 5th day of June 2012, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINED:

(SEAL)

Renee Roberts, Secretary
North Marin Water District

ATTACHMENT 1

**Suggested format of
 Application to Director for Approval of Awarding Body's Labor Compliance Program
 (8 CCR §16425)**

NOTE: If necessary, you may attach additional sheets.
 The Director may ask for additional documentation as to any information provided or any other information that may have a bearing
 on your ability to do labor compliance enforcement.

Awarding Body Seeking Approval:

NORTH MARIN WATER DISTRICT
 Name
999 RUSH CREEK PLACE, NOVATO, CA 94945
 Address

Awarding Body's Contact Person:

DAVID JACKSON
 Name
SAME AS ABOVE
 Address
415-897-4133 x8490 415-892-8043 djackson@nmwd.com
 Phone Fax E-Mail

- A. Identify the individuals who will be enforcing the Labor Compliance Program (LCP).
 (Note: If using outside consultants or an approved third party contract provider, identify the awarding body personnel who will monitor or supervise the outside work as well as the individuals and affiliations of the individuals who will perform the enforcement work.)

David Jackson will supervise monitoring and enforcement activities performed by consultants
 Name
Associate Engineer
 Title

Experience/training on public works/labor compliance issues (Please provide specific dates, details and examples of public works prevailing wage rate enforcement activities, including whether such experience involve federal, state, or local law. In addition, please include private sector experience on behalf of unions or contractors or on a joint labor management committee pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. section 175a). Furthermore, please include participation in any public works enforcement training provided by the Division of Labor Standards Enforcement (DLSE)):

- Mr. Jackson has fairly extensive experience monitoring certified payroll records (CPRs) and wage compliance on state and federally funded projects. For example, from 1987 to 1990, as a civilian employee, in his role as a contract administrator he was responsible for reviewing CPRs for the Department of the Navy. More recently, for a project initiated in 2008, he reviewed CPRs for the Stafford Dam Outlet Tower Rehabilitation, which used ARRA funds administered through the California Department of Public Health. On the Stafford Treatment Plant project, the project was successfully monitored and there were no apparent violations that required a DLSE investigation or forfeiture from the Labor Commissioner.**

LCP duties and responsibilities to be performed including percentage of time to be devoted to LCP work:

Mr. Jackson will be the primary point of contact for all consultants who provide compliance monitoring on projects funded by Proposition 84. In this capacity, he will ensure pre-job conferences are conducted, labor laws are reviewed, and appropriate samples of required forms are provided. He will coordinate with persons who conduct on site visits and worker interviews, will manage the oversight of persons reviewing CPRs, including monitoring suspected wage underpayments and possible violations, and will be responsible for determining whether the contractor's actions were a "good faith mistake" or fraudulent activities. He will review audit records and issue notices of temporary withholding or forfeiture, based upon the varying circumstances, and will ensure the enforcement actions of the North Marin Water District's LCP are consistent with the enforcement policies of the Division of Labor Standards Enforcement (DLSE). Mr. Jackson estimates that not less than 10% of his time will be devoted to the activities associated with the Labor Compliance Program.

2. Susan Matsumoto, Consultant – RGM and Associates

Name

Labor Compliance Manager/Coordinator, RGM and Associates

Title

Experience/training on public works/labor compliance issues (Please provide specific dates, details and examples of public works prevailing wage rate enforcement activities, including whether such experience involve federal, state, or local law. In addition, please include private sector experience on behalf of unions or contractors or on a joint labor management committee pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. section 175a). Furthermore, please include participation in any public works enforcement training provided by the Division of Labor Standards Enforcement (DLSE)):

Ms. Matsumoto has nearly 5 years experience monitoring labor compliance requirements on state and federally funded public works projects. Every year from 2008 through 2011, in her role with RGM and Associates, she has successfully enforced forfeitures approved by the Labor Commissioner and participated in actions that involved Labor Code section 1742 Hearing procedures and Settlement activities. (See attached sheet for detailed information regarding enforcement activities.) Additionally, she has attended various training opportunities including several workshops hosted by Foundation for Fair Contracting, numerous US Department of Labor Prevailing Wage Conferences and workshops that highlight Davis Bacon Acts requirements, Fresno City College's LCP Training for California Public Works Projects endorsed by the Department of Industrial Relations, and the meeting conducted by the DIR in Oakland following the 2009 regulatory changes to LCP.

LCP duties and responsibilities to be performed including percentage of time to be devoted to LCP work:

Ms. Matsumoto will be responsible for the management of RGM's team who will be supporting and consulting with North Marin Water District (NMWD) in regard to LCP requirements of Proposition 84 funded projects. Services will include conducting the prevailing wage and labor compliance portion of the pre-job meeting and the review of labor law standards, on-site visits and worker interviews, review of CPRs and

corroboration of prevailing wages, including employer payments, written notification of deficiencies and confirmation of correction. When necessary, RGM will recommend withholding actions to NMWD and will provide audit worksheets which will identify and justify specific amounts recommended for withholding. As needed and when requested by NMWD, RGM will participate in forfeiture, hearing, and/or settlement activities. 80% of Ms. Matsumoto's time is dedicated to LCP related work.

3. David Adams, Consultant – RGM and Associates

Name

Labor Compliance Site Monitor

Title

Experience/training on public works/labor compliance issues (Please provide specific dates, details and examples of public works prevailing wage rate enforcement activities, including whether such experience involve federal, state, or local law. In addition, please include private sector experience on behalf of unions or contractors or on a joint labor management committee pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. section 175a). Furthermore, please include participation in any public works enforcement training provided by the Division of Labor Standards Enforcement (DLSE)):

Mr. Adams has 7 years experience working as a Site Monitor on federal and state funded projects. The on-site observation of workers and interviews he has conducted over the years have frequently identified misclassifications of trade workers, tier subcontractors and workers who were not reported on CPRs, workers who were not receiving fringe benefits or prevailing wage rates, or workers who were not receiving proper travel and/or subsistence payments. (See attached sheet for detailed information regarding enforcement activities.) Additionally, Mr. Adams has attended various training opportunities including several workshops hosted by Foundation for Fair Contracting, Fresno City College's LCP Training for California Public Works Projects endorsed by the Department of Industrial Relations, and the meeting conducted by the DIR in Oakland following the 2009 regulatory changes to LCP.

LCP duties and responsibilities to be performed including percentage of time to be devoted to LCP work:

Mr. Adams will conduct weekly site visits to NMWD's Proposition 84 funded projects. On site, he will confirm required signage including the District's LCP approval and contact information plus the appropriate wage determinations for each project are posted. In addition, he will observe and interview a variety of workers and report his findings to the person or persons responsible for reviewing CPRs. Mr. Adams spends 90% of his time performing LCP related work.

4. Todd Marshall, Consultant – RGM and Associates

Name

Certified Payroll Analyst

Title

Experience/training on public works/labor compliance issues (Please provide specific dates, details and examples of public works prevailing wage rate enforcement activities, including whether such experience involve federal, state, or local law. In addition, please include private sector experience on behalf of unions or contractors

or on a joint labor management committee pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. section 175a). Furthermore, please include participation in any public works enforcement training provided by the Division of Labor Standards Enforcement (DLSE):

Mr. Marshall has 7 years experience reviewing CPRs and other documentation required for LCP projects. He is experienced with state and federal projects and wage requirements, and has been responsible for the recovery of thousands of dollars of underpaid wages and travel/subsistence payments over the years for both. Additionally, Mr. Marshall has attended various training programs, including several conducted by the Foundation for Fair Contracting and others lead by the Wage & Hour Division of the Department of Labor.

LCP duties and responsibilities to be performed including percentage of time to be devoted to LCP work:

Mr. Marshall's duties will include reviewing CPRs for thoroughness and accuracy, verifying employer contributions, tracking Journeyman to Apprentice ratios, confirming Apprentices are properly registered in approved training programs, confirming training contributions are appropriately completed, and performing comprehensive audits and investigations, including monitoring suspected wage underpayments and possible violations. Mr. Marshall will communicate discrepancies and/or deficiencies in writing to affected contractors/subcontractors and will provide information to NMWD sufficient to allow the District to determine whether the contractor's actions were a "good faith mistake" or fraudulent activities. He will prepare audit worksheets using best available information and will make recommendations to NMWD to issue notices of temporary withholding or request forfeiture, based upon the varying circumstances. Mr. Marshall will keep a separate written summary of labor compliance activities and relevant facts pertaining to each Proposition 84 funded project he monitors. Mr. Marshall will spend 100% of his time performing labor compliance monitoring activities.

5. Kevin Canada, Consultant

Name

Construction Manager, URS Corporation

Title

Experience/training on public works/labor compliance issues (Please provide specific dates, details and examples of public works prevailing wage rate enforcement activities, including whether such experience involve federal, state, or local law. In addition, please include private sector experience on behalf of unions or contractors or on a joint labor management committee pursuant to the federal Labor Management Cooperation Act of 1978 (29 U.S.C. section 175a). Furthermore, please include participation in any public works enforcement training provided by the Division of Labor Standards Enforcement (DLSE)):

Having 18 years experience managing construction contracts for East Bay Municipal Utility District (EBMUD), during which time Mr. Canada's responsibilities included reviewing CPRs and ensuring compliance, he has extensive "hands on" experience with regard to prevailing wage standards. During his tenure at EBMUD he reviewed CPRs on a weekly basis, confirming they were complete, accurate, and properly certified. When wage underpayments or other variances occurred, Mr. Canada notified the affected contractor/subcontractor and informed them of the discrepancy. In situations where the deficiency was not promptly corrected, Mr. Canada was responsible for withholding

contract payments until such time as the deficiency was corrected or clarified. Mr. Canada communicated with appropriate enforcement agencies to ensure the steps taken by EBMUD were appropriate and he sought clarification and other input when necessary.

LCP duties and responsibilities to be performed including percentage of time to be devoted to LCP work:

Mr. Canada will be responsible for conducting pre-job conferences during which he will review labor laws and provide samples of required compliance forms. He will perform (or assign staff to conduct) on-site visits and worker interviews, review CPRs, including monitoring suspected wage underpayments and possible violations, will communicate discrepancies and/or deficiencies in writing to affected contractors/subcontractors and will provide information to NMWD sufficient to allow NMWD to determine whether the contractor's actions were a "good faith mistake" or fraudulent activities. He will prepare audit worksheets using best available information and will make recommendations to NMWD to issue notices of temporary withholding or request forfeiture, based upon the varying circumstances. Mr. Canada will keep a separate written summary of labor compliance activities and relevant facts pertaining to each Proposition 84 funded project he is employed on. Mr. Canada estimates that not less than 15% of his time will be devoted to the activities associated with the Labor Compliance Program.

- B. State the average number of public work projects the awarding body annually administers:

The NMWD awards approximately four (4) public works projects annually.

- C. State whether the proposed LCP is a joint or cooperative venture among awarding bodies; and, if so, how the resources and expanded responsibilities of the LCP compare to the awarding bodies involved:

The LCP is not a joint or cooperative venture among awarding bodies.

- D. Describe the awarding body's record of taking cognizance of Labor Code violations in the preceding five years, including any withholding of funds from public works contractors pursuant to LC 1726.

NMWD staff has consistently informed contractors bidding and being awarded projects within the district that public works and prevailing wage laws are enforced. To that end, they have required their contractors to collect CPRs, ensure prevailing wages are consistently paid, and that worker classifications are correct. Underpayments or other apparent violations have been communicated to the affected contractor and corrections have been made and verified. As an example, more than \$6,000 has been recovered from a variety of contractors on four recent projects undertaken in the past year.

- E. Identify the attorney or law firm available to provide legal support for the LCP, including handling of the LCP's responsibilities during the administrative review process set forth in Labor Code Section 1771.6.

Bold, Polisner, Maddow, Nelson & Judson, PC

Attorney/Law Firm Name

500 Ygnacio Valley Road, Suite 325, Walnut Creek, CA 94596

Address

Carl P. A. Nelson (925) 933-7777

Contact Person & Phone Number

- F. Identify the method by which the LCP will notify the Labor Commissioner of willful violations as defined in Labor Code Section 1777.1(d):

The LCP will use several methods for communicating violations as defined in Labor Code Section 1777.1(d) to the Labor Commissioner. First, for violations with penalties requiring approval of the Labor Commissioner, the LCP will submit a "Request for Approval of Forfeiture" that will describe the violations of the contractor and/or subcontractor and recommend penalty amounts to be assessed. Secondly, the LCP will submit the Annual Report as required pursuant to Title 8 California Code of Regulations Section 16431, which will detail monies recovered and forfeitures requested by the Labor Commissioner. Lastly, the LCP will provide written notification to the Labor Commissioner to request an investigation when it encounters contractors or subcontractors who appear to have willfully violated or acted with the intent to defraud workers in violation of the provisions of the Labor Code.

- G. Indicate whether the Awarding Body has established its own Labor Compliance Program in accordance with the requirements of Labor Code Section 1771.5(b) and subchapter 4 of chapter 8 of Title 8 of California Code of Regulations or has contracted with a third party that has been approved by the Director to operate a Labor Compliance Program in accordance with the requirements of Labor Code Section 1771.5(b) and subchapter 4 of chapter 8 of Title 8 of California Code of Regulations. If the Awarding Body has contracted with one or more persons or entities to operate all or any part of the Awarding Body's Labor Compliance Program, please identify (name, address, telephone, and principal contact) all of those persons or entities.

Pursuant to Public Resources Code §75075 (Proposition 84), the NMWD is seeking approval of its own Labor Compliance Program and has assigned to specific employees of the District the responsibility to oversee activities conducted by consultants with previous LCP experience. The consultants to be used for LCP activities associated with Proposition 84 funded projects are RGM and Associates (approved as a third-party LCP since 2003) and URS.

- H. Indicate whether the Awarding Body intends to enforce labor compliance on all of its public works projects (*i.e.*, not limited to projects that are funded by bonds or other statutes that require the Awarding Body to have an LCP as a condition of funding). If not, please indicate the kinds of projects on which you intend to enforce labor compliance and whether you are required to

have a labor compliance program as a condition for obtaining funding for the project or projects.

NMWD intends to enforce labor compliance on projects funded with Proposition 84 funds only.

- I. Attach a copy of the Awarding Body's resolution adopting the LCP and, if applicable, any other resolution approving any contracts with persons or entities identified in G above.

Attached

- J. Attach the proposed manual outlining the responsibilities and procedures of the LCP.

Attached

Awarding Body's Representative
Name and Signature

Date Signed

Mail two copies of this form and attachments to:

**OFFICE OF THE DIRECTOR
DEPARTMENT OF INDUSTRIAL RELATIONS
455 GOLDEN GATE AVENUE, 10th FLOOR
SAN FRANCISCO, CA 94102
ATTENTION: EXECUTIVE ASSISTANT TO THE DIRECTOR**

Additional information regarding experience on public works/labor compliance issues (Please provide specific dates, details and examples of public works prevailing wage rate enforcement activities, including whether such experience involve federal, state, or local law.)

Each of the following prevailing wage rate enforcement activities involved state labor law and was monitored by the RGM and Associates staff included on this application:

AWARDING BODY: **Dublin USD**
PROJECT: **Fredericksen ES Roof Replacement**
CONTRACTOR: **Sausal Corp.**
SUBCONTRACTOR: **AJ Fetko, Inc.**
VIOLATION: **Misclassification/Wage Underpayment**
DATE OF DISPOSITION: **December 8, 2008**
WAGES ASSESSED: **\$20,003.60**
PENALTIES ASSESSED: **\$3,930.00**

AWARDING BODY: **Pittsburg USD**
PROJECT: **Range Road Site (Increment 2)**
CONTRACTOR: **West Coast Contractors, Inc.**
SUBCONTRACTOR: **Sports International, Inc.**
VIOLATION: **Failure to pay prevailing wages**
DATE OF DISPOSITION: **December 13, 2009**
WAGES ASSESSED: **\$12,375.88**
PENALTIES ASSESSED: **\$2,120.00**

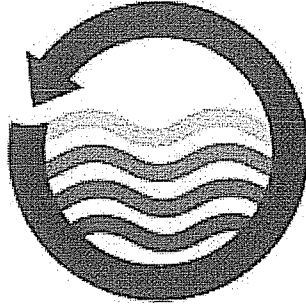
AWARDING BODY: **Pittsburg USD**
PROJECT: **Marina Vista Elementary School**
CONTRACTOR: **Arntz Builders**
SUBCONTRACTOR: **GT Acoustics**
VIOLATION: **Failure to submit CPRs**
DATE OF DISPOSITION: **September 23, 2009**
WAGES ASSESSED: **\$61,646.84**
PENALTIES ASSESSED: **\$4,255.00**

AWARDING BODY: **Pittsburg USD**
PROJECT: **Marina Vista Elementary School**
CONTRACTOR: **Arntz Builders**
SUBCONTRACTOR: **Balfour Caulking**
VIOLATION: **Failure to pay predetermined increase and training contributions**
DATE OF DISPOSITION: **April 29, 2010**
WAGES ASSESSED: **\$722.50**
PENALTIES ASSESSED: **\$0.00**

AWARDING BODY: **Tracy USD**
PROJECT: **Tracy HS New West Building**
CONTRACTOR: **Roebbelen Construction, Inc.**
SUBCONTRACTOR: **Aspen-Timco**
VIOLATION: **Failure to pay employer benefits**
DATE OF DISPOSITION: **November 15, 2009**
WAGES ASSESSED: **\$2,438.27**
PENALTIES ASSESSED: **\$15,990.00**

AWARDING BODY: **Dublin USD**
PROJECT: **Dublin HS Phase 2A - Humanities Bldg**
CONTRACTOR: **Bobo Construction, Inc.**
SUBCONTRACTOR: **Rainbow Bay Area Enterprises**
VIOLATION: **Underreporting workers' hours**
DATE OF DISPOSITION: **March 1, 2011**
WAGES ASSESSED: **\$17,557.24**
PENALTIES ASSESSED: **\$3,680.00**

In addition, a project that did not receive LCP funding but was monitored by RGM and Associates at the request of the District was turned over to the DLSE when violations were identified by LCP staff included on this application. The resulting investigation assessed \$73,374.81 in wages and \$18,120.00 in penalties.



**NORTH MARIN
WATER DISTRICT**

**NORTH MARIN WATER DISTRICT
LABOR COMPLIANCE PROGRAM**

MAY 2012

INTRODUCTION

The North Marin Water District (“District”) issues this Labor Compliance Program (LCP) manual for the purpose of identifying its policy relative to the responsibilities and procedures applicable to the labor compliance provisions of the state and federally funded public works contracts. This LCP Manual contains the labor compliance standards required by state and federal laws, regulations, directives, as well as District policies and contract provisions.

The California Labor Code, Section 1770 *et seq.*, requires that all contractors on public works pay their workers based on the prevailing wage rates, which are established and issued by the Department of Industrial Relations, Division of Labor Statistics and Research.

In establishing this LCP, the District adheres to the statutory requirements as enumerated in Section 1771.5(b) of the Labor Code, which include:

1. All bid invitations, call for bids, Design-Build requests, and public works contracts shall contain appropriate language concerning the requirements of this chapter.
2. A pre-job conference shall be conducted with the contractor and subcontractors to discuss federal and state labor law requirements applicable to the contract.
3. Project contractors and subcontractors shall maintain and furnish, at a designated time, a certified copy of each weekly payroll containing a statement of compliance signed under penalty of perjury.
4. The District’s LCP shall review, and, if appropriate, audit payroll records to verify compliance with this chapter.
5. The District’s LCP shall withhold contract payments when payroll records are delinquent or inadequate.
6. The District’s LCP shall withhold contract payments equal to the amount of underpayment and applicable penalties when, after investigation, it is established that underpayment has occurred.
7. The District’s LCP shall comply with any other prevailing wage monitoring and enforcement activities that are required to be conducted by labor compliance programs by the Department of Industrial Relations.

It is the intent of the District to actively enforce this LCP on all District public works projects as required by statute; specifically, pursuant to Public Resources Code §75075, projects funded in whole or in part by Proposition 84. It is also the intent of the District to utilize qualified consultants in support of the District’s LCP. All consultants will be monitored by a District representative who will be responsible for enforcing the LCP.

Should applicable sections of the Labor Code or Title 8 of the California Code of Regulations undergo alteration, amendment, or deletion, the District will modify the affected portions of this program accordingly.

Questions regarding the District’s LCP should be directed to David Jackson, North Marin Water District. Questions regarding the California Labor Code, including issues relating to this LCP, should be directed to Carl P. A. Nelson, Bold, Polisner, Nelson & Judson, PC 925-933-7777.

I. PUBLIC WORKS SUBJECT TO PREVAILING WAGE LAWS

State prevailing wage rates apply to all public works contracts as set forth in Labor Code Sections 1720, *et seq.*, and include, but are not limited to, such types of work performed under contract as construction, modernization, alteration, demolition, installation or repair. The Division of Labor Statistics and Research (DLSR) predetermine the appropriate prevailing wage rates for particular construction trades and crafts by county.

The applicable dates for enforcement of awarding body LCP is established by Section 16422 of the California Code of Regulations. Contracts are not subject to the jurisdiction of the LCP until after the Program has received initial or final approval.

II. COMPETITIVE BIDDING ON DISTRICT PUBLIC WORKS CONTRACTS

Pursuant to Public Contract Code, the District publicly advertises upcoming public works projects to be awarded according to a competitive bidding process.

All District bid advertisements (or bid invitations), Design-Build requests, and construction contracts shall contain appropriate language concerning the requirements of the Public Works chapter of the Labor Code.

III. JOB CONFERENCE MEETING

After the District awards the public works contract and prior to the commencement of the work, a Pre-Job Conference shall be held by the District with the contractor(s) and subcontractor(s) present. At that meeting, the District will discuss the federal and state labor law requirements applicable to the contract and will provide the contractor(s) and each subcontractor with a Checklist of Labor Law Requirements (presented in Attachment A) and will discuss in detail the following checklist items:

1. The contractor's duty to pay prevailing wages (Labor Code Section 1770, *et seq.*);
2. The contractor's and subcontractor's duty to employ registered apprentices on public works projects (Labor Code Section 1777.5);
3. The penalties for failure to pay prevailing wages, failing to employ apprentices, and failing to submit complete Certified Payroll Reports. Such penalties as may include forfeitures and debarment (Labor Code Sections 1775, 1776, 1777.7, and 1813);
4. The requirement to maintain and submit copies of certified payroll reports on a weekly basis to the District, at times designated in the contract or within 10 days of request by the District, and penalties for failure to do so under Labor Code Section 1776 (h). This requirement includes and applies to all subcontractors performing work on District projects even if their portion of the work is less than one half of one percent (0.5%) of the total amount of the contract;

5. The prohibition against employment discrimination (Labor Code Sections 1735 and 1777.6; the Government Code; and Title VII of the Civil Rights Act of 1964, as amended);
6. The prohibition against accepting or extracting kickbacks from employee wages (Labor Code Section 1778);
7. The prohibition against accepting fees for registering any person for public works (Labor Code Section 1779) or for filing work orders on public works (Labor Code Section 1780);
8. The requirement to list all subcontractors (Public Contract Code Section 4100, *et seq.*);
9. The requirement to be properly licensed and to require all subcontractors to be properly licensed, and the penalty for employing workers while unlicensed (Labor Code Section 1021 and 1021.5, and Business and Professions Code Section 7000, *et seq.*, under California Contractors License Law);
10. The prohibition against unfair competition (Business and Professions Code Sections 17200-17208);
11. The requirement that the contractor(s) and subcontractor(s) be properly insured for Workers' Compensation (Labor Code Section 1861);
12. The requirement that the contractor(s) abide by the Occupational Safety and Health laws and regulations that apply to the particular public works project;
13. The federal prohibition against hiring undocumented workers, and the requirement to secure proof of eligibility/citizenship from all workers; and
14. The requirement to provide itemized wage statement to employees under Labor Code Section 226.
15. The requirement for on-site visits, which may include worker interviews, to be conducted each week workers are on the site of the public works project.

The contractor(s) and subcontractor(s) present at the meeting will be given the opportunity to ask questions of the District's LCP representative relative to any of the Labor Law Requirements. The Checklist of Labor Law Requirements will be signed by the prime contractor's representative, subcontractor's representative, and the District's LCP representative.

At the Pre-Job Conference, the District will provide the contractor(s) with copies of the District's LCP package which will include: the Checklist of Labor Law Requirements, links to the applicable Prevailing Wage Rate Determinations, blank certified payroll report forms, fringe benefit statements, State apprenticeship forms and requirements, and reference to the

Labor Code relating to Public Works and Public Agencies (Part 7, Chapter 1, Sections 1720-1861).

It will be the contractor's responsibility to provide copies of the LCP package to all subcontractors and to any substituted subcontractor performing work on the District's public works project(s).

IV. RESPONSIBILITIES OF CONTRACTOR(S) AND EACH SUBCONTRACTOR

A. Certified Payroll Records Required

The contractor(s) shall maintain payrolls and "basic payroll records" during the course of the work and shall preserve them for a period of three (3) years thereafter for all tradesworkers working at the District's project sites. Such records shall include the name, address, and social security number of each worker, his or her classification, a general description of the work each employee performed each day in the form of a trade classification, the rate of pay (including rates of contributions for, or costs assumed to provide fringe benefits), daily and weekly number of hours worked, deductions made, and actual wages paid.

1. Submission of Certified Payroll Reports

The contractor(s) shall maintain and submit all weekly certified payroll reports, including those of all subcontractors, to the District or the District's consultant as required by contract, however not less often than monthly. Each weekly certified payroll report shall be accompanied by a statement of compliance signed by the contractor(s) under penalty of perjury pursuant to Labor Code Section 1771.5(b)(3) and applicable regulations.

The certified payroll records required by Labor Code Section 1776 may be maintained and submitted electronically subject to all of the following conditions:

(a) The reports must contain all of the information required by the Labor Code Section 1776, with the information organized in a manner that is similar or identical to how the information is reported on the Department of Industrial Relations' suggested "Public Works Payroll Reporting Form" (Form A-1-131);

(b) The reports shall be in a format and use software that is readily accessible and available to contractors, awarding bodies, Labor Compliance Programs, and the Department of Industrial Relations;

(c) Reports submitted to an awarding body, a Labor Compliance Program, the Division of Labor Standards Enforcement, or other entity within the Department of Industrial Relations must be either (1) in the form of a non-modifiable image or record that bears an electronic signature or includes a copy of any original certification made on paper, or alternatively (2) printed

out and submitted on paper with an original signature;

(d) The requirements for redacting certain information shall be followed when certified payroll records are disclosed to the public pursuant to Labor Code Section 1776(e), whether the records are provided electronically or as hard copies; and

(e) No contractor or subcontractor shall be mandated to submit or receive electronic reports when it otherwise lacks the resources or capacity to do so, nor shall any contractor or subcontractor be required to purchase or use proprietary software that is not generally available to the public.

Basic payroll records may be requested by the District's LCP at any time and shall be provided within 10 days following the receipt of the request.

2. Review of Certified Payroll Reports

Certified payroll reports shall be routinely reviewed by the Contractor for the payment of prevailing wage rates.

3. Full Accountability

The name, address and social security number of every individual, laborer or craftsperson working at the project site must appear on the payroll. The basic concept is that the employer who pays the tradesworker must report that individual on its payroll. This includes individuals working as apprentices in an apprenticeship craft. Owner-operators are to be reported by the contractor employing them, rental equipment operators are to be reported by the rental company paying the workers' wages.

Sole owners and partners who work on a contract must also submit a certified payroll report listing the days and hours worked, the trade classification descriptive of the work actually done, and the wages paid to the owner or partner. The contractor(s) shall provide the records required under this section to the District's LCP, any authorized representative of the District, and the Department of Industrial Relations, and shall permit such representatives to interview tradesworkers during working hours on the project site.

4. Responsibility for Subcontractor(s)

The contractor and subcontractor shall be jointly and severally liable; therefore, the contractor(s) shall be responsible for ensuring adherence to labor standards provisions by its subcontractor(s). Moreover, the prime contractor is responsible for Labor Code violations by its subcontractors in accordance with Labor Code Section 1775 and applicable sections of the Labor Code and California Code of Regulations.

5. Payment to Employees

Employees must be paid unconditionally, and not less often than once each week, the full amounts which are due and payable for the period covered by the particular payday. Thus, an employer must, therefore, establish a fixed workweek (i.e., Sunday through Saturday) and an established payday (such as every Friday or the preceding day should such payday fall on a holiday). On each and every payday, each worker must be paid all sums due as of the end of the preceding workweek and must be provided with an itemized wage statement.

If an individual is called a subcontractor, when, in fact, he/she is merely a journey level mechanic supplying only his/her labor, such an individual would not be deemed a bona fide subcontractor and must be reported on the payroll of the prime contractor who contracted for his or her services as a tradesworker. Moreover, any person who does not hold a valid contractor's license cannot be a subcontractor, and anyone hired by that person is the worker or employee of the general contractor who contracted for his or her services for purposes of prevailing wage requirements, certified payroll reporting and workers' compensation laws.

A worker's hourly wage rate for straight time hours must equal or exceed the rate specified in the contract by reference to the Prevailing Wage Rate Determinations for the class of work actually performed. Any work performed on Saturday, Sunday, and/or a holiday, or a portion thereof, must be paid the prevailing rate established for those days regardless of the fixed workweek. The hourly rate for hours worked in excess of 8 hours in a day or 40 hours in a workweek shall be premium pay. All work performed in excess of eight hours per day, 40 hours per week, on Saturday, on Sunday, and on holidays shall be paid in accordance with the applicable Prevailing Wage Determination.

B. Apprentices

Apprentices shall be permitted to work as such only when they are registered, individually, under a bona fide apprenticeship program registered with a State apprenticeship agency which is recognized by the State Division of Apprenticeship Standards. The allowable ratio of apprentices to journey persons in any craft/classification shall not be greater than the ratio permitted to the contractor as to its entire workforce under the registered program. Any worker listed on a payroll at an apprentice wage rate who is not registered shall be paid the journey level wage rate determined by the Department of Industrial Relations for the classification of the work he/she actually performed.

The contractor shall furnish written evidence of the registration (i.e., Apprenticeship Agreement or Statement of Registration) of its training program and apprentices, as

well as the ratios allowed and the wage rates required to be paid thereunder for the area of construction, prior to using any apprentices in the contract work.

Pre-apprentice trainees, trainees in nonapprenticeable crafts, and others who are not duly registered will not be permitted on public works projects unless they are paid full prevailing wage rates as journeypersons.

Compliance with California Labor Code Section 1777.5 requires all public works contractors and subcontractors to:

1. Submit Public Works Contract Award Information to applicable Apprenticeship Committees.
2. Request dispatch of apprentices and employ apprentices as available on public works projects in a ratio to journey persons as stipulated in the Apprenticeship Standards under which each Joint Apprenticeship Committee operates, but in no case shall the ratio be less than one (1) apprentice to each five (5) journey person hours, unless a Certificate of Exemption is obtained and provided to the LCP;
3. Contribute to the training fund in the amount identified in the prevailing wage rate publication for journey persons and apprentices. Where the trust fund administrators cannot accept the contributions, then payment shall be made to the California Apprenticeship Council, Post Office Box 420603, San Francisco, CA 94142; and
4. If the contractor is registered to train apprentices it should be noted that a prior approval for a separate project does not confirm approval to train on any project. The contractor/subcontractor must check with the applicable Joint Apprenticeship Committee to verify status.

V. ENFORCEMENT ACTION

A. Duties of the North Marin Water District as LCP

The District, as the awarding body having an approved LCP, has a duty to the Director of the Department of Industrial Relations to enforce the requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code in a manner consistent with the practice of the Labor Commissioner and as set forth in regulations found at 8 CCR section 16000 et seq. It is the practice of the Labor Commissioner to refer to the Director's ongoing advisory service of web-posted public works coverage determinations as a source of information and guidance in making enforcement decisions. It is also the practice of the Labor Commissioner to be represented by an attorney in prevailing wage hearings conducted pursuant to Labor Code Section 1742(b) and section 17201 – 17270 of Title 8 of the California Code of Regulations. The District shall take reasonable, vigorous, and prompt action to (1) determine whether violations exist, and (2) enforce compliance, including through imposition of

appropriate penalties and formal enforcement action, when violations are found. The District shall, at a minimum, undertake enforcement action in furtherance of its responsibilities as follows:

1. Review Certified Payroll Records. Certified payroll records furnished by contractors and subcontractors shall be regularly and timely reviewed by the District, as promptly as practicable after receipt thereof, but in no event more than 30 days after such receipt. "Review" for this purpose shall be defined as inspection of the records furnished to determine if (1) all appropriate data elements identified in Labor Code Section 1776(a) have been reported; (2) certification forms have been completed and signed in compliance with Labor Code Section 1776(b); and (3) the correct prevailing wage rates have been reported as paid for each classification of laborer listed, with confirmation of payment in the manner and to the extent described below.

2. Confirmation. "Confirmation" of payroll records shall be defined as an independent corroboration of reported prevailing wage payments. Confirmation may be accomplished through worker interviews, examination of paychecks or paycheck stubs, direct confirmation of payments from third party recipients of "Employer Payments" (as defined at section 16000 of Title 8 of the California Code of Regulations), or any other reasonable method of corroboration. For each month in which a contractor or subcontractor reports having workers employed on the public work, confirmation of furnished payroll records shall be undertaken randomly for at least one worker for at least one weekly period within that month. Confirmation shall also be undertaken whenever complaints from workers or other interested persons or other circumstances or information reasonably suggest to the District that payroll records furnished by a contractor or subcontractor are inaccurate.

3. On-Site Visits. Representatives of the District shall conduct in-person inspections at the site or sites at which the contract for public work is being performed. On-Site Visits may be undertaken randomly or as deemed necessary by the District, but shall be undertaken during each week that workers are present at sites at which the contract for public work is being performed. All On-Site Visits shall include visual inspection of (1) the copy of the determination(s) of the Director of Industrial Relations of the prevailing wage rate of per diem wages required to be posted at each job site in compliance with Labor Code Section 1773.2, and (2) the Notice of Labor Compliance Program Approval required to be posted at the job site in accordance with section 16429 of Title 8 of the California Code of Regulations, listing a telephone number to call for inquiries, questions, or assistance with regard to the Labor Compliance Program. On-Site Visits may include other activities deemed necessary by the District to independently corroborate prevailing wage payments reported on payroll records furnished by contractors and subcontractors.

4. Audits/Investigations. Investigations shall be conducted and audits prepared whenever the District has determined that there may have been a violation of the Public Works Chapter of the Labor Code resulting in the underpayment of wages, or at the request of the Labor Commissioner.

a. An audit consists of a comparison of payroll records to the best available information as to the actual hours worked and classifications of workers employed on the contract. Records should be made available to show that the audits conducted are sufficiently detailed to verify compliance with the prevailing wage requirements of the Labor Code.

b. An audit shall be defined as a written summary reflection prevailing wage deficiencies for each underpaid worker, and including any penalties to be assessed under Labor Code Section 1775 and 1813. An audit is sufficiently detailed when it enables the Labor Commissioner to draw reasonable conclusions as to compliance and to enable an accurate computation of underpayments of wages and of applicable penalties and forfeitures.

c. An audit record in the form set out in Attachment B, when accompanied by a brief narrative, and as provided in Title 8 CCR section 16432, complies with the Labor Code requirements.

5. Notification of Contractor. After the District has determined that violations of the prevailing laws have resulted in the underpayment of wages and an audit has been prepared, notification shall be provided to the contractor and any affected subcontractor of an opportunity to resolve the wage deficiency prior to a determination of the amount of forfeiture by the Labor Commissioner. The contractor and affected subcontractor shall be provided at least 10 days following such notification to submit exculpatory information consistent with the “good faith mistake” factors set forth in Labor Code Section 1775(a)(2)(A)(i) and (ii). If, based upon the contractor’s submission, the District reasonably concludes that the failure to pay the correct wages was a good faith mistake, and has no knowledge that the contractor and affected subcontractor have a prior record of failing to meet their prevailing wage obligations, the District shall not be required to request the Labor Commissioner for a determination of the amount of penalties to be assessed under Labor Code Section 1775 if the underpayment of wages to workers is promptly corrected and proof of such payment is submitted to the District.

a. For each instance in which a wage deficiency is resolved, the District shall maintain a written record of the failure of the contractor or subcontractor to meet its prevailing wage obligation. The record shall identify the public works project, the contractor or affected subcontractor involved, and the gross amount of wages paid to workers to resolve the prevailing wage deficiency; and the record shall also include a copy of the Audit prepared pursuant to (4) above along with any exculpatory information submitted to the District by the affected contractor or subcontractor.

6. Complaints. Upon receipt of a written complaint alleging that a contractor or subcontractor has failed to pay prevailing wages as required by the Labor Code, the District shall do all of the following:

a. Within 15 days after receipt of the complaint, send a written acknowledgment to the complaining party that the complaint has been received and identifying the name, address, and telephone number of the investigator assigned to the complaint;

b. Within 15 days after receipt of the complaint, provide the

affected contractor with the notice required under Labor Code section 1775(c) if the complaint is against a subcontractor;

c. Notify the complaining party in writing of the resolution of the complaint within ten days after the complaint has been resolved by the District; and

d. Notify the complaining party in writing at least once every 90 days of the status of a complaint that has been resolved by the District but remains under review or litigation before another entity.

7. Apprentices. The duties of the District's Labor Compliance Program with respect to apprenticeship standards are as follows:

a. The District's LCP shall (1) inform contractors and subcontractors bidding public works about apprenticeship requirements, (2) send copies of awards and notices of discrepancies to the Division of Apprenticeship Standards as required under Section 1773.3 of the Labor Code, and (3) refer complaints and promptly report suspected violations of apprenticeship requirements to the Division of Apprenticeship Standards.

b. The District shall be responsible for enforcing prevailing wage pay requirements for apprentices consistent with the practice of the Labor Commissioner, including (1) that any contributions required pursuant to Labor Code Section 1777.5(m) are paid to the appropriate entity, (2) that apprentices are paid no less than the prevailing apprentice rate, (3) that workers listed and paid as apprentices on the certified payroll records are duly registered as apprentices with the Division of Apprenticeship Standards, and (4) requiring that the regular prevailing wage rate be paid (i) to any worker who is not a duly registered apprentice and (ii) for all hours in excess of the maximum ratio permitted under Labor Code Section 1777.5(g), as determined at the conclusion of the employing contractor or subcontractor's work on the public works contract.

8. Written Summary. For each public work project subject to a the District's LCP enforcement of prevailing wage requirements, a separate, written summary of labor compliance activities and relevant facts pertaining to that particular project shall be maintained. That summary shall demonstrate that reasonable and sufficient efforts have been made to enforce prevailing wage requirements consistent with the practice of the Labor Commissioner. Compliance records for a project shall be retained until the later of (1) at least one year after the acceptance of the public work or five years after the cessation of all labor on a public work that has not been accepted, or (2) one year after a final decision or judgment in any litigation under Labor Code Section 1742.

For purposes of this section, a written summary or report includes information maintained electronically, provided that the summary or report can be printed out in hard copy form or is in an electronic format that (1) can be transmitted by e-mail or compact disk and (2) would be acceptable for the filing of documents in a federal or state court of record within this state. **A copy of the LCP Review and Enforcement Form to be utilized by the North Marin Water District is found as Attachment C to this document.**

9. Withholding Contract Payments When Payroll Records are Delinquent

or Inadequate. The withholding of contract payments when payroll records are delinquent or inadequate is required by Labor Code Section 1771.5(b)(5), and it does not require the prior approval of the Labor Commissioner. The District shall only withhold those payments due or estimated to be due to the contractor or subcontractor whose payroll records are delinquent or inadequate, plus any additional amount that the District has reasonable cause to believe may be needed to cover a back wage and penalty assessment against the contractor or subcontractor whose payroll records are delinquent or inadequate; provided that a contractor shall be required in turn to cease all payments to a subcontractor whose payroll records are delinquent or inadequate until the District provides notice that the subcontractor has cured the delinquency or deficiency.

a. When contract payments are withheld under this section, the District shall provide the contractor and subcontractor, if applicable, with immediate written notice that includes all of the following: (1) a statement that payments are being withheld due to delinquent or inadequate payroll records, and that identifies what records are missing or states why records that have been submitted are deemed inadequate; (2) specifies the amount being withheld; and (3) informs the contractor or subcontractor of the right to request an expedited hearing to review the withholding of contract payments under Labor Code Section 1742, limited to the issue of whether the records are delinquent or inadequate or the District has exceeded its authority under this section.

No contract payments shall be withheld solely on the basis of delinquent or inadequate payroll records after the required records have been produced. **A copy of the Notice of Temporary Withholding of Contract Payments Due to Incomplete or Inadequate Payroll Records Form to be utilized by the North Marin Water District is found as Attachment D to this document.**

In addition to withholding contract payments based on delinquent or inadequate payroll records, penalties shall be assessed under Labor Code Section 1776(g) for failure to timely comply with a written request for certified payroll records. The assessment of penalties under Labor Code Section 1776(g) does require the prior approval of the Labor Commissioner under section 16436 of Title 8 of the California Code of Regulations.

10. Forfeitures Requiring Approval by the Labor Commissioner. Pursuant to Title 8, California Code of Regulations Section 16437, "forfeitures" means the amount of wages, penalties, and forfeitures assessed by the Labor Compliance Program and proposed to be withheld pursuant to Labor Code Section 1771.6(a), and includes the following:

- a. The difference between the prevailing wage rates and the amount paid to each worker for each calendar day or portion thereof for which each worker was paid less than the prevailing wage rate by the contractor or subcontractor; and
- b. Penalties assessed under Labor Code Sections 1775, 1776, and 1813.

If the aggregate amount of forfeitures assessed as to a contractor or subcontractor is

less than \$1000.00, the forfeiture shall be deemed approved by the Labor Commissioner upon service and the Labor Commissioner's receipt of copies of the following: the Notice of Withholding of Contract Payments authorized by Labor Code Section 1771.6(a), an Audit as defined in Title 8, California Code of Regulations Section 16432(e), and a brief narrative identifying the Bid Advertisement Date of the contract for public work and summarizing the nature of the violation, the basis of the underpayment, and the factors considered in determining the assessment of penalties, if any, under Labor Code Section 1775.

11. Withholding Contract Payments for Violations of the Requirements of Chapter 1 of Part 7 of Division 2 of the Labor Code. The District shall withhold contract payments when payroll records are delinquent or inadequate or when, after an investigation, it is established that underpayment of the prevailing wage has occurred. The authority of an approved LCP to withhold contract payments is found in Labor Code section 1771.5 and is also subject to provisions contained in section 16435 et seq. of Title 8 of the California Code of Regulations. As explained more fully below, except when the aggregate amount of forfeitures assessed as to a contractor or subcontractor is less than \$1000, the District will first obtain approval from the Labor Commissioner of the amounts of unpaid penalty and wage money assessed by the District (“forfeitures”) for violations of the prevailing wage laws; thereafter, the District will provide notice of withholding of contract payments to the contractor and other affected parties (a subcontractor and bonding company, if applicable) as required by law. The procedures to be followed by the District in obtaining approval of a forfeiture from the Labor Commissioner and providing notice of withholding to the contractor and other affected parties will be consistent with the code sections and regulations cited above, and definitions included therein (see Appendix A – “Definitions” – attached hereto), and are summarized as follows:

Step No. 1 Approval of Amount of Forfeiture by the Labor Commissioner

a. The District shall request approval of the amount of a proposed forfeiture by filing a report with the Labor Commissioner which contains at least the following information:

1. The date that the public work was accepted, the date that a Notice of Completion was (or will be) recorded, and the amount of funds being held in retention or escrow;
2. Any other deadline which if missed would impede collection;
3. Evidence of violation, in narrative form;
4. Evidence of violation obtained under section 16432 of Title 8 of the California Code of Regulations and a copy of the Audit prepared in accordance with section 16432(e) setting forth the amounts of unpaid wages and applicable penalties;
5. Evidence that before the forfeiture was sent to the Labor Commissioner (A) the contractor and subcontractor were given the opportunity to explain why there was no violation, or that the violation was caused by a good

faith mistake and was promptly corrected upon being brought to the attention of the contractor and subcontractor; and (B) the contractor and subcontractor either did not do so or failed to convince the District of its “good faith” position;

6. Where the District seeks not only wages but also a penalty as part of the forfeiture, and the contractor or subcontractor has unsuccessfully contended that the cause of the violation was a good faith mistake that was promptly corrected, a short statement will accompany the proposal for a forfeiture with a recommended penalty amount (computed at not more than two hundred dollars (\$200) for each calendar day, or portion thereof, for each worker paid less than the prevailing wage rates), and reasons therefore, pursuant to Labor Code section 1775(a); if the amount of wages sought involves overtime, penalties under Labor Code Section 1813 should be calculated as follows: twenty-five dollars (\$25) per worker for each calendar day during which the worker was required or permitted to work more than eight hours in any one calendar day and/or 40 hours in any one calendar week;

7. Where the District seeks only wages, or a penalty under Labor Code section 1775 of less than fifty dollars (\$50) per calendar day as part of the forfeiture, because the contractor has successfully contended that the cause of the violation was a good faith mistake that was promptly corrected, the file should include the evidence as to the contractor and subcontractors knowledge of his/her obligation including the District’s communication to them of the obligation in the bid invitations, at the pre-job conference, and any other notices given and should also include a recommended penalty amount, and reasons therefore, pursuant to Labor Code section 1775; if the amount of wages sought involves overtime, penalties under Labor Code section 1813 should be calculated as follows: twenty-five dollars (\$25) for each calendar day during which each worker was required or permitted to work more than eight hours in any one calendar day and 40 hours in any one calendar week;

8. Whether the contractor or subcontractor has a prior record of failing to meet its prevailing wage obligations

9. Whether the LCP for the District has been granted approval on only an interim or temporary basis under sections 16425 or 16426, or whether it has been granted extended approval under section 16427 of Title 8 of the California Code of Regulations.

b. The report should be served on the Labor Commissioner as soon as practicable after the violation has been discovered, and not less than thirty days before final payment, but in no event not less than 30 days before the expiration of the limitations period set forth in Labor Code 1741.

c. A copy of the proposed forfeiture and a file or report shall be served on the contractor and subcontractor, if applicable, at the same time as it is sent to the Labor Commissioner. The District may exclude from the documents served on the contractor and subcontractor copies of documents secured from the contractor or subcontractor during an audit, investigation, or meeting, if those are clearly referenced in the report.

d. The Labor Commissioner shall affirm, reject, or modify the forfeiture in whole or in part as to penalty and/or wages due.

e. The Labor Commissioner’s determination of forfeiture is

effective on one of the two following dates:

1. For all programs other than those having extended authority under section 16427 of Title 8 of the California Code of Regulations, on the date the Labor Commissioner serves by first class mail, on the Labor Compliance Program, on the Awarding Body if different, and on the contractor and subcontractor, if any, an endorsed copy of the proposed forfeiture, or a newly drafted forfeiture statement which sets out the amount of forfeiture approved. Service on the contractor and subcontractor is effective if made on the last address supplied by the contractor in the record. The Labor Commissioner's approval, modification or disapproval of the proposed forfeiture shall be served within 30 days of receipt of the proposed forfeiture.

2. For programs with extended authority under section 16427 of Title 8 of the California Code of Regulations, approval is effective 20 days after the requested forfeitures are served upon the Labor Commissioner, unless the Labor Commissioner serves a notice upon the parties, within that time period, that this forfeiture request is subject to further review. For such programs, a notice that approval will follow such a procedure will be included in the transmittal of the forfeiture request to the contractor. If the Labor Commissioner notifies the parties of a decision to undertake further review, the Labor Commissioner's final approval, modification or disapproval of the proposed forfeiture shall be served within 30 days of the date of notice of further review. **A copy of the Request for Approval of Forfeiture to be utilized by the North Marin Water District is found as Attachment E to this document.**

Step No. 2 Notice of Withholding and Review Thereof

a. Notice of Withholding of Contract Payments

For forfeitures of less than \$1000.00 or after determination of the amount of forfeiture by the Labor Commissioner, the District shall provide Notice of Withholding of Contract Payments to the contractor and subcontractor, if applicable. The notice shall be in writing and shall describe the nature of the violation and the amount of wages, penalties, and forfeitures withheld. Service of the notice shall be completed pursuant to Section 1013 of the Code of Civil Procedure by first-class and certified mail to the contractor and subcontractor, if applicable. The notice shall advise the contractor and subcontractor, if applicable, of the procedure for obtaining review of the withholding of contract payments. The awarding body shall also serve a copy of the notice by certified mail to any bonding company issuing a bond that secures the payment of prevailing wages covered by the notice and to any surety on a bond, if their identities are known to the awarding body. **A copy of the Notice of Withholding of Contract Payments (NWCP) to be utilized by the North Marin Water District is found as Attachment F to this document.**

b. Review of NWCP

1. An affected contractor or subcontractor may obtain review of a NWCP under this chapter by transmitting a written request for a review hearing to the office of the LCP that appears on the NWCP within 60 days after service of the NWCP. If no hearing is requested within 60 days after the service of the NWCP, the NWCP shall become final.

2. Within ten days following the receipt of the request for a

review hearing, the LCP shall transmit to the Office of the Director-Legal Unit the request for review and copies of the Notice of Withholding of Contract Payments, any audit summary that accompanied the notice, and a proof of service or other documents showing the name and address of any bonding company or surety that secures the payment of the wages covered by the notice. **A copy of the required Notice of Transmittal to be utilized by the North Marin Water District is found as Attachment G to this document.**

3. Upon receipt of a timely request, a hearing shall be commenced within 90 days before the director, who shall appoint an impartial hearing officer possessing the qualifications of an administrative law judge pursuant to subdivision (b) of Section 11502 of the Government Code. The appointed hearing officer shall be an employee of the department, but shall not be an employee of the Division of Labor Standards Enforcement. The contractor or subcontractor shall be provided an opportunity to review evidence to be utilized by the LCP at the hearing within 20 days of the receipt by the LCP of the written request for a hearing. Any evidence obtained by the LCP subsequent to the 20-day cutoff shall be promptly disclosed to the contractor or subcontractor. **A copy of the Notice of Opportunity to Review Evidence Pursuant to Labor Code Section 1742 (b) form is found as Attachment H to this document.**

The contractor or subcontractor shall have the burden of proving that the basis for the NWCP is incorrect. The NWCP shall be sufficiently detailed to provide fair notice to the contractor or subcontractor of the issues at the hearing.

Within 45 days of the conclusion of the hearing, the director shall issue a written decision affirming, modifying, or dismissing the assessment. The decision of the director shall consist of a notice of findings, findings, and an order. This decision shall be served on all parties pursuant to Section 1013 of the Code of Civil Procedure by first-class mail at the last known address of the party on file with the LCP. Within 15 days of the issuance of the decision, the director may reconsider or modify the decision to correct an error, except that a clerical error may be corrected at any time.

The director has adopted regulations setting forth procedures for hearings under this subdivision. **The regulations are found as Attachment I to this document.**

4. An affected contractor or subcontractor may obtain review of the decision of the director by filing a petition for a writ of mandate to the appropriate superior court pursuant to Section 1094.5 of the Code of Civil Procedure within 45 days after service of the decision. If no petition for a writ of mandate is filed within 45 days after service of the decision, the order shall become final. If it is claimed in a petition for writ of mandate that the findings are not supported by the evidence, abuse of discretion is established if the court determines that the findings are not supported by substantial evidence in the light of the whole record.

5. A certified copy of a final order may be filed by the Labor Commissioner in the office of the clerk of the superior court in any county in which the affected contractor or subcontractor has property or has or had a place of business. The clerk, immediately upon the filing, shall enter judgment for the state against the person assessed in the amount shown on the certified order.

6. A judgment entered pursuant to this procedure shall bear the

same rate of interest and shall have the same effect as other judgments and shall be given the same preference allowed by law on other judgments rendered for claims for taxes. The clerk shall not charge for the service performed by him or her pursuant to this section.

7. This procedure shall provide the exclusive method for review of a decision by the District to withhold contract payments pursuant to Section 1771.5.

B. Request for Review of a Labor Compliance Program Enforcement Action; Settlement Authority

1. A contractor or subcontractor may request a settlement meeting pursuant to Labor Code Section 1742.1(b) and may request review of the District's LCP enforcement action in accordance with Labor Code Sections 1771.6(b) and 1742 and the regulations found at sections 17201 – 17270 of Title 8 of the California Code of Regulations. The District's LCP shall have the rights and responsibilities of the Enforcing Agency (as defined in Section 17202(f) of Title 8 of the California Code of Regulations), in responding to such a request for review, including but not limited to the obligations to serve notices, transmit the Request for Review to the hearing office, and provide an opportunity to review evidence in a timely manner, to participate through counsel in all hearing proceedings, and to meet the burden of establishing prima facie support for the Notice of Withholding of Contract Payments.

2. If a contractor or subcontractor seeks review of a Labor Compliance Program enforcement action, the Labor Commissioner may intervene to represent the District, or to enforce relevant provisions of the Labor Code consistent with the practice of the Labor Commissioner, or both.

C. Except in cases where the Labor Commissioner has intervened pursuant to subpart (2) above, the District's LCP shall have the authority to prosecute, settle, or seek the dismissal of any Notice of Withholding of Contract Payments issued pursuant to Labor Code Section 1771.6 and any review proceeding under Labor Code Section 1742, without any further need for approval by the Labor Commissioner. Whenever a Labor Compliance Program settles in whole or in part or seeks and obtains the dismissal of a Notice of Withholding of Contract Payments or a review proceeding under Labor Code Section 1742, the Labor Compliance Program shall document the reasons for the settlement or request for dismissal and shall make that document available for the Labor Commissioner upon request.

D. Deposits of Penalties and Forfeitures Withheld

1. Where the involvement of the Labor Commissioner has been limited to a determination of the actual amount of penalty, forfeiture or underpayment of wages, and the matter has been resolved without litigation by or against the Labor Commissioner, the District shall deposit penalties and forfeitures into a fund of its choice.
2. Where collection of fines, penalties, or forfeitures results from administrative

proceedings or court action to which the Labor Commissioner and the District are both parties, the fines, penalties, or forfeitures shall be divided between the General Funds of the State and the fund of the District's choice, as the Hearing Officer or court may decide.

3. All penalties recovered in administrative proceedings or court action brought by or against the Labor Commissioner, and to which the District is not a party, shall be deposited in the General Fund of the State of California.
4. All wages and benefits which belong to a worker and are withheld or collected from a contractor or subcontractor, either by withholding or as a result of administrative proceedings or a court action pursuant to Labor Code Section 1775, and which have not been paid to the worker or irrevocably committed on the worker's behalf to a benefits fund, shall be deposited with the Labor Commissioner, who shall handle such wages and benefits in accordance with Labor Code Section 96.7.

E. Liquidated Damages

1. After 60 days following the service of a civil wage and penalty assessment under Section 1741 or a notice of withholding under subdivision (a) of Section 1771.6, the affected contractor, subcontractor, and surety on a bond or bonds issued to secure the payment of wages covered by the assessment or notice shall be liable for liquidated damages in an amount equal to the wages, or portion thereof, that still remain unpaid. If the assessment or notice subsequently is overturned or modified after administrative or judicial review, liquidated damages shall be payable only on the wages found to be due and unpaid.
2. Additionally, if the contractor or subcontractor demonstrates to the satisfaction of the director that he or she had substantial grounds for appealing the assessment or notice with respect to a portion of the unpaid wages covered by the assessment or notice, the director may exercise his or her discretion to waive payment of the liquidated damages with respect to that portion of the unpaid wages. Any liquidated damages shall be distributed to the employee along with the unpaid wages. Section 23.5 shall not apply to claims for prevailing wages under this chapter.
3. Notwithstanding subdivision (1), there shall be no liquidated damages if the full amount of the assessment or notice, including penalties, has been deposited with the Department of Industrial Relations, within 60 days following service of the assessment or notice, for the department to hold in escrow pending administrative and judicial review. The department shall release such funds, plus any interest earned, at the conclusion of all administrative and judicial review to the persons and entities who are found to be entitled to such funds.

VI. REPORTING OF WILLFUL VIOLATIONS TO THE LABOR COMMISSIONER

Debarment Policy

It is the policy of the District that the public works prevailing wage requirements set forth in the California Labor Code, Sections 1720-1861, be strictly enforced. In furtherance thereof, contractors and subcontractors found to be willful violators under Section 1777.1 of the California Labor Code shall be referred to the Labor Commissioner for debarment from bidding on or otherwise being awarded any public work contract, within the state of California, for the performance of construction and/or maintenance services for the period not to exceed three (3) years in duration. The duration of the debarment period shall depend upon the nature and severity of the Labor Code violations and any mitigating and/or aggravating factors, which may be presented at the hearing conducted by the Labor Commissioner for such purpose.

If an investigation reveals that a willful violation of the Labor Code Section 1777.1 has occurred, the District's LCP will make a written report to the Labor Commissioner which shall include: (1) an audit consisting of a comparison of payroll records to the best available information as to the actual hours worked and (2) the classification of workers employed on the public works contract. Six types of willful violations are reported as follows:

A. For Failure to Comply with Prevailing Wage Rate Requirements

Except for "good faith mistakes", failure to comply with prevailing wage rate requirements (as set forth in the Labor Code and District contracts) is determined a willful violation whenever less than the stipulated basic hourly rate is paid to trades workers, or if overtime, holiday rates, fringe benefits, and/or employer payments are paid at a rate less than stipulated. The facts related to such willful violations may result in a determination that the contractor intended to defraud its employees of their wages.

B. For Falsification of Payroll Records, Misclassification of Work, and/or Failure to Accurately Report Hours of Work

Falsification of payroll records and failure to accurately report hours of work is characterized by deliberate underreporting of hours of work; underreporting the headcount; stating that the proper prevailing wage rate was paid when, in fact, it was not; clearly misclassifying the work performed by the worker; and any other deliberate and/or willful act which results in the falsification or inaccurate reporting of payroll records. Such violations are deemed to be willful violations committed with the intent to defraud.

C. For Failure to Submit Certified Payroll Reports

Refusing to comply with a request by the LCP for certified payroll reports or substantiating information and records as contained in Section IV.A.1. will be determined to be a willful violation of the Labor Code. Additionally, refusing to correct inaccuracies or omissions that have been discovered will also be determined to be willful violation of the Labor Code.

D. For Failure to Pay Fringe Benefits

Fringe benefits are defined as the amounts stipulated for employer payments or trust fund contributions and are determined to be part of the required prevailing wage rate.

Failure to pay or provide fringe benefits and/or make trust fund contributions in a timely manner is equivalent to payment of less than the stipulated wage rate and shall be reported to the District and Labor Commissioner as a willful violation, upon completion of an investigation and audit.

E. For Failure to Pay the Correct Apprentices Rates and/or Misclassification of Workers as Apprentices

Failure to pay the correct apprentice rate or classifying a worker as an apprentice when not properly registered is equivalent to payment of less than the stipulated wage rate and shall be reported to the District and Labor Commissioner as a willful violation, upon completion of an investigation and audit.

F. For the Taking of Kickbacks

Accepting or extracting kickbacks from employee wages under Labor Code Section 1778 constitutes a felony and may be prosecuted by the appropriate enforcement agency.

VII. PRIORITY DISTRIBUTION OF FORFEITED SUMS

A. Withholding of Forfeited Sums

Pursuant to Labor Code Sections 1726 and 1771.6, it shall be the policy of the District that prior to making payment to the prime contractor of monies due under any contract for public works, the District shall withhold and retain from the prime contractor's account all amounts which have been forfeited pursuant to any stipulation under said contract for public works.

B. Disposition of Forfeited Sums

1. Out of any funds withheld, recovered, or both, there shall first be paid the amount due each worker notwithstanding the filing of any Stop Notice by any person pursuant to Civil Code Section 3179, *et seq.* Thus, all workers employed on the public works project who are paid less than the prevailing wage rate shall have **PRIORITY** over all Stop Notices filed against the prime contractor.
2. In the event that there are "insufficient funds" available in the prime contractor's account to pay the total amount of prevailing wage violations and penalty amounts due, the unpaid prevailing wages shall have **PRIORITY STATUS** and must be paid first.

Furthermore, if insufficient funds are withheld, recovered, or both, to pay each underpaid worker in full, the money shall be prorated among all workers affected. From the amount recovered by the District, the wage claim shall be satisfied prior to the amount being applied to penalties. If insufficient money is recovered to pay each worker in full, the money shall be prorated among all workers. Wages for workers who cannot be located shall be placed in the Industrial Relations Unpaid Wage Fund and held in trust for the workers pursuant to Section 96.7. Penalties shall be paid into a fund of the District's choosing.

VIII. ANNUAL REPORTS

A. Annual Report on the District Labor Compliance Program to the Director of the Department of Industrial Relations

The District shall submit to the Director of the Department of Industrial Relations an Annual Report on the operation of its LCP by no later than August 31 of each year. The annual report shall cover the twelve month period commencing on July 1 of the preceding calendar year and ending on June 30 of the year in which the report is due, unless the Director authorizes the LCP to use a different reporting period. In such cases the annual report will be due no later than 60 days following the close of that reporting period. Pursuant to section 16431 of Title 8 of the California Code of Regulations, the Annual Report shall contain sufficient detail to afford a basis for evaluating the scope and level of enforcement activity of the Labor Compliance Program, and shall include, at the minimum, the following information:

1. Number of construction contracts using Proposition 84 funds subject to the District's LCP which were awarded, and their total value;
2. A summary of wages due to workers resulting from failure by contractors to pay prevailing wage rates, the total amount withheld from money due to the contractors, and the total amount recovered by action in any court of competent jurisdiction;
3. A summary of penalties and forfeitures imposed and withheld, or recovered in a court of competent jurisdiction;

B. Filing of Statements of Economic Interest (FPPC Form 700) by Designated Employees and Consultants of Labor Compliance Program

The District shall determine and designate those employees and consultants who participate in making governmental decisions for the District within the meaning of Title 2, California Code of Regulations, sections 18700 – 18702.4. Those designated employees and consultants shall be required to file Statements of Economic Interest (FPPC Form 700) and to comply with other applicable requirements of the Political Reform Act (commencing with Section 87100 of the Government Code) in connection with work performed on behalf of the District.

APPENDIX A
DEFINITIONS

1. “Amount equal to the underpayment” is the total of the following determined by payroll review, investigation, audit, or admission of the contractor or subcontractor:
 - a. The difference between the amounts paid to workers and the correct General Prevailing Wage Rate of Per Diem Wages as defined in Title 8, CCR Section 16000, *et seq.*;
 - b. The difference between the amounts paid to workers and the correct amounts of employer payments, as defined in Title 8, CCR Section 16000, *et seq.* and determined to be part of the prevailing rate costs of contractors due for employment of workers in such craft, classification or trade in which they were employed and the amounts paid.
 - c. Estimated amounts of “illegal taking of wages,” and
 - d. Amounts of apprenticeship training contributions paid to neither the program sponsor’s training trust nor the California Apprenticeship Council.
2. “Basic Payroll Records” means time cards, front and back copies of cancelled checks, cash receipts, trust fund forms, daily logs, employee sign-in sheets, accounting ledgers, tax forms and/or any other record maintained for the purposes of reporting payroll.
3. “Contracts,” except as otherwise provided by agreement, means only contracts under a single master contract, or contracts entered into as stages of a single project which may be the subject of withholding pursuant to Labor Code Sections 1720, 1720.2, 1720.3, 1720.4, 1771, and 1771.5;
4. “Delinquent payroll records” means those not submitted on the basis set forth in the District contract and/or in response to a request by the LCP;
5. “Failing to pay the correct rate of prevailing wages” means those public works violations which the Labor Commissioner has exclusive authority to approve before they are recoverable by the LCP, and which are appealable by the contractor in court or before the Director of the Department of Industrial Relations under Labor Code Sections 1742 and 1742.1 pursuant to the California Code of Regulations Title 8, Chapter 8, Subchapter 8 (Sections 17201 through 17270). Regardless of what is defined as prevailing “wages” in contract terms, noncompliance with the following are considered failures to pay prevailing wages:
 - a. Nonpayment of items defined as “Employer Payments” and “General Prevailing Rate of Per Diem Wages” in Title 8, CCR Section 16000 and Labor Code Section 1771.
 - b. Payroll records required by Labor Code Section 1776;

- c. Labor Code Section 1777.5 but only insofar as the failure consists of paying apprentice wages lower than the journey level rate to a worker who is not an apprentice as defined in Labor Code Section 3077, working under an apprentice agreement in a recognized program;
 - d. Labor Code Section 1778, Kickbacks;
 - e. Labor Code Section 1779, Fee for Registration;
 - f. Labor Code Sections 1813, 1815, and Title 8, CCR Section 16200(a)(3)(F) overtime for work over eight (8) hours in any one (1) day or forty (40) hours in any one (1) week (Monday through Friday). All work performed on Saturday, Sunday, and/or a holiday shall be paid pursuant to the prevailing wage determination.
6. "Forfeitures" are the amounts of unpaid penalties and wages assessed by the District for violations of the prevailing wage laws.
7. "Inadequate payroll records" are any one of the following:
- a. A record lacking any of the information required by Labor Code Section 1776;
 - b. A record which contains all of the required information but which is not certified, or is certified by someone who is not an agent of the contractor or subcontractor;
 - c. A record remaining uncorrected for one (1) payroll period, after the District has given the contractor notice of inaccuracies detected by audit or record review; provided, however, that prompt correction will stop any duty to withhold if such inaccuracies do not amount to one percent (1%) of the entire certified weekly payroll in dollar value and do not affect more than half the persons listed as workers employed on that certified weekly payroll, as defined in Labor Code Section 1776 and Section 16401 of Title 8 of the California Code of Regulations. Prompt correction will stop any duty to withhold if such inaccuracies are de minimus.
8. "Withhold" means to cease payments by the awarding body, or others who pay on its behalf, or agents, to the general contractor. Where the violation is by a subcontractor, the general contractor shall be notified of the nature of the violation and reference made to its rights under Labor Code section 1729.

ATTACHMENT A

CHECKLIST OF LABOR LAW REQUIREMENTS TO REVIEW AT
JOB CONFERENCE MEETINGS

(Pursuant to Title 8, Section 16430 of the California Code of Regulations)

NAME (print) _____ Date _____

COMPANY _____ Phone _____

ADDRESS _____ Fax # _____

_____ North Marin Water _____

SUPERINTENDENT _____ Project # _____

The federal and state labor law requirements applicable to the contract are composed of, but not limited to, the following:

1. Payment of Prevailing Wage Rates

The contractor to whom the contract is awarded and its subcontractors hired for the public works project are required to pay not less than the specified general prevailing wage rates to all workers employed in the execution of the contract.

The contractor is responsible for ascertaining and complying with all current general prevailing wage rates for crafts and any rate changes that occur during the life of the contract. Information on all prevailing wage rates and all rate changes are to be posted at the job site for all workers to view.

2. Apprentices

It is the duty of the contractor and subcontractors to employ registered apprentices on the public works project under Labor Code Section 1777.5;

3. Penalties

There are penalties required for contractor's/subcontractor's failure to pay prevailing wages and for failure to employ apprentices, including forfeitures and debarment under Labor Code Sections 1775; 1776; 1777.1; 1777.7 and 1813;

4. Certified Payroll Reports

Under Labor Code Section 1776, contractors and subcontractors are required to keep accurate payroll records showing the name, address, social security number and work classification of each employee and owner performing work; also the straight time and overtime hours worked each day and each week, the fringe benefits, and, the actual per diem wage paid to each owner, journey person, apprentice worker or other employee hired in connection with the public works project.

Employee payroll records shall be certified and shall be made available for inspection at all reasonable hours at the principal office of the contractor/subcontractor, or shall be furnished to any employee, or his/her authorized representative on request, pursuant to Labor Code Section 1776;

Each contractor and subcontractor shall submit its weekly certified payroll reports to the District on a monthly basis. In the event that there has been no work performed during a given week, the Certified Payroll Report shall be annotated: "No work" for that week.

Under Labor Code Section 1776(g) there are penalties required for contractor's/subcontractor's failure to maintain and submit copies of certified payroll records on request.

5. Nondiscrimination in Employment

There exist prohibitions against employment discrimination under Labor Code Sections 1735 and 1777.6, the Government Code, the Public Contracts Code, and Title VII of the Civil Rights Act of 1964;

6. Kickbacks Prohibited

Contractors and subcontractors are prohibited from recapturing wages illegally or extracting "kickbacks" from employee wages under Labor Code Section 1778;

7. Acceptance of Fees Prohibited

There exists a prohibition against contractor/subcontractor acceptance of fees for registering any person for public work under Labor Code Section 1779; or for filling work orders on public works contracts pursuant to Labor Code Section 1780;

8. Listing of Subcontractors

All prime contractors are required to list properly all subcontractors hired to perform work on the public works projects covering more than one-half of one percent, pursuant to Government Code Section 4100 et seq.;

9. Proper Licensing

Contractors are required to be licensed properly and to require that all subcontractors be properly licensed. Penalties are required for employing workers while unlicensed under Labor Code Section 1021 and under the California Contractor License Law found at Business and Professions Code Section 7000 et seq.

10. Unfair Competition Prohibited

Contractors/Subcontractors are prohibited from engaging in unfair competition as specified under Business and Professions Code Sections 17200 to 17208;

11. Workers Compensation Insurance

Labor Code Section 1861 requires that contractors and subcontractors be insured properly for Workers Compensation.

12. OSHA

Contractors and subcontractors are required to abide by the Occupational, Safety and Health laws and regulations that apply to the particular construction project.

13. Undocumented Workers

Contractors and subcontractors are required to comply with the federal prohibition against hiring undocumented workers, and the requirement to secure proof of eligibility/citizenship from all workers.

14. Itemized Wage Statement

Pursuant to Labor Code Section 226, every employer shall, semimonthly or at the time of each payment of wages, furnish each of his or her employees an accurate itemized statement in writing showing gross wages earned, total hours worked, all deductions, net wages earned, the inclusive dates of the period for which the employee is paid, the name of the employee and the last four digits of his or her social security number or an employee identification, the name and address of the employer, and all applicable hourly rates in effect during the pay period and the corresponding number of hours worked at each hourly rate by the employee.

15. On-Site Visits and Employee Interviews

District's Labor Compliance Representative will conduct weekly on-site visits and will conduct weekly or periodic employee interviews.

In accordance with federal and state laws and with District contract documents, the undersigned prime contractor wishes to assure the District that it intends to comply with the above-referenced labor law requirements, fully understanding that failure to comply with the above requirements may subject it to penalties as provided above.

For the Contractor:

For the North Marin Water District:

(Signature)

(Signature)

(Date)

(Date)

Contractor

Project Name

ATTACHMENT B AUDIT RECORD FORM

(For Use With Title 8, CCR Section 16432 Audits)

An Audit, as defined herein, shall be prepared by the District whenever it has determined that there has been a violation of the Public Works Chapter of the Labor Code resulting in the underpayment of wages. An "Audit" for this purpose shall be defined as a written summary reflecting prevailing wage deficiencies for each underpaid worker, and including any penalties to be assessed under Labor Code Section 1775 and 1813.

An Audit which uses the forms in Attachment B, accompanied by a brief narrative identifying the Bid Advertisement Date of the contract for public work and summarizing the nature of the violation and the basis upon which the determination of underpayment was made, presumptively demonstrates sufficiency. Records supporting an Audit shall be maintained by the Labor Compliance Program to satisfy its burden of coming forward with evidence in administrative review proceeding under Labor Code Section 1742 and the Prevailing Wage Hearing Regulations found at section 17201 – 17270 of Title 8 of the California Code of Regulations.

The additional steps will be taken to "verify compliance with the requirements of Chapter 1, Public Works, Part 7 of Division 2":

1. Audits of the obligation to secure workers' compensation means demanding written evidence of a binder issued by the carrier, or telephone or written inquiry to the Workers' Compensation Insurance Rating Bureau;
2. Audits of the obligations to employ and train apprentices means inquiry to the program sponsor for the apprenticeable craft or trade in the area of the public works as to: whether contract award information was received, including an estimate of journey person hours to be performed and the number of apprentices to be employed; whether apprentices have been requested, and whether the request has been met; whether the program sponsor knows of any amounts sent by the contractor or subcontractor to it for the training trust, or the California Apprenticeship Council; and whether persons listed on the certified payroll in that craft or trade as being paid less than the journey person rate are apprentices registered with that program and working under apprentice agreements approved by the Division of Apprenticeship Standards;
3. Audits of the obligation to pass through amounts for apprenticeship training contributions, to either the training trust or the California Apprenticeship Council, means asking for copies of checks sent, or when the audit occurs more than 30 days after the month in which payroll has been paid, copies of cancelled checks;
4. Audits of "illegal taking of wages" means inspection of written authorizations for deductions (listed in Labor Code Section 224) in the contractor's or subcontractor's files and comparison to wage deduction statements furnished to employees (Labor Code Section 226), together with an interview of employees when warranted as to any payments not shown on the wage deduction statements;
5. Audits of the obligation to keep records of working hours and pay not less than

required by Title 8, CCR Section 16200(a)(3)(F) for hours worked in excess of 8 hours per day or forty hours per week are the steps for review and audit of Certified Weekly Payrolls under Title 8, CCR Section 16432;

6. Audits of the obligations to pay the prevailing per diem wage, means such steps for review and audit of Certified Weekly Payrolls which will produce a report covering compliance in the areas of:
 - A. All elements defined as the "General Prevailing Rate of Per Diem Wages" in Title 8, CCR Section 16000, which were determined to be prevailing in the Director's determination which was in effect on the date of the call for bids, available in its principal LCP office and posted at the public works job site;
 - B. All elements defined as "Employer Payments" set forth in Section 16000 of these regulations, which were determined to be prevailing in the Director's Determination which was in effect on the date of the call for bids, and pursuant to Labor Code Section 1773.2 was to be specified in the call for bids, made available in its principal LCP office and posted at the public works job site.

WAGE DETERMINATION INFORMATION

CODE NO.	CLASSIFICATION	WAGE DETERMINATION NO.
1		
2		
3		
4		
5		
6		
7		
8		
9		
10		
11		
12		

PREVAILING WAGE DETERMINATION SUMMARY

CODE NO.	CLASSIFICATION	HOURLY		CONTRIBUTIONS	TRAINING	TIME 1/2 SUNDAY	HOLIDAY / TRAVEL & SUBSISTENCE	OTHER HOURLY REQUIREMENTS
		EFFECTIVE DATE	RATE					
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								

ATTACHMENT C
Suggested Single Project Labor Compliance Review and Enforcement Report Form
[Appendix C following 8 CCR §16434]

Awarding Body: NORTH MARIN WATER DISTRICT

Project Name: _____

Name of Approved Labor Compliance Program: NORTH MARIN WATER DISTRICT

Bid Advertisement Date: _____

Acceptance Date: _____

Notice of Completion Recordation Date: _____

Summary of Labor Compliance Activities

1. Contract Documents Containing Prevailing Wage Requirements (Identify)

2. Prejob Conference(s) -- Attach list(s) of attendees and dates

3. Notification to Project Workers of Labor Compliance Program's Contact Person. (Explain Manner of Notification for each project work site.)

4. Certified Payroll Record Review

a. CPRs Received From:

Contractor/Subcontractor

For weeks ending ("w/e") through w/e

_____	_____
_____	_____
_____	_____
_____	_____

b. Classifications identified in CPRs and applicable Prevailing Wage Determinations

<u>Classification</u>	<u>Determination No.</u>
_____	_____
_____	_____
_____	_____
_____	_____

5. Further investigation or audit due to CPR review, information or complaint from worker or other interested person, or other reason:

a. Independent Confirmation of CPR Data

<u>Contractor/Subcontractor</u>	<u>Worker Interviews (Yes/No)</u>	<u>Reconciled CPRs with Paychecks or Stubs (Yes/No)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

b. Employer Payments (Health & Welfare, Pension, Vacation/Holiday) Confirmation

<u>Contractor/Subcontractor</u>	<u>Recipients of Employer Payments</u>	<u>Written confirmation Obtained (Yes/No)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

c. Contributions to California Apprenticeship Council or Other Approved Apprenticeship Program

<u>Contractor/Subcontractor</u>	<u>Recipients of Contributions</u>	<u>Written confirmation Obtained (Yes/No)</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

d. Additional Wage Payments or Training Fund Contributions Resulting from Review of CPRs

<u>Contractor/Subcontractor</u>	<u>Additional amounts Paid to Workers</u>	<u>Additional Training Fund</u>	<u>Explanation</u>
_____	_____	_____	*
_____	_____	_____	*
_____	_____	_____	*
_____	_____	_____	*

* Use separate page(s) for explanation

6. Complaints Received Alleging Noncompliance with Prevailing Wage Requirements.

<u>Name of Complainant</u>	<u>Date Received</u>	<u>Resolution or Current Status</u>
_____	_____	*
_____	_____	*
_____	_____	*
_____	_____	*

*Use separate page(s) to explain resolution or current status

7. Requests for Approval of Forfeiture to Labor Commissioner

<u>Contractor/Subcontractor</u>	<u>Date of Request</u>	<u>Approved/Modified/Denied</u>
_____	_____	_____
_____	_____	_____
_____	_____	_____

8. Litigation Pending Under Labor Code Section 1742

<u>Contractor/Subcontractor</u>	<u>DIR Case Number</u>
_____	_____
_____	_____
_____	_____

9. (Check one): _____ Final report this project _____ Annual report this project

Authorized Representative for Labor Compliance Program

ATTACHMENT "D"

Date:	Case or Contract No.:
-------	-----------------------

**NOTICE OF TEMPORARY WITHHOLDING OF CONTRACT PAYMENTS
DUE TO DELINQUENT OR INADEQUATE PAYROLL RECORDS (8 CCR
§16435)**

Awarding Body:	Work performed in County of:
Project Name and Number (if any):	
Prime Contractor:	
Subcontractor:	

Pursuant to Labor Code §1771.5(b)(5) and 8 CCR §16435, contract payments are being withheld due to delinquent or inadequate payroll records.

Contractor or subcontractor whose payroll records are delinquent or inadequate:

The following payroll records are delinquent (specify weeks and due dates):

The following payroll records are inadequate (specify weeks and ways in which records are deemed inadequate under 8 CCR §16435(d)):

Estimated amount of contract payments due to contractor or subcontractor that are being withheld pursuant to this Notice:

See page 2 for additional information, including appeal rights.

Labor Compliance Officer

Prime Contractor Obligations: If contract payments are being withheld due to the

delinquency or inadequacy of your subcontractor's payroll records, you are required to cease all payments to that subcontractor until the Labor Compliance Program provides notice that the subcontractor has cured the delinquency or deficiency.

Notice of Right to Obtain Review – Expedited Hearing

An affected contractor or subcontractor may request review an expedited hearing to review this Notice of Withholding of Contract Payments under Labor Code §1742. *The only issue in any such review proceeding is whether the specified payroll records are in fact delinquent or inadequate within the meaning of 8 CCR §16435 or whether the Labor Compliance Program has exceeded its authority under 8 CCR §16435. To obtain an expedited hearing, a written request must be transmitted to the both the Labor Compliance Program and to the Lead Hearing Officer for the Director of the Department of Industrial Relations, as follows:*

[Name of Labor Compliance Officer,
address, and fax number]
Office of the Director – Legal Unit
Attention: Lead Hearing Officer
Expedited Hearing Request
Fax to: (415) 703-4277

The request for expedited hearing should specify the basis for challenging this Notice and include a copy of this Notice as an attachment. The request should also identify and provide contact information for the person who will represent the contractor or subcontractor at the hearing.

Important Additional Information: This is a Notice of Temporary Withholding of Contract Payments for Delinquent or Inadequate Payroll Records *only*. This is *not* a determination of liability for wages or penalties under Labor Code §§1775 and 1776 or any other statute. *Contract payments cannot continue to be withheld pursuant to this notice, once the required records have been produced.* However, the contractor and subcontractor may still be subject to the assessment of back wages and penalties and the withholding of contract payments if, upon investigation, a determination is made that the contractor or subcontractor violated the public works requirements of the Labor Code.

This Notice only addresses rights and responsibilities under state law. Awarding bodies, labor compliance programs, and contractors may have other rights or responsibilities under federal or local law, where applicable, and may also have additional rights or remedies under the public works contract.

§16435. Withholding Contract Payments When Payroll Records are Delinquent or Inadequate.

(a) "Withhold" means to cease payments by the Awarding Body, or others who pay on its behalf, or agents, to the general contractor. Where the violation is by a subcontractor, the general contractor shall be notified of the nature of the violation and reference made to its rights under Labor Code Section 1729.

(b) "Contracts." Except as otherwise provided by agreement, only contracts under a single master contract, including a Design-Build contract, or contracts entered into as stages of a single project, may be the subject of withholding.

(c) "Delinquent payroll records" means those not submitted on the date set in the contract.

(d) "Inadequate payroll records" are any one of the following:

(1) A record lacking any of the information required by Labor Code Section 1776;

(2) A record which contains all of the required information but is not certified, or is certified by someone who is not an agent of the contractor or subcontractor;

(3) A record remaining uncorrected for one payroll period after the Labor Compliance Program has given the contractor or subcontractor notice of inaccuracies detected by audit or record review. However, prompt correction will stop any duty to withhold if such inaccuracies do not amount to one (1) percent of the entire Certified Weekly Payroll in dollar value and do not affect more than half the persons listed as workers employed on that Certified Weekly Payroll, as defined in Labor Code Section 1776 and section 16401 of Title 8 of the California Code of Regulations.

(e) The withholding of contract payments when payroll records are delinquent or inadequate is required by Labor Code Section 1771.5(b)(5), and it does not require the prior approval of the Labor Commissioner. The Awarding Body shall only withhold those payments due or estimated to be due to the contractor or subcontractor whose payroll records are delinquent or inadequate, plus any additional amount that the Labor Compliance Program has reasonable cause to believe may be needed to cover a back wage and penalty assessment against the contractor or subcontractor whose payroll records are delinquent or inadequate; *provided that* a contractor shall be required in turn to cease all payments to a subcontractor whose payroll records are delinquent or inadequate until the Labor Compliance Program provides notice that the subcontractor has cured the delinquency or deficiency.

(f) When contract payments are withheld under this section, the Labor Compliance Program shall provide the contractor and subcontractor, if applicable, with immediate written notice that includes all of the following: (1) a statement that payments are being withheld due to delinquent or inadequate payroll records, and that identifies what records are missing or states why records that have been submitted are deemed inadequate; (2) specifies the amount being withheld; and (3) informs the contractor or subcontractor of the right to request an expedited hearing to review the withholding of contract payments under Labor Code Section 1742, limited to the issue of whether the records are delinquent or inadequate or the Labor Compliance Program has exceeded its authority under this section.

(g) No contract payments shall be withheld solely on the basis of delinquent or inadequate payroll records after the required records have been produced.

(h) In addition to withholding contract payments based on delinquent or inadequate payroll records, penalties shall be assessed under Labor Code Section 1776(g) for failure to timely comply with a written request for certified payroll records. The assessment of penalties under Labor Code Section 1776(g) does require the prior approval of the Labor Commissioner under section 16436 of these regulations.

Labor Compliance Program Regulations – ATTACHMENT E

REQUEST FOR APPROVAL OF FORFEITURE -- Suggested format

1. AWARDING BODY / THIRD PARTY LCP:

Name and Contact Information: NORTH MARIN WATER DISTRICT 999 Rush Creek Place Novato, CA 94945 415-200-4666	Date of Request:
Name and Contact Information for Awarding Body if different from LCP:	LCP Approval Status (specify if either interim or temporary or if LCP has extended authority):

2. PROJECT INFORMATION:

Project Name:	Contract Number:
Project Location:	
Bid Advertisement Dates:	Estimated Date Project is to be completed:
Acceptance Date of Project by the Awarding Body:	Notice of Completion/Date Recorded with County Recorder:
Other Relevant Deadline (specify):	Amount being held in Retention:

3. CONTRACTOR INFORMATION:

Name and address of Affected Contractor:	Name and address of Affected Subcontractor:
General Description of Scope of Work of the Entire Project:	
General Description of Scope of Work covered in the proposed Forfeiture (describe and attach relevant portions of contract or subcontract):	

4. LABOR COMPLIANCE PROGRAM INVESTIGATION AND FINDINGS:

Total Amount of Request for Notice of Withholding of Contract Payments:			
Wages Due:	Training Funds Due:	Total Penalties Due:	Potential Liquidated Damages [Wages + Training Funds]:
LC 1775 Penalties Due:	LC 1813 Penalties Due:	LC 1776 Penalties Due:	Other:

[Provide narrative summaries covering the following]:

- A. *Statement of Issues.*
- B. *Investigative Report (detailed narrative including but not limited to how the investigation was conducted including worker declarations, reviewing certified payroll records, verification of employer payment contributions, etc.).*
- C. *Audit Report (detailed explanation of how audit was completed addressing each of the issues above).*
- D. *Affected contractor and subcontractor information (how affected contractor and subcontractor were informed of potential violations; summary of their response with respect to violations and penalty issues; and any other information considered in determining recommended penalties).*
- E. *Recommended penalties under Labor Code Section 1775(a) and basis for recommendation, including how factors in subsection (a)(2) of Section 1775 were applied to arrive at the recommended amount(s).*

ATTACHMENTS

- 1. Audit Summary (Appendix B)
- 2. 1st Bid Advertisement Publication
- 3. Notice of Completion
- 4. Scope of Work
- 5. Complaint form(s) and Declarations, if any

Send the Request and all Attachments to:

Division of Labor Standards Enforcement
 Bureau of Field Enforcement
 Attn.: Regional Manager
 300 Oceangate Blvd., No. 850
 Long Beach, CA 90802

COPIES OF THIS REQUEST, INCLUDING ALL ATTACHMENTS, SHALL BE SERVED ON THE AFFECTED CONTRACTOR AND AFFECTED SUBCONTRACTOR AT THE SAME TIME THAT IT IS SENT TO THE DIVISION OF LABOR STANDARDS ENFORCEMENT.

ATTACHMENT F

Labor Compliance Program <u>North Marin Water District</u> Labor Compliance Program <u>999 Rush Creek Place</u> <u>Novato, CA 94945</u> Phone: (415) 200-4666 Fax:	(Seal)
Date:	In Reply Refer to Case No.:

Notice of Withholding Contract Payments

Awarding Body – North Marin Water District	Work Performed in County of Marin
Project Name	Project No.
Prime Contractor	
Subcontractor	

After an investigation concerning the payment of wages to workers employed in the execution of the contract for the above-named public works project, the Labor Compliance Program (“Labor Compliance Program”) has determined that violations of the California Labor Code have been committed by the contractor and/or subcontractor identified above. In accordance with Labor Code sections 1771.5 and 1771.6, the Labor Compliance Program hereby issues this Notice of Withholding of Contract Payments.

The nature of the violations of the Labor Code and the basis for the assessment are as follows:

The Labor Compliance Program has determined that the total amount of wages due is: \$ _____

The Labor Compliance Program has determined that the total amount of penalties assessed under Labor Code Sections 1775 and 1813 is: \$ _____

The Labor Compliance Program has determined that the total amount of penalties assessed under Labor Code section 1776 is: \$ _____

LABOR COMPLIANCE PROGRAM

 By:
 Labor Compliance Representative

Notice of Right to Obtain Review – Formal Hearing

In accordance with Labor Code sections 1742 and 1771.6, an affected contractor or subcontractor may obtain review of this Notice of Withholding of Contract Payments by transmitting a written request to the office of the Labor Compliance Program that appears below within 60 days after service of the notice. **To obtain a hearing, a written Request for Review must be transmitted to the following address:**

North Marin Water District
Labor Compliance Program
999 Rush Creek Place
Novato, CA 94945
Review Office-Notice of Withholding of Contract Payments
Attn: David Jackson

A **Request for Review** either shall clearly identify the Notice of Withholding of Contract Payments from which review is sought, including the date of the notice, or it shall include a copy of the notice as an attachment, and shall also set forth the basis upon which the notice is being contested. In accordance with Labor Code section 1742, the contractor or subcontractor shall be provided an opportunity to review evidence to be utilized by the Labor Compliance Program at the hearing within 20 days of the Labor Compliance Program's receipt of the written **Request for Review**.

**Failure by a contractor or subcontractor to submit a timely Request for Review will result in a final order which shall be binding on the contractor and subcontractor, and which shall also be binding, with respect to the amount due, on a bonding company issuing a bond that secures the payment of wages and a surety on a bond.
Labor Code Section 1743.**

In accordance with Labor Code 1742(d), a certified copy of a final order may be filed by the Labor Commissioner in the office of the clerk of the superior court in any county in which the affected contractor or subcontractor has property or has or had a place of business. The clerk, immediately upon the filing, shall enter judgment for the State against the person assessed in the amount shown on the certified order.

Opportunity for Settlement Meeting

In accordance with Labor Code Section 1742.1 (b), the Labor Compliance Program shall, upon receipt of a request from the affected contractor or subcontractor within 30 days following the service of this Notice of Withholding of Contract Payments, afford the contractor or subcontractor the opportunity to meet with the Labor Compliance Program's designee **to attempt to settle a dispute regarding the notice**. The settlement meeting may be held in person or by telephone and shall take place before the expiration of the 60-day period for seeking a hearing as set forth above under the heading Notice of Right to Obtain Review. No evidence of anything said or any admission made for the purpose of, in the course of, or pursuant to, the settlement meeting is admissible or subject to discovery in any administrative or civil proceeding. No writing prepared for the purpose of, in the course of, or pursuant to, the settlement meeting, other than a final settlement agreement, is admissible or subject to discovery in any administrative or civil proceeding. This opportunity to timely request an informal settlement meeting is **in addition** to the right to obtain a formal hearing, and a settlement meeting may be requested even if a written **Request for Review** has already been made. Requesting a settlement meeting, however, does not extend the 60-day period during which a formal hearing may be requested.

A written request to meet with the Labor Compliance Program's designee to attempt to settle a dispute regarding this notice must be transmitted to David Jackson at the following address:

North Marin Water District
999 Rush Creek Place
Novato, CA 94945

Liquidated Damages

In accordance with Labor Code section 1742.1, after 60 days following the service of this Notice of Withholding of Contract Payments, the affected contractor, subcontractor, and surety on a bond or bonds issued to secure the payment of wages covered by the notice shall be liable for liquidated damages in an amount equal to the wages, or portion thereof that still remain unpaid. If the notice subsequently is overturned or modified after administrative or judicial review, liquidated damages shall be payable only on the wages found to be due and unpaid. If the contractor or subcontractor demonstrates to the satisfaction of the Director of the Department of Industrial Relations that he or she had substantial grounds for believing the assessment or notice to be an error, the Director shall waive payment of the liquidated damages.

The Amount of Liquidated Damages Available Under this Notice is \$_____.

Distribution:

Prime Contractor
Subcontractor
Surety(s) on Bond

ATTACHMENT G

LABOR COMPLIANCE PROGRAM <u>North Marin Water District</u> <u>Labor Compliance Program</u> Review Office - Notice of Withholding of Contract Payments <u>North Marin Water District</u> <u>999 Rush Creek Place</u> <u>Novato, CA 94945</u> Phone: (415) 200-4666 Fax:	(SEAL)
Date:	In Reply Refer to Case No.:

Notice of Transmittal

To: Department of Industrial Relations
Office of the Director-Legal Unit
Attention: Lead Hearing Officer
P. O. Box 420603
San Francisco, CA 94142-0603

Enclosed herewith please find a Request for Review, dated _____, postmarked _____, and received by this office on _____.

Also enclosed please find the following:

- _____ Copy of Notice of Withholding of Contract Payments
- _____ Copy of Audit Summary

LABOR COMPLIANCE PROGRAM

By: David Jackson, Labor Compliance Officer.

cc: Prime Contractor
Subcontractor
Bonding Company

Please be advised that the Request for Review identified above has been received and transmitted to the address indicated. Please be further advised that the governing procedures applicable to these hearings are set forth at Title 8, California Code of Regulations sections 17201-17270. These hearings are **not** governed by Chapter 5 of the Government Code, commencing with section 11500.

ATTACHMENT H

<p>LABOR COMPLIANCE PROGRAM <u>North Marin Water District</u> <u>Labor Compliance Program</u> Review Office - Notice of Withholding of Contract Payments <u>North Marin Water District</u> <u>999 Rush Creek Place</u> <u>Novato, CA 94945</u> Phone: (415) 200-4666 Fax:</p>	<p>(SEAL)</p>
<p>Date:</p>	<p>In Reply Refer to Case No.:</p>

Notice of Opportunity to Review Evidence Pursuant to Labor Code Section 1742(b)

To: Prime Contractor

Subcontractor

Please be advised that this office has received your **Request for Review**, dated _____, and pertaining to the Notice of Withholding of Contract Payments issued by the Labor Compliance Program in Case No. _____.

In accordance with Labor Code section 1742(b), this notice provides you with an opportunity to review evidence to be utilized by the Labor Compliance Program at the hearing on the Request for Review, and the procedures for reviewing such evidence.

Rule 17224 of the Prevailing Wage Hearing Regulations provides as follows:

“(a) Within ten (10) days following its receipt of a Request for Review, the Enforcing Agency shall also notify the affected contractor or subcontractor of its opportunity and the procedures for reviewing evidence to be utilized by the Enforcing Agency at the hearing of the Request for Review.

(b) An Enforcing Agency shall be deemed to have provided the opportunity to review evidence required by this Rule if it (1) gives the affected contractor or subcontractor the option at said party's own expense to either (i) obtain copies of all such evidence through a commercial copying service or (ii) inspect and copy such evidence at the office of the Enforcing Agency during normal business hours; or if (2) The Enforcing Agency at its own expense forwards copies of all such evidence to the affected contractor or subcontractor.

(c) The evidence required to be provided under this Rule shall include the identity of witnesses whose testimony the Enforcing Agency intends to present, either in person at the hearing or by declaration or affidavit. This provision shall not be construed as requiring the Enforcing Agency to prepare or provide any separate listing of witnesses whose identities are disclosed within the written materials made available under subpart (a).

(d) The Enforcing Agency shall make evidence available for review as specified in subparts (a) through (c) within 20 days of its receipt of the Request for Review; *provided that*, this deadline may be extended by written request or agreement of the affected contractor or subcontractor. The Enforcing Agency's failure to make evidence available for review as required by Labor Code Section 1742(b) and this Rule, shall preclude the enforcing agency from introducing such evidence in proceedings before the Hearing officer or the Director.

(e) This Rule shall not preclude the Enforcing Agency from relying upon or presenting any evidence first obtained after the initial disclosure of evidence under subparts (a) through (d), *provided that*, such evidence is promptly disclosed to the affected contractor or subcontractor. This Rule also shall not preclude the Enforcing Agency from presenting previously undisclosed evidence to rebut new or collateral claims raised by another party in the proceeding.”

In accordance with the above Rule, please be advised that the Labor Compliance Program's procedure for you to exercise your opportunity to review evidence is as follows:

Within five calendar days of the date of this notice, please transmit the attached Request to Review Evidence to the following address:

Attention: _____

Request to Review Evidence

To: _____

From: _____

Regarding Notice of Withholding of Contract Payments Dated _____

Our Case No.: _____

The undersigned hereby requests an opportunity to review evidence to be utilized by the Labor Compliance Program at the hearing on the Request for Review.

Phone No.: _____
Fax No.: _____

ATTACHMENT I

Prevailing Wage Hearing Request

**FULL REGS PROVIDED ON DISC
at the request of the Contractor**

(see Title 8 of the California Code of Regulations Sections 17201-17270)

10

MEMORANDUM

To: Board of Directors

June 1, 2012

From: Drew McIntyre, Chief Engineer



Re: Oceana Marin Sewer Lining Project – Approve Bid Advertisement

Z:\Folders by Job No\6000 jobs\6001.20\OM Sewer Lining memo re approval for bid advertisement BOD Memo 6-5-2012.doc

RECOMMENDED ACTION: Board Authorize Bid Advertisement of the Oceana Marin Sewer Lining Project

FINANCIAL IMPACT: Estimated at \$250,000 (included in proposed FY13 budget)

Background

At the January 17, 2012 meeting, the Board approved a contract with Nute Engineering which included design engineering services related to rehabilitation of three cross country sewers serving Oceana Marin development (see map in Attachment A). These three sewer runs are in easements down steep slopes and have experienced leaks due to root intrusion at the joints. The District has televised these lines and back-checked as-built drawings and confirmed that some of the segments are asbestos cement pipe (ACP) which limits the options for pipeline rehabilitation.

Rehabilitation Methods

Nute Engineering considered a number of methods to eliminate the bell and spigot pipe joints (every 20 feet) to address future potential spills due to root intrusion at these joints. The methods include horizontal directional drilling, pipe bursting and cured-in-place pipe lining (CIPP). Pipe bursting has been used successfully in the past however it cannot be used in Oceana Marin for those segments that are made out of ACP due to State and federal regulations addressing fracture of ACP. The final selected methodology was CIPP which involves inserting a resin impregnated lining into the existing sewer. The liner takes the shape of the sewer and the pipe ends up slightly smaller in diameter than the original diameter. For 6-inch diameter sewers the CIPP lining is 4.5 mm thick, which will only reduce the inside diameter by 3/8-inch. Nute has prepared the plans and specifications for CIPP sewer lining and District staff is ready to move forward to the bid phase.

The following project schedule identifies key dates including the proposed bid advertising date.

SCHEDULE

Advertise Project	June 8, 2012
Plans & Specs available	June 8, 2012
Bid Opening	July 10, 2012
Board Authorization of Award*	August 7, 2012
Notice of Award*	August 10, 2012
Notice to Proceed*	August 17, 2012
Construction Complete	October, 2012

*tentative

Project Description and Costs

The project includes installation of approximately 3,150 feet of CIPP lining in three existing sewer lines in the Oceana Marin development. The primary work scope includes the following:

1. Televising of sewers.
2. CIPP lining.
3. Post-cleaning and air testing and televising.
4. Furnishing of as-built drawings.
5. Restoration of all improvements damaged as a result of the work.

The engineering construction cost estimate of the Oceana Marin Sewer Lining project is \$250,000 and is included in the proposed FY 2013/14 CIP budget. This estimate will be updated again as soon as bids are received.

RECOMMENDATION

Board authorize bid advertisement of the Oceana Marin Sewer Lining Project.

1

1

AGENDA ITEM 11


**PT. REYES WATER TREATMENT PLANT SOLIDS HANDLING
FACILITIES PROJECT *INITIAL STUDY* WILL BE POSTED ON
DISTRICT WEBSITE WWW.NMWD.COM WEDNESDAY, JUNE
6, 2012.**

12

MEMORANDUM

To: Board of Directors

June 1, 2012

From: Drew McIntyre, Chief Engineer 

Subject: Pt. Reyes Well #3 Replacement – Award Contract
Z:\Folders by Job Nol6000 jobs\6603.20\PR Well #3 Contract Award to NorCal BOD Memo 6-5-12.doc

RECOMMENDED ACTION: Approve Contract to NorCal Pump and Well Drilling and authorize the General Manager to execute an agreement with NorCal Pump and Well Drilling

FINANCIAL IMPACT: \$108,885 plus \$10,000 contingency

Background

The proposed project encompasses construction of a replacement well that would be drilled and developed approximately 20 feet west of failing Well #3 (see attached Figures A, B & C in Attachment 1). Once constructed, the replacement well will be of the same size and operating capacity as existing Well #3. Once the replacement well is placed into production, existing Well #3 would be abandoned pursuant to State standards. This project encompasses construction of the well itself including bore hole, gravel packing, 12 inch casings/screens, annular sanitary seal and concrete well pump base. Once the well is installed and tested, District crews will install a vault around the new well and construct the necessary electrical and mechanical inter-connections to the existing well system.

All environmental permits are complete except for the Coastal Development Permit waiver issued by the California Coastal Commission (CCC). The waiver is scheduled to be approved by the CCC on June 15, 2012.

The Board authorized bid advertisement for the above referenced project on April 17, 2012. The advertisement date for this project was April 20, 2012 with a bid opening on May 22, 2012. The District advertised the project in the Marin IJ and mailed contract documents to (9) interested contractors and builders exchanges in the greater bay area. The bid period was for approximately four (4) weeks and included one addendum. Two bids were received.

	CONTRACTOR	BID
1.	NorCal Pump & Well Drilling, Yuba City	\$108,885
2.	Zim Industries, Fresno	\$113,710

The Engineer's Estimate prepared by GHD was \$71,000. The bid span between the Number 1 and Number 2 bidders was \$4,825 (for a variance of 4%).

Bid Evaluation

NorCal Pump & Well Drilling submitted the lowest responsive bid of \$108,885 which is approximately \$38,000 (53%) above the Engineer's construction cost estimate of \$71,000. A bid review (Attachment 2) was performed by GHD and includes an analysis discussing the large variance between GHD's Engineer's Estimate and the actual low bid. The attached analysis shows that NorCal Pump & Well Drilling complied with the bidding requirements.

RECOMMENDATION

That the Board approve award of the contract to NorCal Pump & Well Drilling and authorize the General Manager to execute an agreement with NorCal Pump & Well Drilling. Notice to Proceed would not be issued until receipt of the CDP waiver.



NOT TO SCALE

FIGURE A
SITE LOCATION MAP
POINT REYES WELLS
NORTH MARIN WATER DISTRICT



J02549 - North Marin Water District Well No. 3 Replacement Well Design Report Figures CAD Figure 03 - Aerial Well Location
1/22/2011 11:59 AM

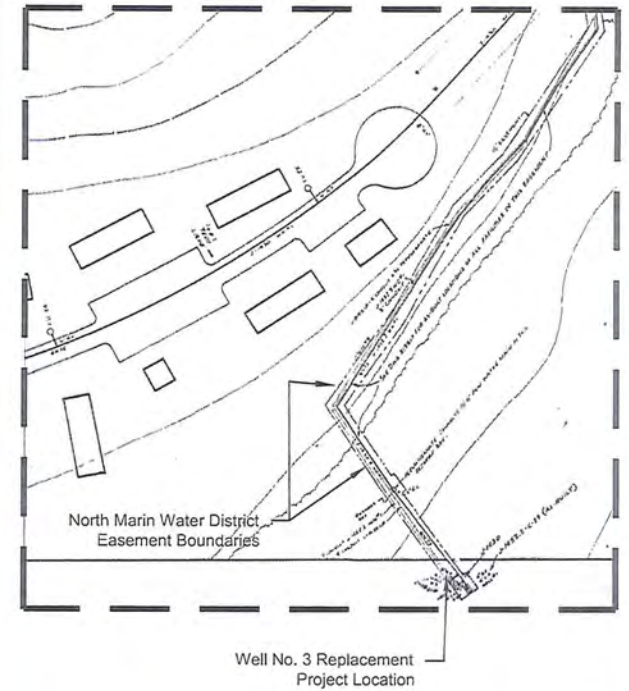
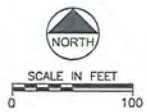
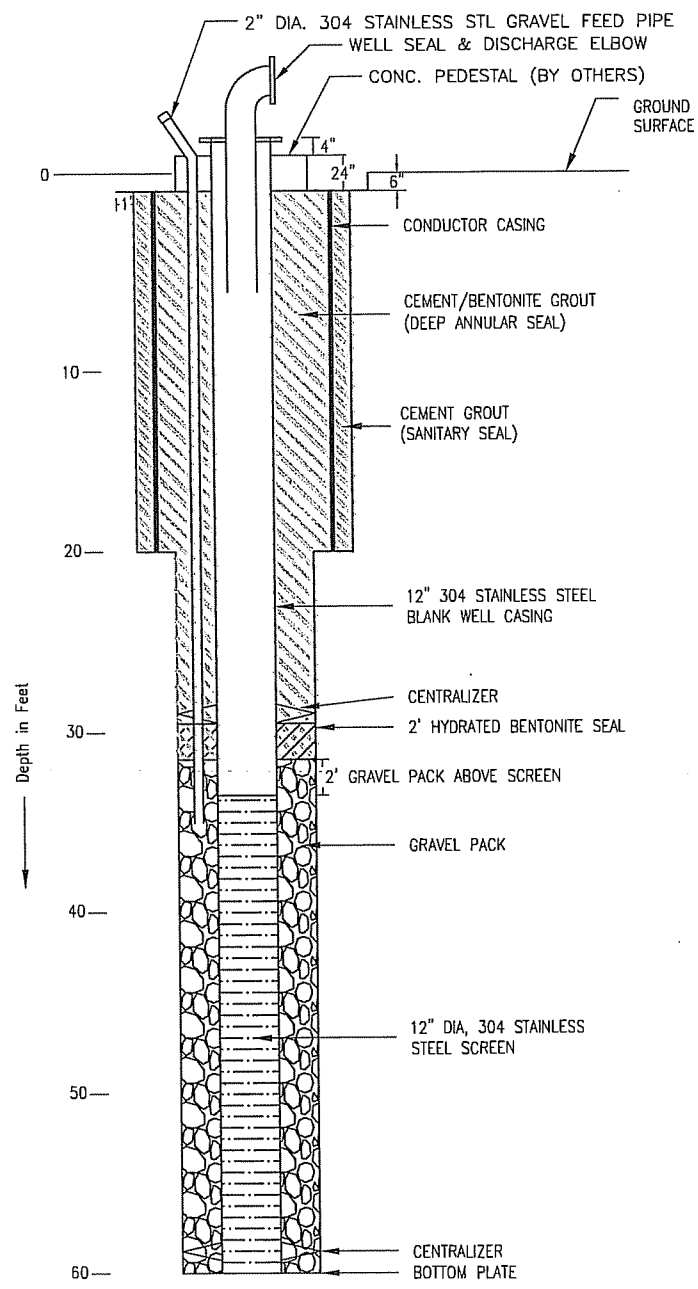


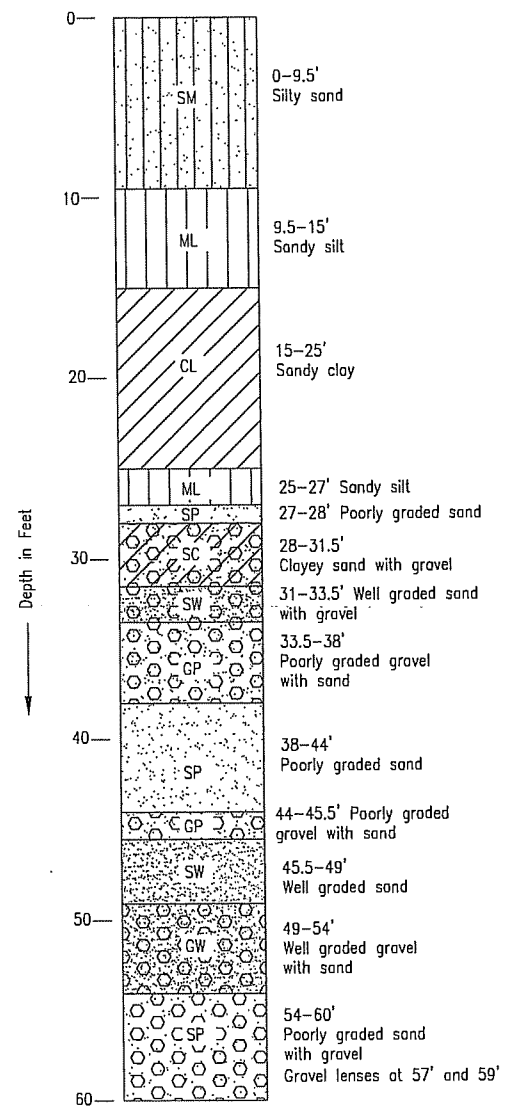
FIGURE B
WELL NO. 3 REPLACEMENT LOCATION MAP
POINT REYES WELLS
NORTH MARIN WATER DISTRICT

I:\corporate\projects\SRO\02549-07-000 NMWD General Services Agreement\MMWD Point Reyes Wells\99-Draft\1st Test Boring And Well Design Tech Memo\Figures\CAD\Figures 05_06 - Well Details_1129.dwg
4/10/2012 3:08 PM



Depth of gravel and screen based on depth to permeable gravel or sand.

REPLACEMENT WELL DESIGN CROSS SECTION



LITHOLOGY FROM TEST BORING REPLACEMENT WELL #3
(NOVEMBER 2011)

VERTICAL SCALE: 1" = 10FT
HORIZONTAL: NOT TO SCALE

FIGURE C
DESIGN FOR REPLACEMENT WELL #3
POINT REYES WELLS
NORTH MARIN WATER DISTRICT





30 May 2012

Sent via e-mail

Mr. Drew McIntyre, P.E.
Chief Engineer
North Marin Water District
P.O. Box 146
Novato, CA 94948

RE: Review of Bids: Point Reyes Well #3 Replacement Project, Point Reyes, California

Dear Mr. McIntyre:

At the request of the District, we have reviewed the bids received for the Point Reyes Well #3 Replacement Project. Sealed bids were opened on 22 May, 2012. Our review was limited to evaluation of the bid prices, a mathematical check of the bid items and a review of compliance with the requirements of the bid contract documents dated April 2012.

A summary of the bids is shown below. Bids were received from Nor-Cal Pump & Well Drilling and Zim Industries, Inc.

ITEM NO.	ITEM DESCRIPTION	Engineer's Estimate	Zim Industries	Nor-Cal
1	Mobilization	11,000	41,000	21,876
2	Borehole Drilling	10,500	18,000	21,000
3	Blank Casing	1,725	6,210	5,589
4	Casing Screen	10,000	13,680	13,120
5	Gravel Pack	3,000	2,920	3,000
6	Sanitary & Annular Seal	3,000	1,400	3,000
7	Air-lifting & Swabbing	4,000	4,800	14,500
8	Test Pump Equipment	5,000	5,000	7,000
9	Well Development	6,000	6,000	10,500
10	Well Video Inspection	1,000	900	1,500
11	Well Disinfection	1,000	1,100	1,200
12	Pump Relocation	8,000	3,500	3,500
13	Piping & Appurtenances	5,000	6,200	1,850
14	Pump Testing	2,000	3,000	1,250
		\$71,225	\$113,710	\$108,885



The apparent low bidder was Nor-Cal Pump & Well Drilling, with a bid of \$108,885. The engineer's Estimate of Probable Construction Cost was \$71,225. As can be seen, both bids were substantially higher than the estimate. Of the fourteen bid items, three stand out on the apparent low bid as varying the most when comparing the Estimate of Probable Construction Cost and the apparent low bid: Item No. 1 - Mobilization, Item #2 - Borehole Drilling, and Item #7 - Air-lifting & Swabbing. We have researched the bid prices and reviewed the Estimate of Probable Construction Cost to provide an explanation of the variation of the bids and an opinion of the adequacy of the bid prices. Based on this research and review, we offer the following comments for consideration by the District:

- The equipment required for this project is rare in California and is not available from any local contractor. During the development of the Contract Documents only three drillers were identified who operated the required equipment. The project site is a 10-hour round trip drive for each of the three potential drillers who were identified. No bidders attended the bid walk. It is possible that the bid price reflects uncertainty of the local conditions which may be encountered during drilling.
- This project was originally planned for October of 2011 and the cost analysis was performed in the Fall of 2011. However, due to unavoidable delays associated with environmental permitting, the bid was let out in April of 2012. April is the beginning of the construction season when drilling contractors are busy. This situation may have resulted in less competitive pricing during the construction season.
- An addendum (Addendum No. 1) was issued one week before the bid due date. This addendum contained specific provisions for additional construction and tasks associated with managing water. The cost for these provisions was not included in the Estimate of Probable Construction Cost. These additional provisions are likely to have added to the Bid Price.
- In retrospect, the Estimate of Probable Construction Cost was too low. The premium associated with the limited number of qualified drillers, the additional work and the requirement to install this well during peak well drilling season were not adequately incorporated into the Estimate of Probable Construction Cost.

Based on our follow up research and review, we believe that the apparent low bid price is reasonable and legitimate for the project scope of work and conditions. While the variance from the original Estimate of Probable Construction Cost is significant, it appears that with adjustments noted to some line items based on the observations summarized above, a revised Estimate of Probable Construction Cost would have been consistent with the bid prices received. The apparent low bidder, Nor-Cal Pump & Well Drilling, has been in business in California for a number of years and is well known in the industry.

Please do not hesitate to call me if you have any comments or questions.

Sincerely,
GHD Inc.

A handwritten signature in black ink, appearing to read 'Kent O'Brien', is written over the typed name below.

Kent O'Brien, PG, CEG – Senior Project Manager
1 415 283 4970

13

MEMORANDUM

To: Board of Directors

Date: June 1, 2012

From: Drew McIntyre, Chief Engineer
Robert Clark, O&M Superintendent

Subject: Permitting for Delivery of Recycled Water to Existing Customers
Z:\Folders by Job No\6000 jobs\6055\On-Site-Retrofits\RW Permitting for RW Retrofit Customers BOD memo 6-5-12.docx

RECOMMENDED ACTION: Information only

FINANCIAL IMPACT: None

Background

Currently there are two customers that receive recycled water from the North Marin Water District. They are: StoneTree Golf Course and Novato Fire District Station #62. At the May 1, 2012 meeting the Board approved bid advertisement for the Recycled Water North Group 1 On-site Retrofit project that will add an additional seven customers and should the Board approve the Recycled Water South Group 1 On-Site Retrofit at the June 5, 2012 Board meeting, a total of twelve new recycled water retrofits would occur in 2012.

District Approval Process

Because of the complexities involved with initiating recycled water service to both StoneTree and the NFD Station #62, individual Recycled Water Service Agreements were approved by the Board for both of these project sites in advance of permit issuance. It is staff's intent that all future existing NMWD customers that undergo new or retrofit recycled water projects be issued a permit but not a separate Recycled Water Service Agreement. The current permit process is in strict compliance with the San Francisco Bay Regional Water Quality Control Board (RWQCB) General Water Reuse Order 96-011 (General Order) as specified in NMWD's Engineer's Report for the Distribution and Use of Recycled Water (approved by the RWQCB in a letter from Bruce Wolfe dated December 15, 2011). The approved Engineer's Report includes a Recycled Water Program and Manual that NMWD staff enforces including a flow chart of the permitting process (Attachment 1). In cases where a new recycled water user does not have an existing water service agreement, staff will prepare a new Recycled Water Service Agreement for approval by the Board in advance of permit approval.

Recycled Water Program Responsibilities

As the recycled water program expands within the District, various duties and responsibilities are being re-assigned from Engineering to Operations, Maintenance and/or Water Quality. A summary of the general duties and re-assignments is provided as follows:

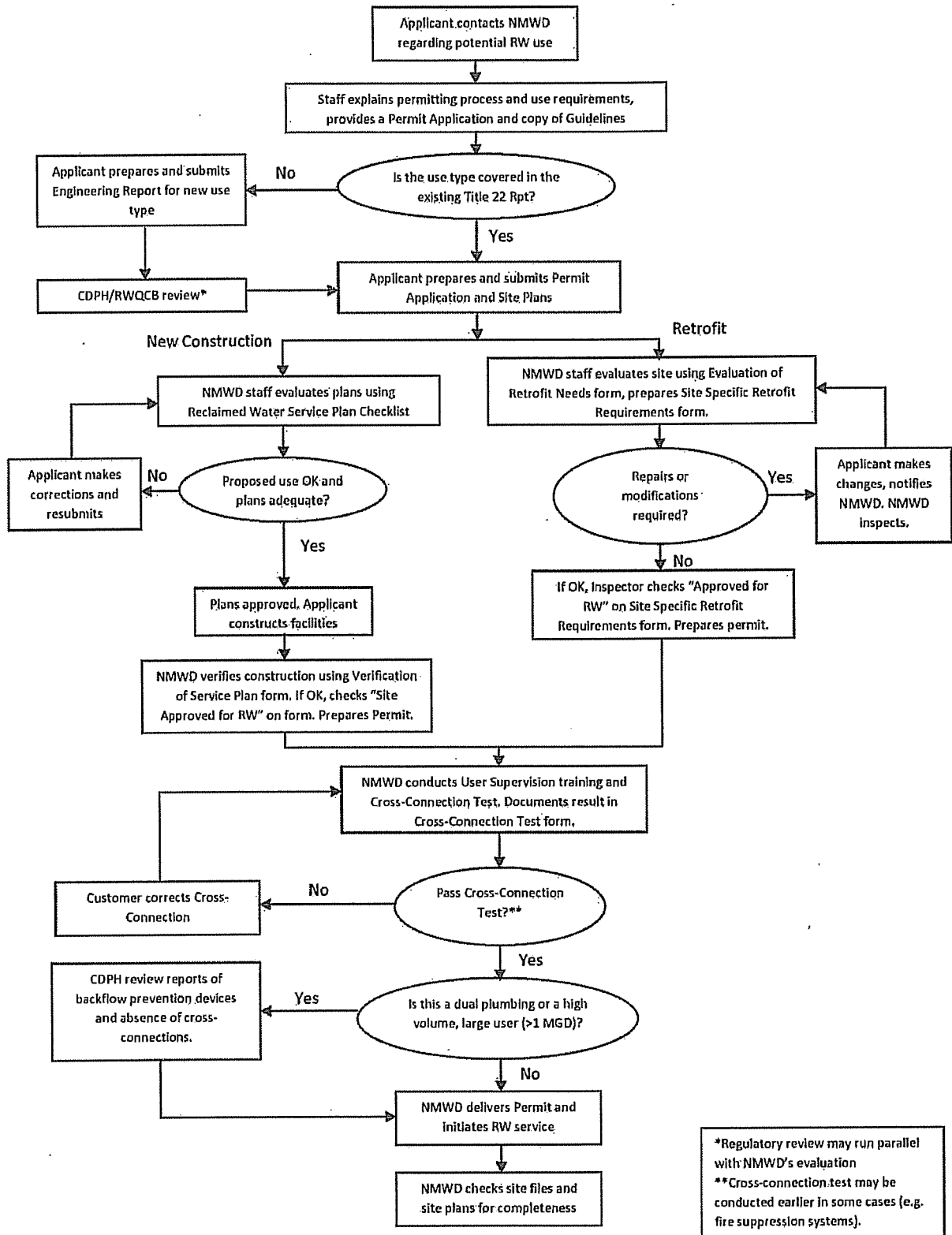
Permitting for Delivery of Recycled Water to Existing Customers BOD Memo

June 1, 2012

Page 2 of 2


DESCRIPTION	RESPONSIBLE PARTY – CURRENT	RESPONSIBLE PARTY – AS OF APRIL 2012
Plan checking/user permitting	Engineering	Engineering
RW Site Supervisor Training	Engineering	Water Quality
Customer Recycled Water File Maintenance	Engineering	Engineering
NMWD self monitoring program - Permit Summary report	Operations	Operations
Monthly recycled water production for accounting	Operations	Operations
Total Coliform, Dissolved Oxygen and Dissolved Sulfides reports	Water Quality	Water Quality
Customer Self Monitoring Report/filled weekly	Customer	Customer
Customer Self Monitoring Report - Receiving and maintaining	Engineering	Operations
Customer Self Monitoring Report - Checking	Engineering	Water Quality
Pond Overflows - pre and post testing coordination and memo	Engineering	Water Quality
Reporting of Title 22 water quality requirements violations	Engineering	Water Quality
Compliance Violation minor	Engineering	Water Quality
Compliance Violation - threatening Public Health	Engineering	Water Quality
Annual report to RWQCB	Engineering	Operations & Water Quality
Annual Visual Inspection coordination, scheduling, record keeping	Engineering	Operations & Maintenance
Cross Connection Testing coordination, scheduling, record keeping	Engineering	Operations & Maintenance/Water Quality

Figure 3-1: Flowchart of Recycled Water Use Permitting Process



14

MEMORANDUM

To: Board of Directors
From: Pablo Ramudo, Water Quality Supervisor 
Subject: Third Quarter FY 11/12 – Water Quality Report
P:\LAB\WQ Supv\WQ Reports\2012\1st Qtr FY12 WQ Rpt.doc

June 1, 2012

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: \$0

The water served to the communities of Novato and Point Reyes met federal and state primary and secondary water quality standards during the third quarter of fiscal year 2011-2012.

Following is a review of the activities and water quality issues in regards to:

- Source Water
- Treatment Performance
- Distribution System Water Quality

NOVATO SYSTEM

Source Water: Stafford Lake

Stafford Lake water was not used as a source of drinking water this quarter. Water quality was monitored twice monthly for chemical and mineral components and monthly for microbiological activity.

Algae from the raw water intake were identified and enumerated. Total algae numbers were relatively large for winter months. The diatom *Fragilaria*, was the most abundant type of algae, but also present in significant numbers were three blue green algae and several green algae.

Stafford Lake Watershed

During the rainy season, we conduct our monthly watershed monitoring program. Water runoff entering Stafford Lake is sampled at eight different locations (flow permitting). The water is analyzed for fecal coliform bacteria, as well as for nutrients (three forms of nitrogen and two forms of phosphorous) as well as solids. As in years past, these tests show the load of nutrients and sediments entering the lake can be measured in the hundreds of tons. We found high levels of fecal coliform, nitrate and phosphate at several locations. The locations showing the highest concentrations of these contaminants were the two drainage culverts below Grossi Dairy, and the creek which flows past the Stafford Lake Park residence.

Treatment Performance: Stafford Treatment Plant

Stafford treatment plant did not produce drinking water during this quarter.

Distribution System: Novato

Of the 243 routine samples collected for compliance with the Total Coliform Rule, there were no coliform positive samples this quarter. Chlorine residual concentrations throughout our distribution system were good.

Average disinfection by-product concentrations were well below the MCL.

POINT REYES SYSTEM

Source Water: Coast Guard Wells

Raw water quality was adequate this quarter. Levels of constituents associated with salt water intrusion fell slightly throughout the quarter. Chloride ranged from 27-56 mg/L while sodium ranged from 40-49 mg/L, both remained above historical baseline levels. Hardness ranged from 63-93 mg/L and by the end of the quarter was within its historical baseline range. Bromide ranged from <20-200 ug/L.

Due to several complaints from customers about air in the water, we began to investigate conditions at the well that could be leading to entrained air entering the distribution system. At first it was speculated the air in the water was naturally occurring, a phenomenon we normally see in spring when surface temperatures begin to warm and dissolved gasses in ground water are higher. It was also thought that declining well capacity could be playing a role as well, increasing the draw-down of the well to the depth of the pump intakes. While we later found that air was indeed entering the pump inside the well, it was discovered that several feet of pipe had been removed during past maintenance. This brought the pump depth up to a level close to the draw-down, which had not changed significantly. The section of pipe was replaced, lowering the pump depth and no problems with entrained air have occurred since.

Treatment Performance: Point Reyes Treatment Plant

Treatment was optimal throughout the quarter and finished water quality was good. Concentrations of water quality parameters affected by salt water were elevated from baseline levels

but were not high enough to necessitate public notification.

Distribution System: Point Reyes

Of 23 routine samples collected for compliance with the Total Coliform Rule, there were no coliform positive samples this quarter. Chlorine residual concentrations throughout our distribution system were good.

Due to the exceedance of the Maximum Contaminant Limit (MCL) for Total Trihalomethanes (THMs) at one monitoring location in August 2009 and February 2010, the District has been instructed by the California Department of Public Health (CDPH) to conduct increased monitoring for THMs in the Point Reyes system. The Sample collected during the third quarter at the same location was below the MCL for THMs.



NORTH MARIN
WATER DISTRICT

North Marin Water District- 3rd Quarter FY2011/2012

Bacteriological Quality Monitoring

Novato: 243 Samples Analyzed. No samples positive for coliform bacteria
 Point Reyes: 23 Samples analyzed. No samples positive for coliform bacteria.

Chemical Quality Monitoring

Constituent	Units	Maximum Contaminant level	SCWA North Marin Aqueduct	Stafford Treatment Plant	Point Reyes Treatment Plant
Conductivity	umhos/cm	900 *	344	NA**	359
TDS	mg/L	500 *	159	NA**	189
Hardness	mg/L	-	122	NA**	69.4
Alkalinity	mg/L	-	136	NA**	109
Calcium	mg/L	-	25.3	NA**	14.8
Magnesium	mg/L	-	15.7	NA**	11.0
Copper	mg/L	1.0*	ND	NA**	ND
Iron	mg/L	0.3*	ND	NA**	ND
Manganese	mg/L	0.05 *	ND	NA**	ND
Zinc	mg/L	5.0 *	ND	NA**	ND
Sodium	mg/L	-	18.7	NA**	43.7
Chloride	mg/L	250 *	8.12	NA**	30.4
Sulfate	mg/L	250 *	14.3	NA**	10.5
Fluoride	mg/L	2.0 (1.4-2.4)	0.0956	NA**	0.103
Nitrite as N	mg/L	1.0	ND	NA**	ND
Nitrate as N	mg/L	10	0.2896	NA**	0.0872
pH	pH units	8.5 *	8.50	NA**	7.38
Turbidity	NTU	5	0.08	NA**	0.12
Color	PCU	15	<2.5	NA**	<2.5
Free Chlorine	mg/L	4.0	0.61	NA**	0.73
Total Chlorine	mg/L	4.0	0.68	NA**	0.80
Temperature	° C	-	12.5	NA**	12.8
Odor	TON	3	<1	NA**	<1

*Indicates secondary drinking water standard

**Stafford Treatment Plant off during this quarter.

ND = Not Detected
 NA = Not Analyzed

15

MEMORANDUM

To: Board of Directors

June 1, 2012

From: Chris DeGabriele, General Manager *CD*

Subject: Response to Marin IJ Article - Dr. Jason Eberhart-Phillips: Are toxins on tap in our drinking water?

t:\gm\bod misc 2012\response to ij memo.doc

RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: None

District staff is coordinating with Marin Municipal Water District and penned the attached draft reply to the subject article which appeared in the May 28th Marin IJ. The reply will be submitted to the Marin IJ editor. The cooperative approach with Marin Municipal was believed to be the most appropriate since the article claimed violation of public health goals for both water districts.

DRAFT

While we support the goal of the article in the May 28, 2012, Marin Independent Journal entitled “Are toxins on tap in our drinking water?” of educating the public about the safety of our water system, the article contained several misleading statements which need to be corrected. The article notes that environmental critics consider the Environmental Protection Agency’s (EPA’s) regulation of drinking water “lax.” The author states that “In the past 16 years only one new contaminant—perchlorate—is in the process of being added to the list of regulated contaminants ...” While experts and non-experts alike may agree or disagree on EPA’s method and intensity of drinking water regulation, the author’s claim related to a lack of recent regulation is not substantiated. California drinking water is highly regulated and transparent with test results consistently provided to regulators, customers, and watchdog groups including the Environmental Working Group (EWG).

The EPA has already added a new class of disinfection by-products including five chemicals to their list of regulated contaminants beginning in 2002. This year “Stage 2” of the disinfection byproduct regulation has been implemented to further tighten the allowable concentrations of these chemicals in drinking water. More recently, EPA has required nationwide monitoring of drinking water in order to generate chemical occurrence data for potential emerging contaminants. The chemicals monitored, totaling 80 in number, are being considered for future regulation.

Closer to home, the author states that the “two largest suppliers in Marin County”—i.e., the Marin Municipal Water District (MMWD) and the North Marin Water District (North Marin)—“had eight unregulated chemicals detected in their water at levels exceeding established health guidelines.” Unfortunately, the EWG web page summaries contain a significant amount of erroneous information. MMWD had only three and North Marin four, not the stated eight, chemicals exceed unregulated “health guidelines.” These guidelines are actually called “Maximum Contaminant Level Goals,” or MCLGs. They are non-enforceable goals, based solely on possible health risks and exposure over a lifetime, with an adequate margin of safety built in as per EPA’s own web page definition. The three chemicals noted on EWG’s web page summaries for both MMWD and North Marin are those formed during the process of drinking water disinfection (disinfection employed to reduce the risk of bacterial contamination and protect public health). These chemicals do not have a regulatory limit by themselves, but only in summation with other related disinfection by-products. The levels in our systems are far below any regulatory limit.

None of the other chemicals found in MMWD or North Marin water had any concentration of any health significance, and this fact was noted as such on the EWG web page.

Both MMWD and North Marin diligently monitor for a host of contaminants—both regulated and unregulated. Our monitoring programs far exceed those required by law in breadth and frequency. In areas where water quality has presented any risk, however moderate, our leadership has enacted

changes to treatment and purification practices that are unmatched in our region. We employ a multiple barrier approach to water quality protection that begins on our watersheds and ends at our consumers' taps.

North Marin has been in early compliance (since 2009) with the most recent rules of the federal Safe Drinking Water Act regarding disinfection byproducts set to take effect this year. North Marin's Stafford Lake Water Treatment Plant, completed in 2005, is a state-of-the-art facility that is capable of removing a wide range of chemical and biological contaminants and includes activated carbon filters that vastly improve the water's taste and odor.

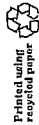
MMWD has implemented several treatment changes which have drastically reduced disinfection by-products, the chemicals noted in the EWG report, and which have also reduced leaching of metals from household plumbing. In fact MMWD's treatment to prevent leaching of customer plumbing has been defined as "optimized" by the EPA.

We, along with our partners, the Sonoma County Water Agency, deliver some of the safest, best-tasting, highest-quality water supplies in the nation.

For a more complete assessment of our drinking water quality, please visit our websites: North Marin customers visit www.nmwd.com and click on "water quality" in the "Your Water/Services" tab. MMWDs customers visit www.marinwater.org and click on the "water" tab.

Pablo Ramudo
Water Quality Supervisor
North Marin Water District

Larry Grabow
Laboratory Manager
Marin Municipal Water District



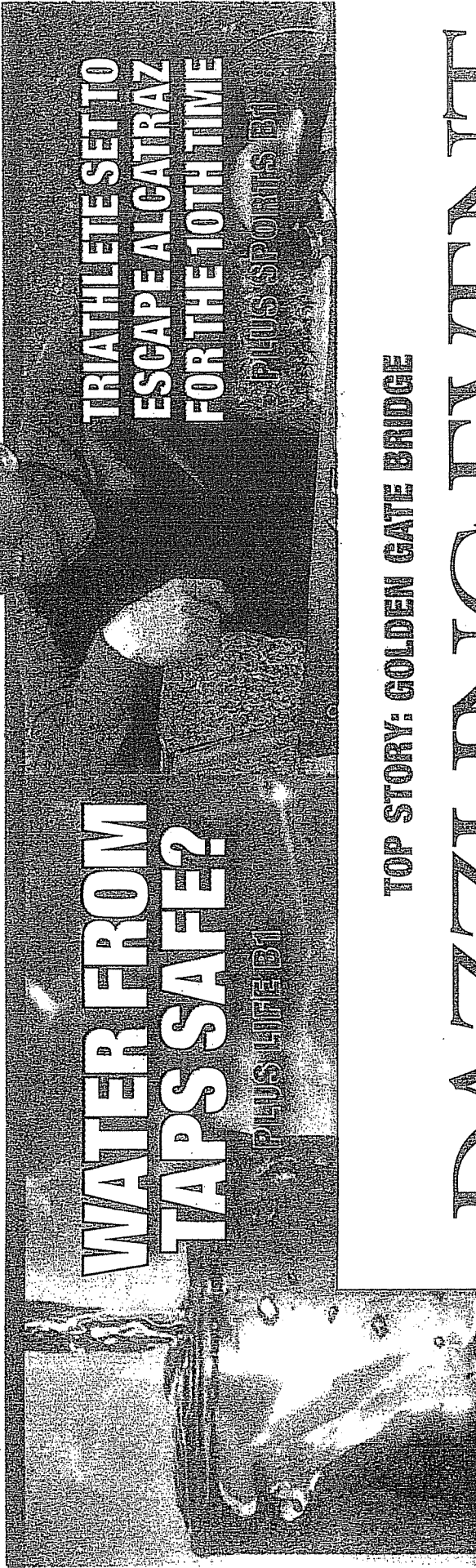
MAY 28, 2012

FOUNDED IN 1861

MONDAY

Mercury Independent Journal

An edition of the *San Jose Mercury News* 570



**WATER FROM
TAPS SAFE?**

PLUS LIFE B1

**TRIATHLETE SET TO
ESCAPE ALCATRAZ
FOR THE 10TH TIME**

PLUS SPORTS B1

TOP STORY: GOLDEN GATE BRIDGE

TRAVEL EVENT

Having competed in numerous triathlons all over the world, Knauer is preparing for his 10th Escape from Alcatraz Triathlon on June 10.

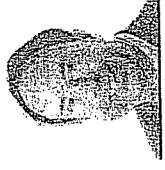
PLUS HEALTH & FITNESS: BUILDING A HEALTHIER MARIN

Are toxins on tap in our drinking water?

IS THE WATER we drink as clean and safe as it should be? Growing numbers of environmental and public health advocates aren't so sure.

These critics contend that years of lax regulation by the Environmental Protection Agency under the 38-year-old federal Safe Drinking Water Act has raised troubling questions about whether the water coming out of our taps is as free from

chemical contamination as we are led to believe. In the decades since federal regulation of drinking water began in 1974, researchers have identified hundreds of chemicals in drinking water supplies that may cause cancer, birth defects or other health problems. But the EPA has prescribed standards that water companies must meet for just



JASON EBERHART-PHILLIPS

See **EBERHART**, page 2



McClatchy Newspapers Illustration/Kurt Strazdins

▶ **HIKE OF THE WEEK:** Coyote Ridge offers coastal experience with scenic views. **B2**

▶ **OUTDOOR CALENDAR:** Dance event on Mount Tam with Anna Halprin is June 3. **B2**

▶ **ASK AMY:** Woman has trouble reading boyfriend's kissing cues. **B3**

powerful and understated film stars two French acting icons — 85-year-old Emmanuelle Béart and 81-year-old Jean-Louis Trintignant — as an elderly couple coping with the wife's worsening health.

Cannes jury member Jean-Paul Gaultier praised the performances of the two actors and the "incredible connection" they established in the movie.

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EBERHART

From page 1

91 of these contaminants.

In the past 16 years, only one harmful substance — perchlorate — is in the process of being added to the list of regulated contaminants, and that one exception came only in response to a public outcry.

Beyond this, many of the standards used for contaminants the EPA actually regulates may be out of date. Most of the maximum contamination levels the EPA allows — levels given in parts per billion — have not been changed since the 1980s or earlier, despite new research that points to unwelcome health effects for some contaminants at lower concentrations than previously thought.

One outspoken group leading the charge on drinking water safety is the Environmental Working Group, an advocacy organization based in Washington, D.C. After reviewing the

water quality records of almost 48,000 suppliers in 45 states from 2004 to 2009, EWG investigators found that more than 200 unregulated but potentially harmful chemicals were present in the nation's drinking water supply.

Because no maximum allowable levels have been established for any of these contaminants in drinking water, they are legally permissible in any amount — even at levels that may, over time, endanger the health of some consumers, the EWG says.

Records obtained by EWG for the two largest suppliers in Marin County found no violations of mandatory state or federal standards, but each had eight unregulated chemicals detected in their water at levels exceeding established health guidelines. For details of these findings, and all other records obtained by the EWG, go to: www.ewg.org/tap-water/whats-in-your-water.

In all large systems, drinking water is routinely monitored for

contamination related to infectious agents, radioactive particles and chemicals, both organic and inorganic. These contaminants can be naturally occurring, or they may enter the drinking water supply at the source as the result of urban storm-water runoff, industrial or domestic wastewater discharges, agriculture or mining.

Today public health attention is increasingly focused on the potential risk from the immense array of chemicals now on the market, including pesticides, fertilizers, volatile organic compounds and pharmaceuticals. The vast majority of these chemicals will never appear in treated drinking water, but as the EWG data show, hundreds of them do — and most aren't being regulated.

A report released last year by the Government Accountability Office, the investigative arm of Congress, asserted that when it came to assessing the risk from new chemical contaminants

for possible regulation, the EPA relied more on the easy availability of data than on considerations of risk to public health. Even worse, the GAO said that once chemicals made it to the EPA's list for consideration as regulated contaminants, the agency often failed to use testing methods that were sensitive enough to detect low-level exposures that could be harmful to health.

The GAO report also criticized the EPA for failing to protect especially vulnerable populations — including young children, the elderly and people with weakened immune systems — from pollutants in drinking water. Children have a greater susceptibility to many toxins because their bodies are rapidly growing. They also consume far more drinking water per unit of body weight than adults do, increasing their exposure to whatever contaminants their drinking water contains.

In-home filtration devices can help to remove

some contaminants, but to be effective they require repeated filter replacement and that can be expensive over time. The best way forward for whole communities is for greater protection of drinking water sources from chemical pollutants. At a minimum, the current concerns over chemical contamination point to a need for an increased investment in the monitoring of drinking water and far more research into potential health effects, both in the general population and in more sensitive groups.

Only with sufficient data, reviewed through an open and transparent scientific process, can adequate regulation be undertaken to assure that our drinking water is as clean and safe as it can be.

Dr. Eberhart-Phillips is the former Marin County Public Health Officer, whose column appears every third Monday. He is a specialist in preventive medicine and the author of two books on emerging infectious diseases.

DRINKING WATER SAFETY

DRINKING WATER SAFETY


DRINKING WATER SAFETY

16

MEMORANDUM

To: Board of Directors

June 1, 2012

From: David L. Bentley, Auditor-Controller 

Subj: Initial Review – FY13 West Marin Budgets
t:\acl\word\budget\wm\13\wm13 initial review.docx

RECOMMENDED ACTION: Initial Review & Provide Direction to Staff

FINANCIAL IMPACT: None at this time. Upon adoption in July, the FY13 Budgets would see:

West Marin Water System Rate Increase	\$60,000
WM Water System Expenditure Plan	\$1,115,000
Oceana Marin Sewer System Rate Increase	\$0
Oceana Marin Sewer System Expenditure Plan.....	\$452,000

Following for your initial review are the budgets for the West Marin Water System and the Oceana Marin Sewer System proposed for FY 2012/13 (FY13). Proposed for West Marin Water System customers is a rate increase averaging 9%. No increase is proposed for the Oceana Marin monthly sewer service charge.

INCREASE PROPOSAL DETAIL

Water Rates

A 9% commodity rate increase was implemented in each of the past seven years, and this year a rate increase averaging 9% (6% commodity rate increase for residential and 7% for non-residential) plus a 25% service charge increase (to \$25 bimonthly for the typical customer with a 5/8" meter) is recommended, with the exception that an 11% increase (to \$41 bimonthly) in the service charge is proposed for Paradise Ranch Estates customers. The \$41 bimonthly service charge paid by PRE customers is adequate to recover the cost of reading, billing and maintaining the meter, plus the cost of amortizing the \$14,000 annual revenue bond debt service applicable to customers within the PRE subdivision. The proposed increase would total \$54 annually (\$9 bimonthly) for the typical residential customer (see Rate Increase Analysis on page 5).

A letter was mailed to all West Marin Water customers on May 18, 2012 advising of the proposed rate increase and extending an invitation to attend the public hearing and/or exercise their right to protest the proposed increase (see page 9).

If enacted, the proposed increases will generate \$60,000 in additional revenue next fiscal year.

Commodity Rate Increase	\$31,000
Service Charge Increase	<u>\$29,000</u>
Total	<u>\$60,000</u>

One more 9% increase is included in the 5-year financial plan for FY14 (see page 3) to help pay for the \$69,000 annual debt service increase undertaken to fund the Treatment Plant Solids Handling Project and repay Novato Water for the balance of funds borrowed to construct the Long Range Improvement Projects Plan facilities.

Sewer Rates

Oceana Marin Sewer fully repaid its loan from Novato Water in March of 2005, rendering this small improvement district debt free for the first time since 1989. The system had a cash balance of \$377,000 at April 30, 2012. The Five-Year Financial Plan shows that the FY13 \$275,000 project to line 3,150' of 6" & 8" bell and spigot pipe with a continuous resin lining in steep high-risk areas will draw down the reserve balance. A 5% increase (\$3 per month) in the sewer service charge was enacted August 1, 2011. No increase is recommended for FY13.

A Public Hearing Notice will be published in the Point Reyes Light on June 14 and June 21 inviting interested customers to attend the July 3 meeting in Point Reyes Station. The notice is included on page 18.

Connection Fees

Connection fees for West Marin Water and Oceana Marin Sewer were increased in August 2009. The West Marin Water increase was phased over two years. Two new connections are budgeted for West Marin Water and one new connection for Oceana Marin Sewer next fiscal year. Staff anticipates reviewing the connection fee calculation again following the West Marin Water System Master Plan update scheduled for FY15.

BUDGETED SYSTEM IMPROVEMENT PROJECTS

Significant Improvement Projects budgeted for the coming year, from page 1 of the budget package, include:

Water

- \$400,000 for the first phase of a \$730,000 project to design and construct a 60,000

gallon solids-handling facility adjacent to the water treatment plant.

- \$140,000 to complete the \$190,000 project to replace Point Reyes Well #3.

Sewer

- \$275,000 to replace 3,150' of 6" of cross-country sewer line.

Future Projects

The West Marin Water System Five-Year Financial Plan shows the \$400,000 PRE Tank 4A replacement, the final project in Phase I of the Long Range Improvement Project Plan (LRIPP), will commence in FY15. \$1.6 million is included for the Gallagher Pipeline commencing in FY17. Construction of the pipeline project assumes funding assistance from the federal and state government.

For Oceana Marin Sewer, \$15,000 in continued work on infiltration repair is forecast each year into the future, and \$100,000 is included commencing in FY15 for design and installation of an 8th disposal trench.

WEST MARIN WATER SYSTEM OPERATING BUDGET

You will note from page 2 of the budget that the proposed West Marin Water System Financial Plan projects a net deficit next fiscal year of \$345,000. The budget assumes transferring \$1 million of the \$8 million Bank of Marin Aqueduct Energy Efficiency Project loan to West Marin Water at the end of June 2012. This \$1 million loan will be used by West Marin to fully repay the balance of funds due Novato Water (\$204,000 at April 30, 2012) and finance construction of the \$700,000 Solids Handling Facility. The projected FY13 deficit represents the planned drawdown of West Marin Water cash reserves (loan funds) to construct the Solids Handling Facility. West Marin Water customers will then be responsible paying \$69,000 annually (1/8 of the payment obligation) the District is now making to Bank of Marin.

The proposed budget projects two new services to be added to the system each year into the future, which is the average over the last five years. A history of West Marin Water system growth is shown graphically on page 6.

FY13 water sales revenue is budgeted to increase 9% compared with the current year estimated actual. The West Marin system is projected to consume 73 million gallons (MG) next

year, consistent the current year, but only 84% of the average¹ consumption over the past ten years. The forecast assumes water sales volume will remain flat thereafter at 73MG as conservation programs (including water rate increases) continue to induce more efficient use of water. Historical consumption data is shown on page 7.

Operating expenditures are budgeted to increase 1% from the FY12 adopted budget. A graphical history of operating expenditures is shown on page 8. The 2012 update of the Coastal Area Annual Water Cost Comparison (page 12) shows that even with the proposed rate increase, the water cost for NMWD's West Marin customers remains below that paid by the customers of the other eight coastal agencies surveyed.

OCEANA MARIN SEWER OPERATING BUDGET

The proposed Oceana Marin Sewer budget shown on page 12 maintains the existing to \$58 per month sewer service charge. Two years ago sewer service charge was placed on the County property tax rolls, eliminating the monthly billing and collection cost. One new connection is budgeted for next fiscal year, and each year thereafter, which is Oceana Marin's average over the past five years, as shown in the chart on page 16. Next year's budget projects operating expenditures to increase 1% from the current year budget.

The District entered into a five year agreement with Phillips and Associates to provide for Operation and Maintenance of the Oceana Marin system commencing July 1, 2008. The agreement allows for a 2% annual fee escalation. The FY13 budget for Phillips services is \$64,000. An additional \$1,000 is included as a contingency for major equipment repair or replacement.

A graphical history of Oceana Marin operating expenditures is shown on page 17. The 2013 update of the Coastal Area Annual Sewer Cost Comparison (page 19) shows that, when the County 1% allocation of AB8 tax revenue is included as a ratepayer cost, Oceana Marin sewer service cost continues to rank third among the six coastal agencies surveyed.

The West Marin Water and Oceana Marin Sewer budgets will be reviewed again at the June 19 meeting. A public hearing to consider the proposed water rate increases and to adopt the water and sewer budgets is scheduled for July 3, 2012 in Point Reyes Station.

¹ Average potable use calculated net of the discontinued Giacomini Dairy operation consumption.

Proposed
BUDGET

Initial Review

**West Marin Water
&
Oceana Marin Sewer**
FISCAL YEAR
2012-13

NORTH MARIN WATER DISTRICT

999 RUSH CREEK PLACE, NOVATO, CA

TABLE OF CONTENTS

**WEST MARIN WATER
&
OCEANA MARIN SEWER**

PROPOSED 2012/13 BUDGETS

Capital Improvement Projects

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Proposed Capital Improvement Projects

	FY12 Budget	FY12 Est Actual	FY13 Budget	FY14 Budget	FY15	FY16	FY17	FY13 Project Description
6 WEST MARIN WATER SYSTEM								
a. TP Solids Handling	\$360,000	\$30,000	\$400,000	\$300,000				Design & construct a 60,000 gal solids handling facility.
b. Replace Retaining Wall at PRE 2		\$17,000						
c. TP RTU Upgrade	\$20,000	\$20,000						Replace obsolete TESCO RTU
d. Viento Way Upsizing	\$21,000	\$21,000						Upsize 360' of 6" pipeline to 8" from Viento to State Rt 1 in
e. Point Reyes Well #3 Rehab	\$15,000	\$50,000	\$140,000					Replace failed well
f. Treatment Plant Control Valve Replacement			\$75,000					Replace 9 Point Reyes Treatment Plant control valves.
g. Replace PRE 2" Galvanized Steel Pipe			\$120,000					
h. Olema PS Flood Protection & RTU Upgrade			\$100,000					
i. Tank Seismic Upgrades					\$70,000			
j. Replace PRE Tank #4A (25,000 gal w/82,000 gal Tank)					\$200,000	\$200,000		
k. Gallagher Pipeline (Note 6)							\$1,600,000	
l. Treatment Plant Modifications Design/Construct (Note 9)	\$416,000	\$138,000	\$615,000	\$520,000	\$270,000	\$200,000	\$1,600,000	
7 OCEANA MARIN SEWER SYSTEM								
a. Infiltration Repair	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	\$15,000	Ongoing work to identify and repair collection pipelines to prevent rainwater from leaking into the system
b. Tahiti Way Lift Pumps Rebuild (1/year)	\$20,000	\$16,000	\$20,000				\$20,000	Rebuild the two lift pumps in 5-year cycles.
c. Cross Country Sewer Line Rehab (3,150')	\$80,000	\$15,000	\$275,000					Line 3,150' of 6"-8" pipe in high-risk areas
d. SCADA RTU Upgrade and Install				\$35,000				
e. Treatment Pond Algae Control Device								Design, Procure and install Ultrasonic Irradiation Device
f. Design/Install 8th Disposal Trench (300')	\$115,000	\$46,000	\$320,000	\$50,000	\$65,000	\$50,000	\$35,000	

WEST MARIN WATER
BUDGET SUMMARY
Fiscal Year 2012/13

	Proposed Budget 2012/13	Estimated Actual 2011/12	Adopted Budget 2011/12	
OPERATING INCOME				
1	Water Sales	\$661,000	\$630,000	\$657,000
2	Misc Service Charges	5,000	4,000	3,000
3	Total Operating Income	\$666,000	\$634,000	\$660,000
OPERATING EXPENDITURES				
4	Source of Supply	\$14,000	\$24,000	\$13,000
5	Pumping	39,000	17,000	45,000
6	Operations	30,000	27,000	31,000
7	Water Treatment	112,000	109,000	107,000
8	Transmission & Distribution	105,000	112,000	89,000
9	Consumer Accounting	26,000	22,000	24,000
10	Water Conservation	4,000	1,000	4,000
11	General Administration	54,000	60,000	66,000
12	Other Operating Expense	(2,000)	(2,000)	0
13	Depreciation Expense	153,000	151,000	149,000
14	Total Operating Expenditures	\$535,000	\$521,000	\$528,000
15	NET OPERATING INCOME (LOSS)	\$131,000	\$113,000	\$132,000
NON-OPERATING REVENUE/(EXPENSE)				
16	PR-2 County Tax Allocation	\$45,000	\$40,000	\$38,000
17	PR-3 / OL-2 Bond Tax	4,000	18,000	19,000
18	Interest Revenue	6,000	0	0
19	Interdistrict Loan Interest	0	(5,000)	(3,000)
20	Bond & Loan Interest Expense	(44,000)	(13,000)	(13,000)
21	Other Misc Revenue/(Expense)	3,000	3,000	4,000
22	Total Non-Op Income/(Expense)	\$14,000	\$43,000	\$45,000
OTHER SOURCES/(USES) OF FUNDS				
23	Connection Fees	\$46,000	\$9,000	\$0
24	New Loan Proceeds	0	1,000,000	0
25	Add Depreciation Expense	153,000	151,000	149,000
26	Capital Improvement Projects	(615,000)	(138,000)	(416,000)
27	Bond & Loan Principal Payments	(74,000)	(35,000)	(35,000)
28	Loan from (repayment to) Novato	0	(357,000)	125,000
29	Total Other Sources/(Uses)	(\$490,000)	\$630,000	(\$177,000)
30	NET SURPLUS/(DEFICIT)*	(\$345,000)	\$786,000	\$0

* Line 15+22+29

North Marin Water District

WEST MARIN WATER

5-Year Financial Plan

#	BASIC DATA	Actual 2009/10	Actual 2010/11	Estimated 2011/12	Projected 2012/13	Projected 2013/14	Projected 2014/15	Projected 2015/16	Projected 2016/17
1	Active Services	769	770	776	778	780	782	784	786
2	Avg Commodity Rate/1,000 Gal	\$5.95	\$6.56	\$7.07	\$7.49	\$7.95	\$7.95	\$7.95	\$7.95
3	Potable Consumption (MG)	77	75	73	73	73	73	73	73
INCOME									
4	Commodity Charge	\$459,606	\$489,493	\$516,000	\$547,000	\$580,000	\$580,000	\$580,000	\$580,000
5	Minimum Service Charge	92,766	94,214	114,000	114,000	137,000	137,000	137,000	137,000
6	Connection Fee	31,350	16,150	9,000	46,000	46,000	46,000	46,000	46,000
7	PR-2 County Tax Allocation	40,024	38,446	40,000	45,000	43,000	44,000	45,000	46,000
8	PR-3 G.O. Bond Tax	13,631	13,803	14,000	0	0	0	0	0
9	OL-2 G.O. Bond Tax	3,910	3,528	4,000	4,000	4,000	0	0	0
10	Interest	365	0	0	6,000	4,000	2,000	3,000	3,000
11	Miscellaneous	6,998	(10,290)	7,000	8,000	8,000	8,000	8,000	8,000
12	TOTAL INCOME	\$648,650	\$645,344	\$704,000	\$770,000	\$822,000	\$817,000	\$819,000	\$820,000
EXPENDITURES									
13	Operating Expenditures	\$370,787	\$373,023	\$370,000	\$382,000	\$393,000	\$405,000	\$417,000	\$430,000
14	Replacement/Enhancement Projects	84,195	8,201	0	0	0	0	0	0
15	Bond & Loan Debt Service	47,500	48,105	48,000	49,000	33,000	34,000	29,000	30,000
16	New Loan Debt Service	0	0	0	69,000	69,000	69,000	69,000	177,000
17	Interdistrict Loan Interest	7,074	4,969	5,000	0	0	0	0	0
18	TOTAL EXPENDITURES	\$509,556	\$434,298	\$423,000	\$500,000	\$495,000	\$508,000	\$515,000	\$637,000
NET INCOME BEFORE PROJECTS									
		\$139,094	\$211,046	\$281,000	\$270,000	\$327,000	\$309,000	\$304,000	\$183,000
OTHER SOURCES/(USES)									
19	Capital Improvement Projects	(27,581)	(136,485)	(138,000)	(615,000)	(520,000)	(270,000)	(200,000)	(1,600,000)
20	Loan/Grant Proceeds	0	0	1,000,000	0	0	0	0	1,600,000
21	Loan from (repayment to) Novato	(38,522)	(63,332)	(357,000)	0	0	0	0	0
22	Net Change in Working Capital	(73,858)	(13,013)	0	0	0	0	0	0
23	INCREASE (DECREASE) IN CASH	(\$867)	(\$1,784)	\$786,000	(\$345,000)	(\$193,000)	\$39,000	\$104,000	\$183,000
CASH BALANCE									
24	Operating Reserve	\$0	\$0	\$0	\$0	\$0	\$36,000	\$144,000	\$494,000
25	System Expansion Reserve	0	0	687,000	357,000	164,000	171,000	167,000	0
26	Liability Contingency Reserve	0	0	99,000	99,000	99,000	99,000	99,000	99,000
27	Bond Redemption Reserve	52,097	50,313	50,000	35,000	35,000	31,000	31,000	31,000
28	TOTAL CASH BALANCE	\$52,097	\$50,313	\$836,000	\$491,000	\$298,000	\$337,000	\$441,000	\$624,000
29	Amount Due to Novato Water	\$420,300	\$356,968	\$0	\$0	\$0	\$0	\$0	\$0
30	Non-Budgeted Depreciation	\$145,913	\$147,002	\$151,000	\$153,000	\$163,000	\$172,000	\$177,000	\$180,000

WEST MARIN WATER NOTES

KEY

- West Marin Water includes the communities of Point Reyes Station, Inverness Park, Olema, Bear Valley, Silver Hills and Paradise Ranch Estates (PRE).
- 1 Assumes annual increase of 2 connections per year, which is the 5 year average.
 - 2 A commodity rate increase of 6% for residential, and 7% for non-residential, is proposed effective 8/1/12.
 - 3 Projection based on FY12 estimated actual.
 - 5 A 25% increase in the Bimonthly Minimum Service Charge to \$25 for the typical 5/8" X 3/4" residential meter is proposed effective 8/1/12. An 11% increase is proposed for the PRE bimonthly Minimum Service Charge (to \$41 per month) which is adequate to cover the cost of reading, billing and maintaining the meter, plus the cost of amortizing the \$14,000 annual revenue bond debt service applicable to customers within the PRE subdivision.
 - 6 The connection fee was increased to \$22,800 per equivalent dwelling unit effective August 1, 2010.
 - 7 In July 2009 the State Legislature "borrowed" 8% (approximately \$3,500) of Point Reyes tax revenue. California promised to repay the borrowed money plus 2% interest per annum no later than June 30, 2013. Said repayment is incorporated into the FY13 budget. PR2 County Tax allocation is projected to increase 3% per year.
 - 8, 9 GO Bond Taxes are Proposition 13 Exempt property tax levies that fund general obligation bond debt service.
 - 10 Projected available funds invested at 0.75%
 - 11 Turn-on, set-up, backflow device, Horizon CATV site lease & other miscellaneous charges.
 - 13 3% annual increase assumed after FY13.
 - 14 Replacement/Enhancement Projects are comprised of non-capitalized projects.
 - 15 Comprised of four 40-year 5% bonds all purchased by the Farmers Home Administration: 1) 1973 \$250,000 PR-3 GO bond maturing 2013; 2) 1975 OL-2 \$70,000 GO bond due 2015; 3) 1980 PRE-1 \$240,000 revenue bond due 2020; 4) 1981 PR-6 \$217,800 revenue bond due 2021; plus an Economic Development Administration \$46,000 5% 40-year loan in 2017. On 6/1/91 the OL-2 bond was repurchased by Novato Water upon demand by FmHA.
 - 16 Interest and Principal payment on \$1 million loan from Bank of Marin.
 - 17 Interest on interdistrict Loan to fund the LRIPP. Projection assumes interdistrict debt will be fully repaid in June 2012 with loan from Bank of Marin.
 - 18 Excludes depreciation.
 - 19 Capital Improvement Projects. See 5-year Improvement Projects Forecast.
 - 20 Assumes \$1 million loan from Bank of Marin in June 2012. Gallagher Pipeline grant or loan proceeds offset the \$1.6 million cost of installation.
 - 21 Interdistrict loan repayment to fund the West Marin Long Range Improvement Project Plan (LRIPP).
 - 24 Operating Reserve should be comprised of a minimum of 4 months of operating expenditures as recommended by the District's financial advisors. This reserve should have a balance of \$152,000 at June 30, 2012, however the funds have been used to subsidize operating deficits resulting from financing the LRIPP. Future cash generated will accrue to the emergency operating reserve fund until it is whole.
 - 25 System Expansion Reserve is composed of connection fee revenue and the Bank of Marin loan funds.
 - 26 Liability Contingency Reserve - \$90,000 is West Marin Water's pro-rata share (3.6%) of the District's \$2.5 million liability contingency fund, available to pay liability claims arising within the West Marin water system. This reserve was exhausted during FY04/05 to fund the LRIPP. \$8,885 derived from sale of 2 surplus parcels in Inverness Park was added to the fund in Dec 2006.
 - 27 Bond Redemption Reserve is comprised of one year of Revenue Bond debt service for PR-6 & PRE-1 bonds as required by bond covenant plus tax receipts held in the Marin County treasury. The PR-6 Revenue Bond will be fully repaid in January 2013, eliminating the need for the \$15K Reserve.
 - 29 Amount Due to Novato Water at fiscal year end.

West Marin Water Rate Increase Analysis

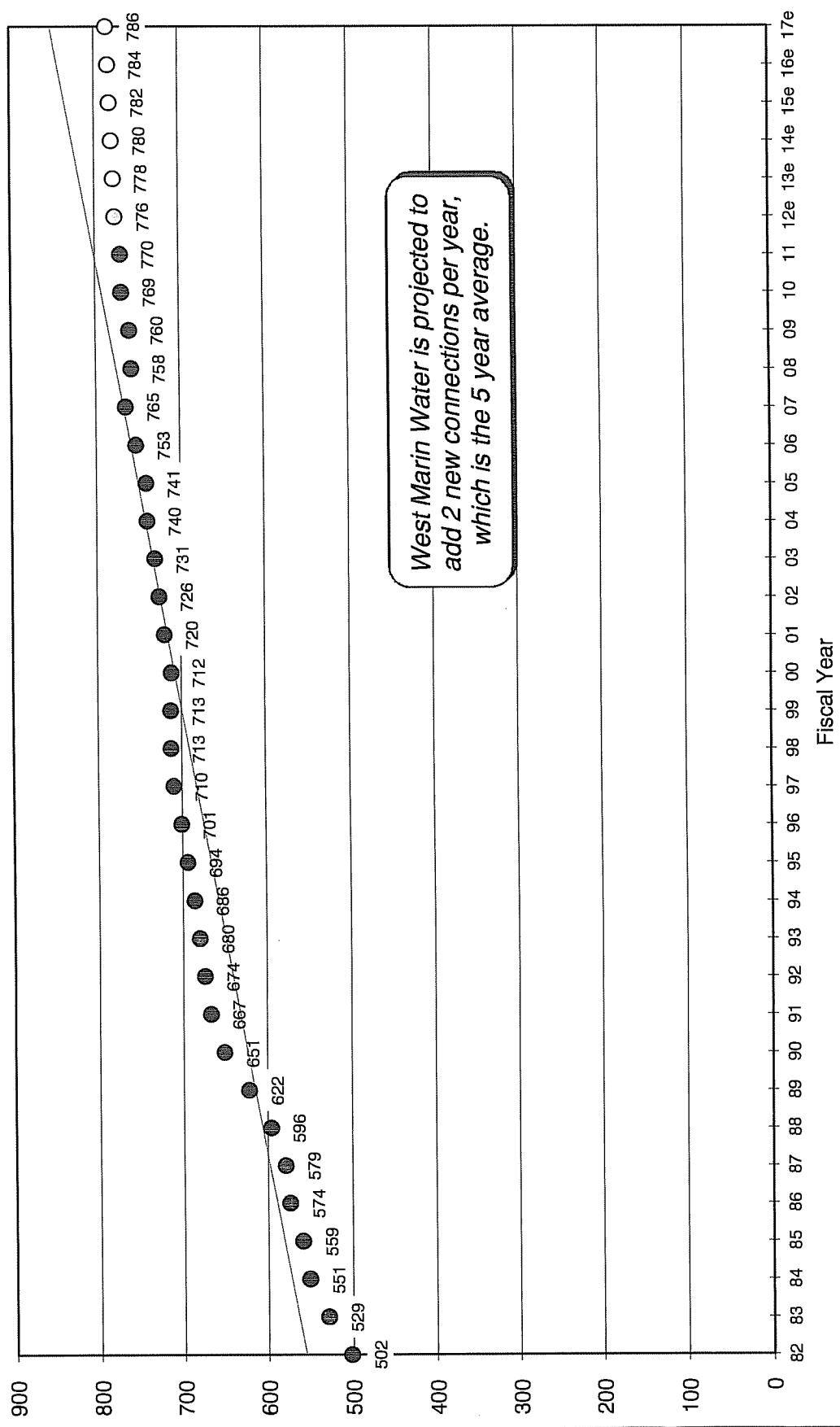
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5/7/12

Annual Impact (based on 60,200 gallons annual water use)

		Commodity	Annual	Annual	Annual	Total	Annual Increase	
		Rate	Use	Service	Tax	Annual	\$	%
Point Reyes Station	Current	\$6.00	\$361	+ \$120	+ \$80	= \$562		
	Proposed	\$6.36	\$383	+ \$150	+ \$80	= \$613	\$52	9%
Inverness Park, Bear Valley, Silver Hills	Current	\$6.16	\$371	+ \$120	+ \$80	= \$571		
	Proposed	\$6.53	\$393	+ \$150	+ \$80	= \$624	\$52	9%
Olema	Current	\$6.59	\$397	+ \$120	+ \$56	= \$573		
	Proposed	\$6.99	\$421	+ \$150	+ \$56	= \$627	\$54	9%
PRE Zone A	Current	\$6.16	\$371	+ \$222	+ \$0	= \$593		
	Proposed	\$6.53	\$393	+ \$246	+ \$0	= \$639	\$46	8%
PRE Zone B	Current	\$10.01	\$603	+ \$222	+ \$0	= \$825		
	Proposed	\$10.61	\$639	+ \$246	+ \$0	= \$885	\$60	7%
Outside Services	Current	\$8.40	\$506	+ \$120	+ \$0	= \$626		
	Proposed	\$8.90	\$536	+ \$150	+ \$0	= \$686	\$60	10%
Weighted Average	Current	\$6.68				\$602		
	Proposed	\$7.08				\$657	\$54	9%

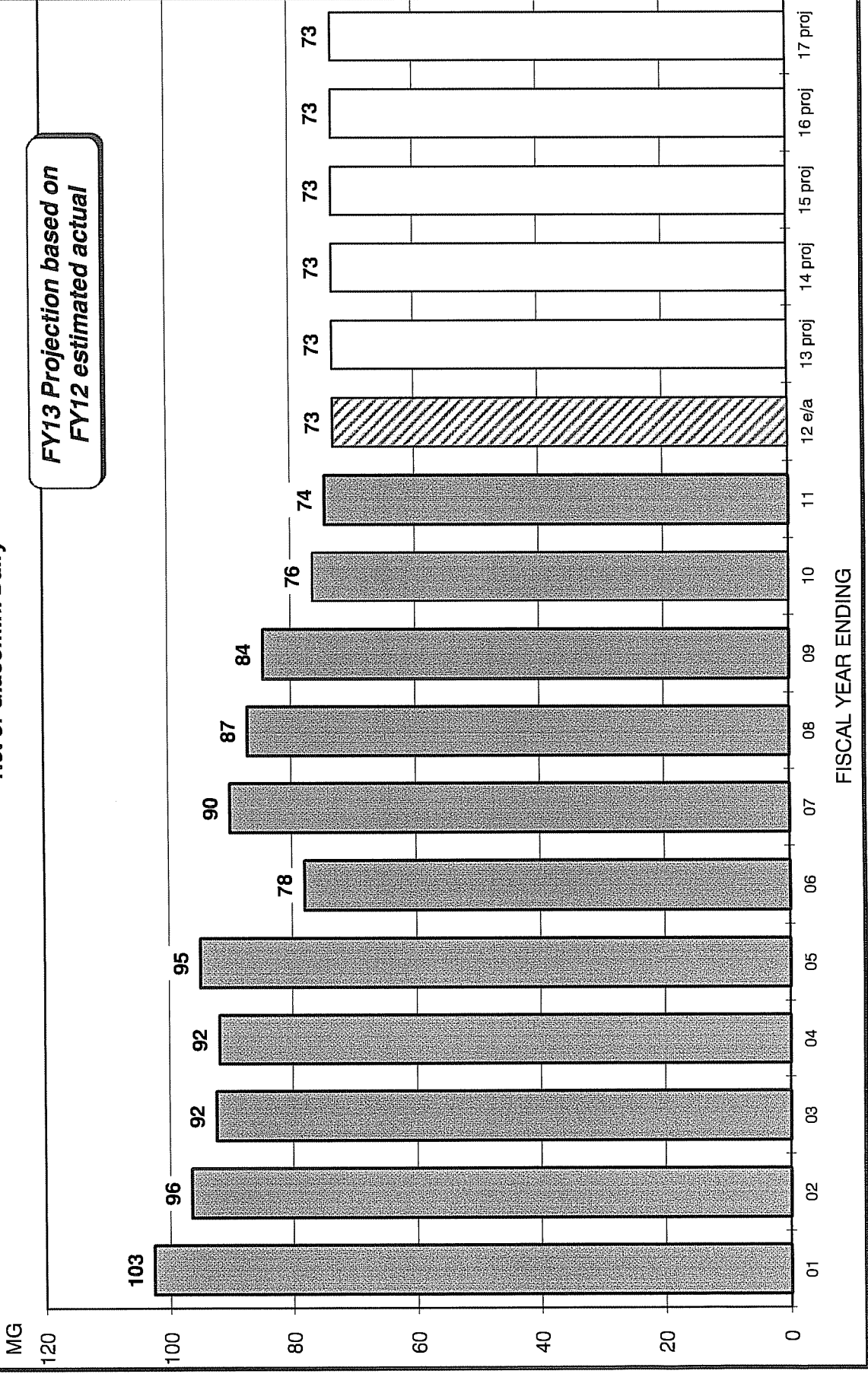
West Marin Water Active Service Connections @ June 30



West Marin Water is projected to add 2 new connections per year, which is the 5 year average.

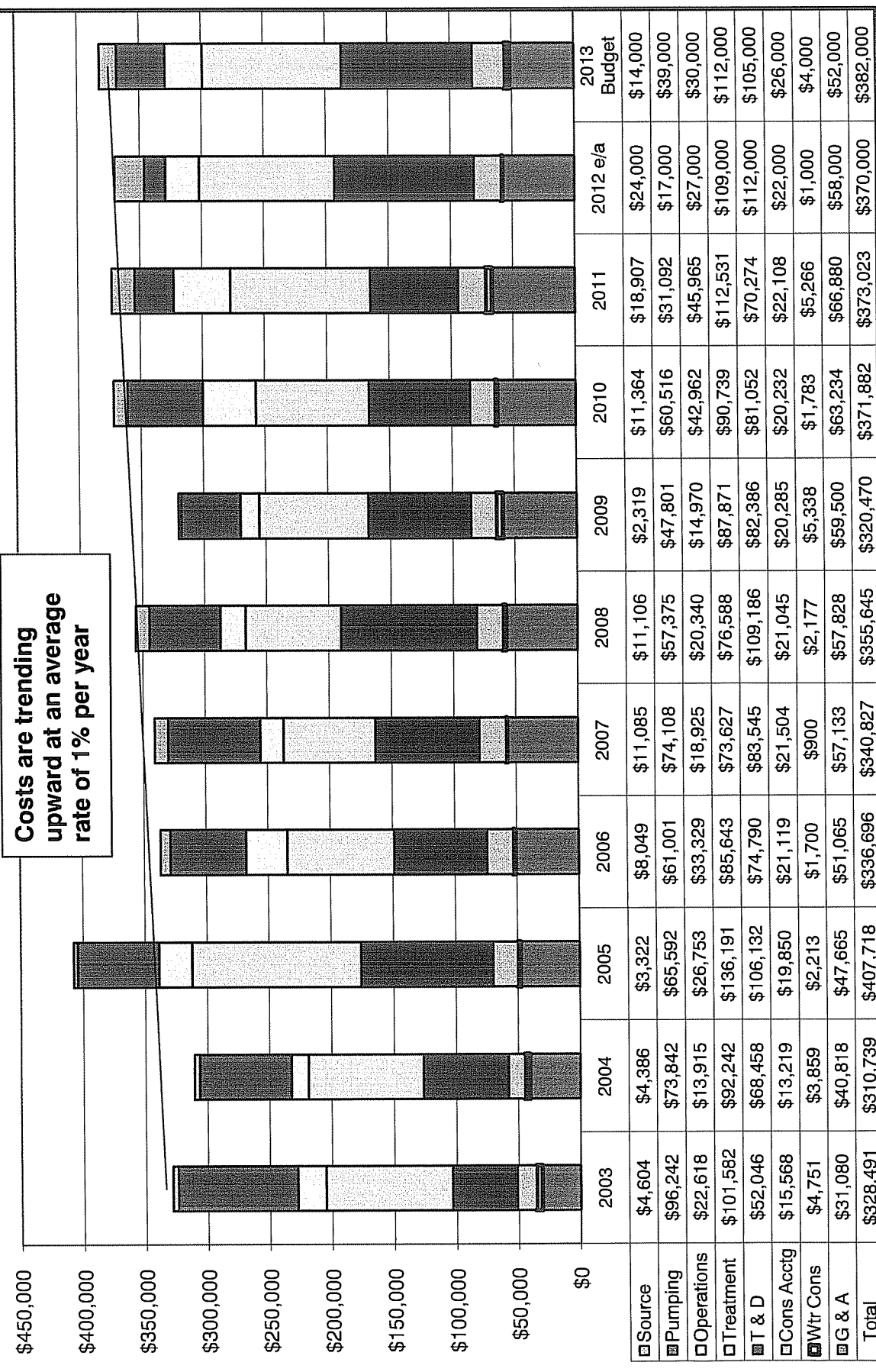
West Marin Potable Water Billed Consumption Net of Giacomini Dairy

**FY13 Projection based on
FY12 estimated actual**



West Marin Water Operating Expenditures

Costs are trending upward at an average rate of 1% per year



May 18, 2012

RE: Notice of Proposed Water Cost Increase – West Marin Service Area

Dear Customer:

This letter is to advise you of **proposed increases to West Marin water rates and charges** that would take effect on August 1, 2012. It also provides information about a **Public Hearing on July 3, 2012**, at which time written and oral comments will be considered and a vote on the increase will be taken by the North Marin Water District Board of Directors.

How much are the proposed rate increases?

An increase in rates and charges averaging 9% is recommended.

The increase for non-residential customers (commercial, institutional and irrigation accounts) will vary based on water use and meter size. The median non-residential account would also see a 9% increase commencing August 1, 2012.

See Attachment A for a detailed description of the proposed rate increases.

How will the proposed increase affect my water bill?

The proposed increase in the commodity rate and service charge would add \$4.50 per month (\$54 annually) to the cost of water for the typical (median) single-family residential customer who consumes 60,000 gallons of water annually. Those using less than the median will see an increase less than \$54 annually, and those using more would pay more.

You can determine the increase in your annual water cost based on your water use over the past year from our website. Insert your NMWD account number and the name on your account (shown above) into the Rate-Increase Model on NMWD's website at <http://www.nmwd.com/accountbalance.php>.

Why are rates being increased?

The West Marin Water System exhausted its cash reserves in May 2005 to pay for the Long Range Improvement Project Plan which was developed with community support in 2001. Money has been borrowed from the Novato Water System to continue work on the Improvement Projects and bridge the funding

shortfall. The loan from Novato stood at \$204,000 at April 30, 2012, and is projected to be repaid in 2013. Long Range Improvement Projects completed to date are shown on Attachment A.

In addition to the Long Range Improvement Projects, water treatment plant improvements and the need to refurbish wells that serve the West Marin community will require expenditure of approximately \$800,000 over the next two fiscal years. Funding for these two projects will require financing from an outside source that will require repayment over time.

Additional Information

Attachment A also provides greater detail of the various rates and customer categories. We realize that no one likes to see rates increase. However, we need to be able to adequately finance West Marin operations in order to continue to provide a clean and reliable water supply. We appreciate the opportunity to serve you.

A public hearing before the NMWD Board of Directors to consider the proposed rate increase is scheduled for 7:30 pm, Tuesday, July 3, 2012, at the Dance Palace (503 B Street) in Point Reyes Station.

You are invited to present oral or written testimony on the proposal at the public hearing. You have the right to protest this proposed rate increase. If you do, you must submit your protest in writing, even if you plan to attend the public hearing. If written protests are submitted by a majority of the affected property owners or customers, the proposed increases will not be adopted.

Your written protest must be received prior to the close of the July 3, 2012 public hearing. Written protests must be signed by the property owner or customer of record and must include a description of the parcel (parcel number) or NMWD account number. Send or deliver written protests to:

District Secretary
North Marin Water District
PO Box 146
Novato, CA 94948

For more information visit NMWD's website at www.nmwd.com or call the District Secretary at (415) 897-4133.

Sincerely,



Chris DeGabriele
General Manager

Encl: as stated
t:\ac\word\budget\wm\13\increase ltr to customers 2012_legal.docx

West Marin Water Long Range Improvement Project Plan – Status Report

<u>Project</u>	<u>4/30/12</u>	<u>Status</u>
1 Replace PRE Tank #3 - 25,000 gal.....	\$91,759	Complete
2 Install 3 Standby Booster Pumps & Controls @ PRE...	159,990	Complete
3 Bear Valley Pump Station Upgrade.....	88,132	Complete
4 Replace Pt. Reyes 100,000 gal tank w/180,000 gal.....	399,707	Complete
5 Replace Olema 80,000 gal tank w/150,000 gal.....	561,742	Complete
6 Install Parallel 8" Main on Hwy 1.....	180,000	Complete
7 Upgrade Inverness Park PS w/2 150 gpm pumps.....	157,888	Complete
8 Install Pressure Reducing Valve @ Inverness Park PS	13,046	Complete
9 Replace 30,000 gal Inverness Park Bolted Steel Tank..	164,262	Complete
10 Tank Seismic Upgrades.....	86,319	In Progress
11 Replace PRE Tank #4A - 82,000 gallon.....	22,328	In Progress
	<u>\$1,925,173</u>	

PROPOSED

West Marin Water System Rate Changes

EFFECTIVE AUGUST 1, 2012

	<u>Existing</u>	<u>Proposed</u>	<u>% Increase</u>
BIMONTHLY MINIMUM SERVICE CHARGE			
For 5/8 x 3/4-inch meter.....	\$20.00	\$25.00	25%
For 1-inch residential meter for fire service.....	\$22.00	\$28.00	27%
For 1-inch meter.....	\$40.00	\$50.00	25%
For all meters in Paradise Ranch Estates.....	\$37.00	\$41.00	11%
QUANTITY CHARGE			
<u>Residential Rate Per Dwelling Unit</u>			
First 400 gallons per day.....	\$6.00	\$6.36	6%
From 401 to 900 gallons per day.....	\$8.31	\$8.81	6%
From 901+ gallons per day.....	\$13.33	\$14.13	6%
<u>Commercial, Institutional & Irrigation Rate</u>			
November 1 through May 31.....	\$6.00	\$6.42	7%
June 1 through October 31.....	\$8.31	\$8.89	7%
PLUS A HYDRAULIC ZONE CHARGE/1,000 GAL			
<u>Zone</u>			
1 Point Reyes Station.....	\$0.00	\$0.00	0%
2 Bear Valley, Silver Hills, Inverness Park & Lower Paradise Ranch Estates (Elevation 0' - 365').....	\$0.16	\$0.17	6%
3 Olema.....	\$0.59	\$0.63	6%
4 Upper Paradise Ranch Estates (Elevation 365'+).....	\$4.01	\$4.25	6%
Additional Commodity Rate for Consumers Outside the Improvement District Boundary.....	\$2.40	\$2.54	6%

ATTACHMENT A

2012 COASTAL AREA WATER COST COMPARISON

5/30/2012

Comparison of NMWD's Charges with Other Agencies Based on Rates and Charges in Effect on 6/1/12
 "Typical" Single Family Residence (5/8" x 3/4" Meter) Using 60,200 Gallons Annually

Agency	No. of Water Services	Bimonthly Service Charge	Commodity Rate per 1,000 Gallons	Annual Water Cost ¹	Water Bond Tax Rate per \$100/AV	Annual Tax Cost ²	Total Annual Cost
California Water Service Co.	255	\$143.36	\$43.31	\$3,468	-	-	\$3,468
Bolinas Community PUD	580	\$158.50	1.34/\$2.01/\$4.01	\$1,053	\$0.008	\$423 (4)	\$1,476
Estero Mutual Water District	141	\$147.90	\$7.86/\$11.56/\$15.49	\$1,291	-	-	\$1,291
Stinson Beach Co Water	725	\$77.10	\$2.61/\$6.26	\$659	\$0.004	\$523 (7)	\$1,181
Muir Beach Community Services	151	\$49.92	\$9.20/\$12.90	\$793	-	\$300 (10)	\$1,102
Inverness PUD	508	\$100.00	\$3.07/\$4.61	\$802	-	-	\$802
Bodega Bay PUD	1,058	\$37.20	\$5.24	\$351	-	\$309 (13)	\$660
NMWD West Marin Service Area	776	\$25.00	\$7.05	\$574	\$0.006	\$73 (15)	\$647

Notes:

- (1) Median annual consumption for West Marin Service Area single-family detached home is 60,200 gallons. Use will differ in other areas and microclimates.
- (2) Includes taxes for debt service on outstanding water bonds and loans plus any applicable apportionment of the AB8 1% County levy distributed to compensate for the Prop 13 elimination of the operation and maintenance tax.
- (3) 1st 15 Ccf quarterly @ \$1.00/Ccf, 16 to 21 Ccf @ \$1.50, 22 - 28 @ \$3.00, 29 - 40 @ \$6.00, 41 - 60 @ \$10, 61 - 75 @ \$15 and 76+ Ccf @ \$18/Ccf (billed quarterly).
- (4) Based on home with net AV of \$386,330 (average 2011/12 AV on 542 single family homes in Bolinas) and tax rate of 0.80¢/\$100 AV. 100% of this tax is allocated to Water. Also shares in 1% County levy. This "allocation" is projected by the County of Marin at \$227,217 for Bolinas in 2011/12 of which 100% is credited to the water fund amounting to \$391.75 per service.
- (5) First 25 cubic meters bimonthly @ \$2.075/cm; next 25 cm @ \$3.051/cm; 51+ cm @ \$4.089/cm.
- (6) First 6 Ccf monthly @ \$1.95/Ccf; 6 to 10 Ccf @ \$4.68/Ccf; 10 to 16 Ccf @ \$7.88/Ccf; 16 to 20 Ccf @ \$10.80/Ccf; 20 to 30 Ccf @ \$16.97/Ccf; 30 to 40 Ccf @ \$21.20/Ccf; 40 and above Ccf @ \$27.54/Ccf.
- (7) Based on weighted average tax rate of 0.47¢/\$100 AV and home with net AV of \$944,688 (average 2011/12 AV on 648 single family homes in Stinson Beach less \$7,000 homeowner exemption). Stinson Beach also shares in 1% County levy. This "allocation" is projected at \$495,267 in 2011/12 of which 70% is credited to the water fund amounting to \$478.19 per service.
- (8) \$24.96/month flat rate for first 2,250 gallons bimonthly, plus \$0.92/100 gallons for 2,251 to 5,000, plus \$1.29/100 gallons for 5,001 to 15,000, plus \$1.62/100 gallons for 15,000+ gallons.
- (9) Includes a 25% surcharge based on consumption for capital improvements.
- (10) \$300 Special Tax for capital improvements.
- (11) First 12 Ccf bimonthly @ \$2.30/Ccf; 13 to 36 Ccf @ \$3.45/Ccf; 37 to 48 @ \$4.90/Ccf; 49 to 60 @ \$6.75/Ccf; and 61+ @ \$20.15/Ccf.
- (12) \$37.20 bi-monthly water svc charge for 0-800 cubic feet, then \$3.92/100 cubic feet for 801-2,500 cubic feet, then \$4.48/100 cubic feet over 2,500 cubic feet.
- (13) Based on share of 1% County levy. This "allocation" was projected by the County of Sonoma at \$327,155 for 10/11 which 100% was allocated to water amounting to \$309 per service. FY 11/12 allocation is not available until June.
- (14) Rate shown is weighted average of Point Reyes Station, Olema, Bear Valley/Inverness Park & Paradise Ranch Estates and includes a Proposed 6% commodity & 25% bimonthly service charge increase. Tier rate charges do not apply to the typical residential customer as median use does not exceed the 400 gpd tier rate threshold.
- (15) Based on tax rate of 0.6¢/\$100 AV and home with net AV of \$376,595 (average 2011/12 AV of 776 single-family homes in Pt. Reyes Station/Inverness Park & Olema less \$7,000 homeowner exemption). West Marin Service Area also receives allocation of the 1% County levy projected at \$38,495 in 2011/12, amounting to \$49.99 per service.

OCEANA MARIN SEWER
BUDGET SUMMARY
Fiscal Year 2012/13

	Proposed Budget 2012/13	Estimated Actual 2011/12	Adopted Budget 2011/12
OPERATING INCOME			
1 Monthly Sewer Service Charge	\$158,000	\$157,000	\$157,000
2 Misc Service Charges	0	0	0
3 Total Operating Income	\$158,000	\$157,000	\$157,000
OPERATING EXPENDITURES			
4 Sewage Collection	\$21,000	\$20,000	\$20,000
5 Sewage Treatment	20,000	27,000	19,000
6 Sewage Disposal	2,000	2,000	1,000
7 Contract Operations	65,000	61,000	63,000
8 Customer Accounting	2,000	2,000	2,000
9 General & Administration	22,000	23,000	25,000
10 Depreciation Expense	41,000	41,000	42,000
11 Total Operating Expenditures	\$173,000	\$176,000	\$172,000
12 NET OPERATING INCOME (LOSS)	(\$15,000)	(\$19,000)	(\$15,000)
NON-OPERATING REVENUE/(EXPENSE)			
13 OM-1/OM-3 Tax Allocation	\$46,000	\$41,000	\$41,000
14 Interest Revenue	3,000	2,000	3,000
15 Other Misc Revenue/(Expense)	1,000	0	1,000
16 Total Non-Op Income/(Expense)	\$50,000	\$43,000	\$45,000
OTHER SOURCES/(USES) OF FUNDS			
17 Connection Fees	\$15,000	\$0	\$0
18 Add Depreciation Expense	41,000	41,000	42,000
19 Capital Improvement Projects	(320,000)	(46,000)	(115,000)
20 Total Other Sources/(Uses)	(\$264,000)	(\$5,000)	(\$73,000)
21 NET SURPLUS/(DEFICIT)*	(\$229,000)	\$19,000	(\$43,000)

* Line 12+16+20

OCEANA MARIN SEWER

5-Year Financial Plan

#	BASIC DATA	Actual 2009/10	Actual 2010/11	Estimated 2011/12	Projected 2012/13	Projected 2013/14	Projected 2014/15	Projected 2015/16	Projected 2016/17
1	Number of Connections	225	227	227	228	229	230	231	232
2	Monthly Service Charge	\$55.00	\$55.00	\$58.00	\$58.00	\$58.00	\$58.00	\$58.00	\$58.00
INCOME									
3	Monthly Service Charge	\$148,427	\$149,820	\$157,000	\$158,000	\$159,000	\$160,000	\$160,000	\$161,000
4	OM-1/OM-3 Tax Allocation	42,654	40,992	41,000	46,000	44,000	45,000	46,000	47,000
5	Connection Fees	9,000	0	0	15,000	15,000	15,000	15,000	15,000
6	Interest Revenue	2,919	2,555	2,000	3,000	1,000	1,000	1,000	1,000
7	Miscellaneous Revenue	798	(156)	0	1,000	1,000	1,000	1,000	1,000
8	TOTAL INCOME	\$203,798	\$193,211	\$200,000	\$223,000	\$220,000	\$222,000	\$223,000	\$225,000
9	OPERATING EXPENDITURES	\$123,296	\$128,191	\$135,000	\$132,000	\$136,000	\$140,000	\$144,000	\$148,000
OTHER EXPENDITURES									
10	Capital Imprvmnt Projects/Other	\$40,159	\$26,360	\$46,000	\$320,000	\$50,000	\$65,000	\$65,000	\$35,000
11	TOTAL EXPENDITURES	\$163,455	\$154,551	\$181,000	\$452,000	\$186,000	\$205,000	\$209,000	\$183,000
12	Net Change in Working Capital	(\$2,028)	\$9,603						
13	INCREASE (DECREASE) IN CASH	\$38,315	\$48,263	\$19,000	(\$229,000)	\$34,000	\$17,000	\$14,000	\$42,000
CASH BALANCE									
14	Operating Reserve	\$191,225	\$238,651	\$257,000	\$106,000	\$140,000	\$157,000	\$171,000	\$213,000
15	Connection Fee Reserve	76,455	77,292	78,000	0	0	0	0	0
16	TOTAL CASH BALANCE	\$267,680	\$315,943	\$335,000	\$106,000	\$140,000	\$157,000	\$171,000	\$213,000
17	Non-Budgeted Depreciation	\$41,084	\$41,084	\$41,000	\$42,000	\$50,000	\$51,000	\$53,000	\$55,000

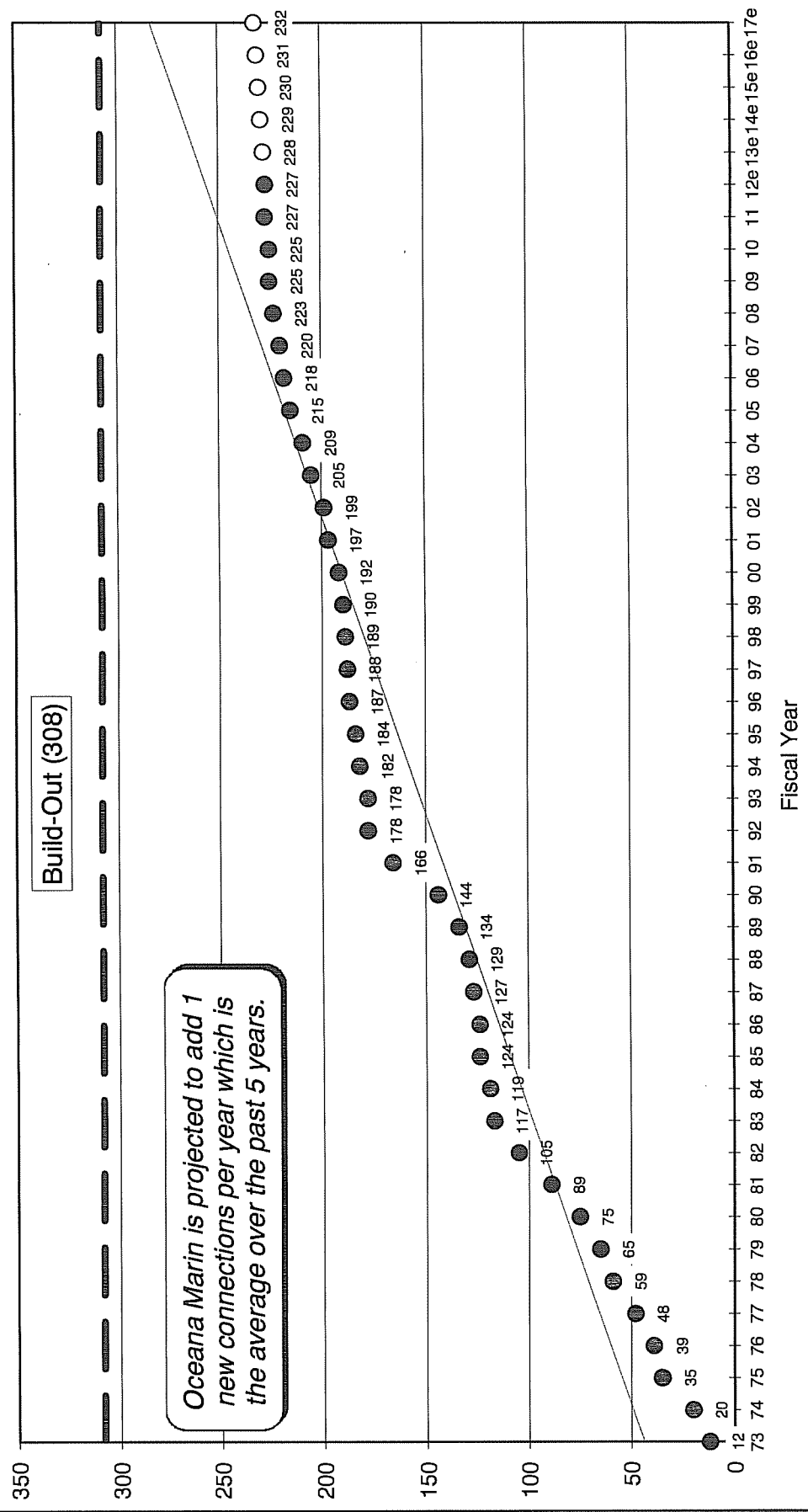
OCEANA MARIN SEWER

NOTES

KEY

- 1 Assumes increase of 1 connection per year, which is the average over the last 5 years. Capacity is estimated at 308 dwelling units.
- 2 Service charge of \$58/month effective 8/1/11.
- 4 County tax allocation enacted subsequent to Prop 13 to compensate for O&M tax revenue previously received. In July 2009 the State Legislature "borrowed" 8% (approximately \$3,500) of Oceana Marin tax revenue. California promised to repay the borrowed money plus 2% interest per annum no later than June 30, 2013. Said repayment is incorporated into the FY13 budget. OM-1/IOM-3 County Tax allocation is projected to increase 3% per year.
- 5 Assumes the new connections occur in OM-3 (Units 1 or 5) which are subject to the connection fee.
- 9 3% annual increase assumed after FY13.
- 10 Capital Improvement Projects. See 5-year Improvement Projects Forecast.
- 11 Excludes depreciation.
- 16 Cash available for operation, maintenance and improvements

Oceana Marin Growth Active Sewer Connections at June 30

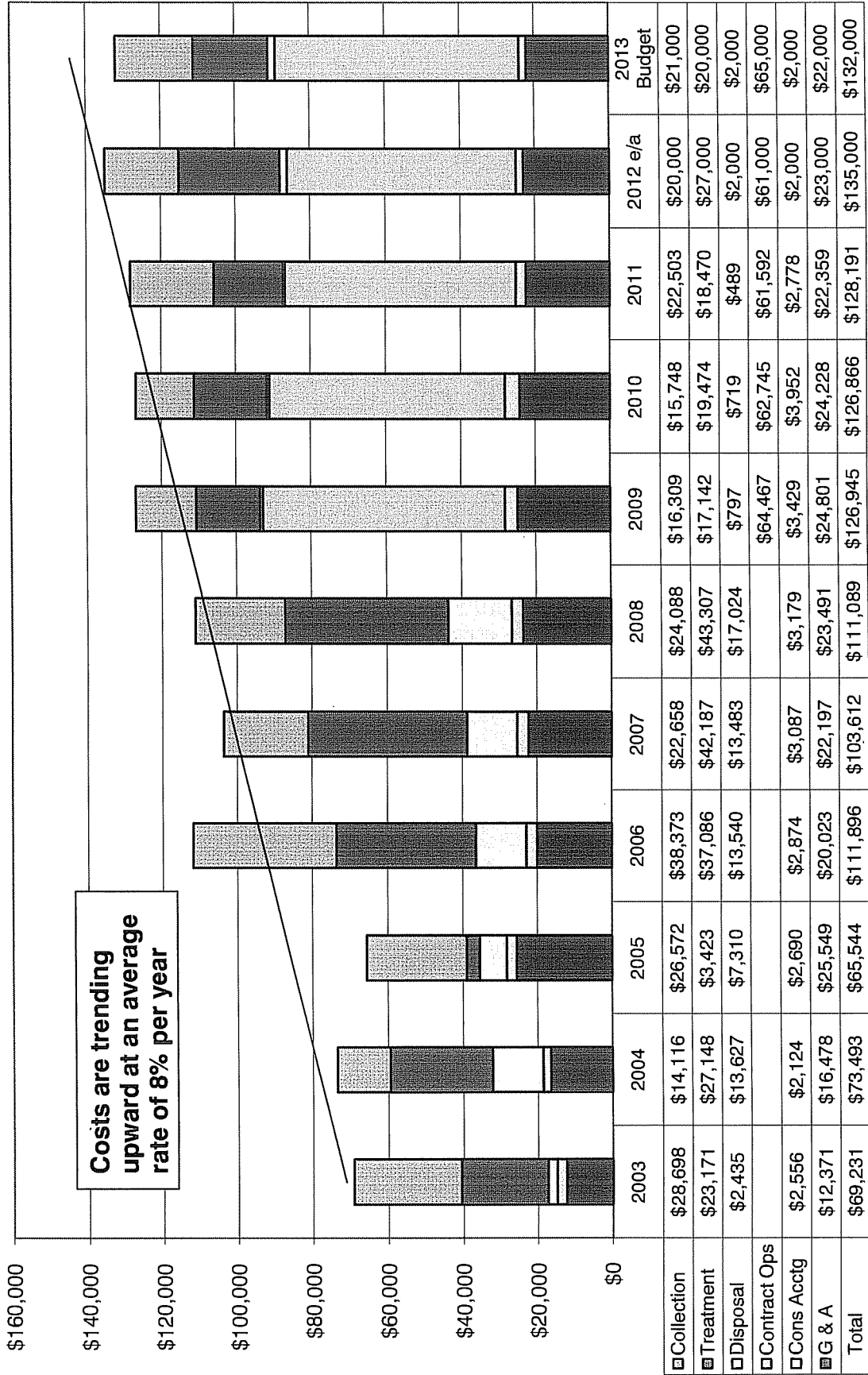


Build-Out (308)

Oceana Marin is projected to add 1 new connections per year which is the average over the past 5 years.

● Connections - - - - - Build-Out ○ Projection — Trend

Oceana Marin Operating Expenditures



Costs are trending upward at an average rate of 8% per year

NORTH MARIN WATER DISTRICT
NOTICE OF PUBLIC HEARING
OCEANA MARIN SEWER SERVICE CHARGES
FISCAL YEAR 2012-2013

NOTICE IS HEREBY GIVEN that pursuant to Section 5471 et seq. of the California Health and Safety Code and Section 31101 et seq. of the California Water Code, the Board of Directors of North Marin Water District (NMWD), having amended NMWD Regulation 109, Oceana Marin Sewer Service - Rates and Charges, through the adoption of Ordinance No. 25 on July 5, 2011, has fixed its charges for sewerage services for the fiscal year 2012-2013 in the amount of \$58 per month (\$696 per year) per parcel (no increase in the sewerage service charge is proposed), and further intends to elect to collect such charges on the tax roll as it did for fiscal year 2011-2012 in the same manner as general taxes. NMWD has caused to be filed with its Secretary a written report containing a description of each parcel of real property receiving sanitary sewerage service from said District and the anticipated amount of charges on each such parcel.

NOTICE IS HEREBY GIVEN THAT ON Tuesday, July 3, 2012 at 7:30 p.m. at a regular Board Meeting of NMWD held at The Dance Palace, 503 B Street, Point Reyes Station, California said Board will hear and consider all protests and objections to said report.

Dated: June 6, 2012

Publish: June 14 and June 21, 2012 in the Point Reyes Light

2012 COASTAL AREA SEWER COST COMPARISON

Comparison of NMWD's Charges with Other Agencies based on Charges in effect on 6/1/12

5/30/12

Agency	No. of Sewer Services	Monthly Service Charge	Annual Tax Revenue (1)	Annual Total
Marshall Community Wastewater System	32	\$100.57 (2)	\$0	\$1,207
Bolinas Community PUD	163	\$79.33	\$0 (3)	\$952
> NMWD Oceana Marin	227	\$58.00	\$181 (4)	\$877 <
Tomales Village CSD	107	\$63.00	\$59 (5)	\$815
Stinson Beach Co Water - Inspection Only	703	\$39.65 (6)	\$211 (7)	\$687
Bodega Bay PUD	1,010	\$44.90	\$0 (8)	\$539

Notes:

- (1) Includes taxes for debt service on outstanding sewer bonds and loans plus any applicable allocation of the AB8 1% County levy distributed to compensate for the Prop 13 elimination of the operation and maintenance tax.
- (2) Community wastewater step-system commenced October 2008. Each parcel has own septic tank, pumped to a community collection tank, then pumped into a community leach field. Rates shown will be effective on July 1, 2012.
- (3) Based on home with net AV of \$386,330 (average 2011/12 AV on 542 single family homes in Bolinas) and tax rate of 0.80¢/\$100 AV. none of which is allocated to sewer. Also shares in 1% County levy. This "allocation" is projected by the County of Marin at \$227,217 for Bolinas in 2011/12 of which 100% is credited to the water fund.
- (4) Based on share of 1% County levy. This "allocation" is projected by the County of Marin at \$41,025 for 2011/12 which equates to \$180.73 per service.
- (5) Based on home with net AV of \$294,534 (average 2011/12 AV on 107 single family homes in Tomales) and tax rate of 2¢/\$100 AV.
- (6) On-Site Wastewater System - no sewer system. Services provided include septic inspections, ground and surface water monitoring and other inspections required by the State Water Quality Control Board. In addition to the cost paid to Stinson Beach Water Co., each customer must purchase and install their own on-site wastewater system.
- (7) Based on allocation of 1% County levy. This "allocation" was projected by the County of Marin at \$495,267 for 2011/12 of which 30% was allocated to sewer amounting to \$211.35 per service.
- (8) Based on share of 1% County levy. This "allocation" was projected by the County of Sonoma at \$327,155 for 2010/11 which 100% was allocated to water (0% to sewer). FY11/12 information is not available until June.

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**NOTICE OF MEETING OF
NORTH BAY WATERSHED ASSOCIATION**

Notice is hereby given that a meeting of the North Bay Watershed Association will be held as follows:

Date: Friday, June 1, 2012
Time: 9:30 a.m. – 11:30 a.m.
Location: Novato Sanitary District
500 Davidson Street
Novato, CA 94945

AGENDA

<u>Item</u>	<u>Recommendation</u>
1. Call to Order (Jack Gibson, Chair)	
2. Public Comment	
3. Approval of the Agenda (1 min.)	Approve
4. Approval of Minutes	Approve
5. Treasurer's Report (1 min.)	Accept
6. Sustainable Localized Water Management in California (45 min.) Guest Speaker: Dr. Elizabeth Dougherty, Executive Director Wholly H2O	Information
7. Tomales Bay Watershed Council Update (30 min.) Guest Speaker: Neysa King, TBWC	Information
8. Items of Interest	
9. Items for Next Agenda	

Next Meeting Information:

Next Meeting: July 6, 2012

Marin Community Foundation
5 Hamilton Landing, Suite 200, Redwood Room
Novato, CA 94949

NORTH BAY WATERSHED ASSOCIATION

Minutes for the meeting of the North Bay Watershed Association (NBWA) Board of Directors.

Date: May 4, 2012
Time: 9:30 a.m.
Location: Hatt Hall at the Napa River Inn
500 Main Street
Napa, CA 94559

Directors Present: Directors present included:

<u>Board Member</u>	<u>Agency/Organization</u>	<u>Board Member</u>	<u>Agency/Organization</u>
Steve Barbose	City of Sonoma and Sonoma Valley County Sanitation District	Mark Luce	Napa Sanitation District
Megan Clark	Las Gallinas Valley Sanitary District	Carey Parent	Bel Marin Keys Community Services District
Mike DiGiorgio	Novato Sanitary District	David Rabbitt	County of Sonoma and Sonoma County Water Agency
Rick Fraites	North Marin Water District	Rick Thomasser	Napa County Flood Control and Water Conservation District
Jack Gibson	Marin Municipal Water District		
Kathy Hartzell	Central Marin Sanitation Agency		

Directors present represented 12 out of the 16 agencies signatory to the Association MOU. Jeanne MacLeamy was in attendance representing the City of Novato, Associate Member.

Board Actions:

1. **Call to Order.** Jack Gibson, Chair, called the meeting to order at 9:44 a.m.
2. **Public Comment.** There was no public comment.
3. **Approval of the Agenda.** (See Handout) The Board unanimously approved the agenda.
4. **Approval of the Minutes of the Board Meeting held March 2, 2012.** (See Handout) The Minutes of the Board Meeting held on March 2, 2012 were unanimously approved.
5. **Treasurer's Report.** (See Handouts) The Treasurer's Reports for March and April, 2012 were accepted as presented by Harry Seraydarian.
6. **Final Budget – 2012-2013 and Project Approval: Marin County Fish and Wildlife Commission (\$5k).** Harry Seraydarian used a PowerPoint to provide background on historic NBWA budgets and then summarized the March approval of a maximum budget for 2012-2013 of \$178,304. Harry reviewed the budget categories and indicated he had not received input on any suggested changes since the March 2 Board action. He asked if there were any suggested changes to the budget. There were no suggestions and the March decision became the final action on the 2012-2013 Budget. Harry then introduced a new proposal that had been developed since the March 2 meeting. The Marin County Fish and Wildlife Commission is requesting \$5,000 to help fund 3 specific projects on their 2012 list (Mill Valley Streamkeepers – newsletter-\$700, PRBO/STRAW – Water Buffalo-\$3,860, and Friends of Corte Madera Creek – signage-\$1,100). Harry explained the Commission's process and the 3 projects and mentioned the endorsements of the NBWA Water Quality and Habitat/Floodplain Technical Committees. Harry noted that income from the Conference was ~\$5,000 more than expected so this project could be approved without changing estimated carryover funds. A Board member asked if the MCFAWC could provide the balance of the funding for the 3 projects? (Yes.) The NBWA Board unanimously approved a \$5,000 "contribution" to the Marin County Fish and Wildlife Commission targeted to the identified projects.

Harry also provided a summary of feedback from the April 13 Conference (97 out of about 200 attendees filled out forms): Conference met needs/expectations – 4.5 out of 5; Facilities were adequate, enjoyable and conveniently located – 4.5 out of 5; Conference length – 4.4 out of 5; Information – enable to be more effective on interconnected Bay Area water issues – 4.4 out of 5; Speakers – 4.33 average out of 5 (range 3.9 to 4.6). Harry also highlighted the types of specific comments received that will be considered for future conferences.

7. **Items of Interest.**

- * September 17 David Yearsley Memorial Fundraiser Event at the Lagunitas Brewing Company.
- * On May 3, 2012 the MMWD Board approved a Multi-Benefits/Integrated Water Management Projects Policy (based on NBWA Policy on Integrated Projects).

8. **Items for Next Agenda.**

- * Sustainable local water management – Elizabeth Dougherty, Ph.D., Wholly H2O Founder and Ex. Dir.
- * Tomales Bay Watershed Council Update – Neysa King

9. **Status Update on the Napa River Flood Protection Project and Restoration Efforts on the Napa River.**

Rick Thomasser used a PowerPoint to provide an update on the Napa River Flood Protection Project and Restoration Efforts. He highlighted the Oxbow in the City of Napa and reflected on Measure A – a 20 year, .5 cent sales tax that has raised \$230 million in revenue. Rick used an overview map to note the flood protection efforts in the cities on the Napa drainage and also explained the link with water supply reliability and the use of recycled water. He identified the key restoration areas on the Napa River, and in the Oakville and Rutherford areas. Rick emphasized the "Living River" design and the concept of giving the Napa River more room. He highlighted the South Napa Wetlands (900 acres restored by breaching levees) and the Oxbow bridge replacements with new levees and flood walls, which increase riparian width (15 year effort to be completed by 2017). Rick provided more detail on the South Wetlands Opportunity Area and noted that restoration was accomplished through breaching levees and not much active planting. He then described the efforts to monitor native habitat and vegetation communities (examples of improved vegetation and increases in bird surveys). Rick then described the "urban reach" near the Third Street bridge as setting the tone for aesthetics of public spaces. Rick provided examples of marsh plain restoration and floodplain terracing with an example of removing industrial development (Requiring removal of 230,000 cubic yards of petroleum contaminated soil, excavating to a 15 foot depth and placing clean fill). Rick then focused on the Hatt complex (flood wall completed in 2008) and the Veterans Memorial Park and Floodwall (designed to withstand being inundated by a 50 year flood event). Rick emphasized that the flood project had created an opportunity for renewal on Main Street. Rick then described the outlet improvements on Napa Creek (a bypass culvert and large woody debris structures that should be finished in one year). Rick then explained the other restoration efforts in Rutherford and Oakville and the need to restore geomorphic function, improve habitat, and comply with the TMDL for sediment. Rick noted the work was done on private property and Special Benefit Zones were created to fund maintenance work performed by the County. Rick provided some visuals of erosion examples and summarized the status on the Rutherford area (9 reaches totaling 4.5 miles and now working on reach 4). Rick highlighted the success in leveraging local funds with grants from the State and the EPA. Rick provided a status update on the Oakville to Oak Knoll reach and mentioned a \$395k grant from the EPA for design. Rick then highlighted the efforts to manage invasive non native plants and Pierce host plant species and also removing trash. Rick ended with a description of the Zinfandel Fish Passage Improvement Project completed in October, 2011 with a \$400k grant from the State Coastal Conservancy. The NBWA Board Members had a few questions. How long did locals work on passing Measure A? (Approximately 3 years. The 2/3 vote was held in 1997 and passage of Measure A was perhaps positively influenced due to a flood that occurred a few weeks before the vote. The community had previously rejected design concepts proposed by the USACE). Is the USACE at the center of the conflict between TMDLs restricting sediment in streams and the shortage of sediment in the bay? (No, not necessarily – sediment is stuck in the wrong places and the type of sediment is also an important factor).

Jack Gibson, Chair, adjourned the meeting at 10:43 a.m. for the walking tour.

10. **Napa River Walking Tour.** Downtown Reach of the Napa River Flood Control Project

SUBJECT TO BOARD APPROVAL

Submitted By: Elizabeth O. Preim-Rohtla

NEXT MEETING INFORMATION:

June 1 – Novato Sanitary District, 500 Davidson Street, Novato, CA 94945

July 6 – Marin Community Foundation, 5 Hamilton Landing, Suite 200, Redwood Room, Novato, CA 94949

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DISBURSEMENTS - DATED MAY 16, 2012

Date Prepared: 5/15/12

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

Seq	Payable To	For	Amount
1	Ackerman, Gerald	Retiree Exp Reimb (Monthly Health Ins)	\$90.69
2	America Shredding	Document Shredding (45 boxes) (\$24 Reimbursed by Employees)	267.75
3		Vision Reimbursement	332.46
4	Backflow Distributors	6" Check Valve Relay Port	202.09
5	Balderama, Susan	Novato "Washer Rebate" Program	50.00
6	Barry, Mariann	Novato "Washer Rebate" Program	50.00
7	Best Best & Krieger	Solar Power Purchase Agreement Revision (to be Reimbursed by SPG)	231.00
8	Bradbery, Ronald	Retiree Exp Reimb (Monthly Health Ins)	90.69
9		Vision Reimbursement	149.00
10	Bundesen, Gerald	Retiree Exp Reimb (Monthly Health Ins)	779.57
11	Butti, Lou	Retiree Exp Reimb (Monthly Health Ins)	779.57
12	California Water Service	March/April Water Service (OM) (0 Ccf)	142.01
13	California State Disbursement	Wage Assignment Order (3)	1,478.50
14	Centrisys	Repair of Centrisys Centrifuge	24,501.37
15	Connolly, Michael	Exp Reimb: Treatment Plant Operator III Exam Review	200.00
16	Cook Paging	May Pager Rental (2)	14.70
17	Cummings Trucking	Rock (64 yds)	2,288.62
18	Derby, Richard	Retiree Exp Reimb (Monthly Health Ins)	90.69
19	Diaz, Regina	Novato "Washer Rebate" Program	50.00
20	Diggs, James	Retiree Exp Reimb (Monthly Health Ins)	779.57

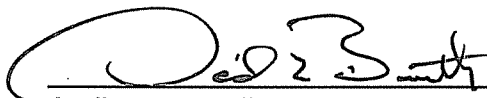
Seq	Payable To	For	Amount
21	Environmental Express	Chlorite (\$38) & Nitrite Standard (Lab)	76.43
22	Environmental Science Assoc	Prog Pymt #16: NMWD - SRF Environmental Support Services - Recycled Water Exp Project (Balance Remaining on Contract \$15,609)	468.21
23	Eyler, John	Retiree Exp Reimb (Monthly Health Ins)	90.69
24	Fisher Scientific	pH Test Strips (12) (Lab)	24.86
25	Golden Gate Petroleum	Lubricant for Centrysis Sludge Centrifuge (20 gals)	331.95
26	Grainger	Pump Panel Electrical Parts (\$429), Tube Cutters (2), Tube Cutter Wheels (4), Swivel Casters for STP Chlorine Training Tank Frame (4) (\$132), High Pressure Spray Gun & Wand Extension (\$55) ('03 Vacuum Excavator)	691.50
27	Gremmels, Nelson	Novato "Washer Rebate" Program	50.00
28	Groeniger	Service Saddles (9)	346.27
29	Grotjahn, Tony	Refund Overpayment on Closed Account	19.71
30	Haas, Jay	West Marin "Toilet Rebate" Program	75.00
31	Hassanpour, Neda	Novato "Toilet Rebate" Program (\$225) & Refund Alternative Compliance Reg 15 Deposit (\$945)	1,170.00
32	Hertz Equipment Rental	Rental of Forklift for Installation of the Centrysis Rotating Drum @ STP	380.57
33	HydroScience Engineers	Prog Pymt #6: Recycled Water On-Site Retrofits - Task 1 (Balance Remaining on Contract \$32,564)	900.00
34	Invarion	Annual License Renewal Fee, Including Support, Maintenance & Upgrades for Traffic Control Plan Program (Budget \$0)	375.00
35	Jacobs Associates	Review Horizontal Directional Drilling Calculation Submittal - Recycled Water Expansion Project	430.00
36	Johnstone, Daniel	Retiree Exp Reimb (Monthly Health Ins)	90.69

Seq	Payable To	For	Amount
37	Journey Ford/Lincoln	Shock Absorbers (2) (\$130), Brake Pads (\$58), Rotors (\$243) & Seals ('05 Ford Ranger)	465.38
38	Kelly-Moore Paint	Paint (2 gals) (Amaroli Tank Gate)	83.50
39	Keyes, P. M.	Novato "Toilet Rebate" Program	150.00
40	Lincoln Life	Deferred Compensation PPE 5/15	9,913.33
41	Lippi, Karen	Novato "Washer Rebate" Program	50.00
42	Maltby Electric	Telemetering Cable Splice Kits (4)	681.86
43	Matchette, Tim	Retiree Exp Reimb (Monthly Health Ins)	230.18
44	McLellan, WK	Misc Paving: Novato Area	300.00
45	McCloskey, Richard	Novato "Washer Rebate" Program	50.00
46	National Deferred	Deferred Compensation PPE 5/15	1,025.00
47	Nelson, John O.	Retiree Exp Reimb (Monthly Health Ins)	90.69
48	New Pig	Absorbent Drain Mat (Shop)	99.72
49	North Bay Gas	Cutting Torch Tip & April Cylinder Rental (\$308)	322.68
50	Novato Disposal Service	April Trash Removal	413.20
51	Nute Engineering	Engineering Services: Recycled Water South Service Area Phase 1B (Balance Remaining on Contract \$28,156)	1,844.50
52	O'Reilly Auto Parts	Solar Battery Charger (SCADA Temperature Sensor)	29.28
53	Pace Supply	4" Steel Pipe (20') (\$787), Saddle (\$179), Double Check Valve (\$204), Couplings (16) (\$5,320), Air Release Valve (\$250), Ells (7) (\$641), Meter Gaskets (3), Hydrants (8) (\$12,547), Box Lids (84) (\$1,742) & 36" Dewatering Hand Pump (\$110)	21,786.24
54	Parkinson Accounting Systems	Quarterly Accounting Software Support (\$1,500) & Install Updated Barcode System (\$97)	1,597.50
55	Peroni, Emil	Novato "Toilet Rebate" Program	150.00
56	Piazza, Frank	Novato "Cash for Grass" Program	202.50

Seq	Payable To	For	Amount
57	Poiani, Pete	Retiree Exp Reimb (Monthly Health Ins)	90.69
58	Pump Repair Service	New Pump for Water Quality Mixing System (Pacheco Tank) (Budget \$650)	639.28
59	PVS Minibulk	Sodium Hypochlorite (1,130.95 gals)	1,967.19
60	Roberts & Brune	Service Saddles (22) (\$2,224), Hydrants (3) (\$5,086), Tapping Sleeve (\$1,357) & 6" Coupling (\$418)	9,086.99
61		Cafeteria Plan - Uninsured Medical Reimbursement	139.05
62		Cafeteria Plan - Uninsured Medical Reimbursement	68.03
63	Rose, Billy	West Marin "Toilet Rebte" Program	150.00
64	Scott's Office Equipment	Quarterly Maintenance on Engineering Copier (1/16/12 - 4/15/12)	465.80
65	Secretary of State	Reg Fee: Notary Exam (Young)	40.00
66	Shirrell Consulting Services	April Dental Expense	4,976.00
67	Smail, John	Retiree Exp Reimb (April & May Health Ins)	181.38
68	Soiland	Fee for Asphalt Recycling	40.00
69	Sonosky, Norma	Retiree Exp Reimb (Monthly Health Ins)	90.69
70	United Parcel Service	Delivery Services: Sent Plans/Specs-Pt Reyes Well #3 Replacement, Flow Meter Cable Repair, Ret'd Safety Training Videos & Tubidimeter for Repair	56.07
71	UNUM Life Insurance	May Group Life Ins Premium	686.12
72	Velloza, Richard	Retiree Exp Reimb (Monthly Health Ins)	90.69
73	Wilson, Denver	Novato "Washer Rebate" Program	50.00
74	Wright, Lawrence	Novato "Toilet Rebate" Program	75.00

Seq	Payable To	For	Amount
75		Cafeteria Plan: Child Care Reimbursement	208.33
76	Young, Katie	Exp Reimb: Mileage, Toll, Meal & Parking - Business Writing Class	58.89
		TOTAL DISBURSEMENTS	<u><u>\$96,734.92</u></u>

The foregoing payroll and accounts payable vouchers totaling \$96,734.92 are hereby approved and authorized for payment.



Auditor-Controller

5/15/12

Date



General Manager

5/15/2012

Date

DISBURSEMENTS - DATED MAY 23, 2012

Date Prepared: 5/22/12

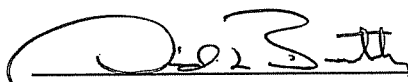
The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:


Seq	Payable To	For	Amount
P/R*	Employees	Net Payroll PPE 5/15	\$119,451.94
EFT*	US Bank	Federal & FICA Taxes PPE 5/15	44,456.54
1	AT&T	Telephone Charges: Leased Line	62.86
2	AT&T	Telephone Charges: Local (\$76) & Minimum (\$94)	169.99
3	Backflow Distributors	Fire Service Repair Parts	166.75
4	Bank of Marin	AEEP Loan Principal & Interest (Pymt 7 of 240)	46,066.67
5	Bardo, Lance & Elizabeth	Novato "Cash for Grass" Program	325.00
6	Bay Area Barricade Service	White Stripping Paint (48-17oz cans)	223.52
7	Bentley, David L.	Exp Reimb: Mileage-\$155 & Lodging (ACWA Conference-Monterey)	354.45
8	State of California	State Tax & SDI PPE 5/15	8,732.37
9	Calpico	Anodes (18) (\$2,741), Grounding Clamps (33), T-Caps (38), Cadweld Shots (100) & Brass Sleeves (100)	3,210.73
10		Cafeteria Plan - Uninsured Medical Reimbursement	100.00
11	Domingo, Evan	Refund Security Deposit on Hydrant Meter Less Final Bill	440.77
12		Cafeteria Plan - Uninsured Medical Reimbursement	52.00
13	Farwest Corrosion Control	Stainless Steel Terminals (20) (\$303) & Bonding Straps (50)	402.11
14	GHD	Engineering Services: Pt Reyes Well #3 (Balance Remaining on Contract \$6,670)	2,409.50
15	Golden Gate Petroleum	Gasoline (\$4.08/gal) & Diesel (\$4.15/gal)	4,685.37

Seq	Payable To	For	Amount
16	Grainger	Heavy Duty Hoist Ring for STP Chlorine Tank (\$107), Sensor Pump (\$190) & EII for Portable Sump Pump	298.57
17	Haines, Nicola	Novato "Toilet Rebate" Program	150.00
18	Hello Direct	Headset (Bentley)	191.77
19	Henre, Rene	Novato "Washer Rebate" Program	50.00
20	The Knox	Locking Hydrant Caps (6)	1,315.02
21		Cafeteria Plan - Uninsured Medical Reimbursement	56.00
22	Landeros, Dianne	Exp Reimb: Mileage & Bridge Toll (Baywork Workshop)	64.83
23	McLellan, WK	Misc Paving: Novato Area (1,220 S.F.)	10,928.13
24	MegaPath	DSL Internet Service (5/12/12 - 6/12/12)	142.30
25	Nute Engineering	Engineering Services: Hamilton Area Recycled Water Distribution System-South (Balance Remaining on Contract \$39,382)	4,329.00
26	Office Depot	Xerox Multifunction Laser Printer (Moore)	1,082.78
27	Pace Supply	Ells (5) (\$192), Corp Stops (15) (\$2,871), Angle Meter Stops (30) (\$1,069), Ground Rods (2), Plugs (5), Nipples (3), Saddles (4) (\$436), Lids (13) (\$678), Couplings (14) (\$2,033), Hydrant Ext (5) (\$372), Meter Spuds (40) (\$330) & Tape (\$256)	8,386.78
28	Pape Machinery	Bucket & Tooth Pins (24)	238.16
29	PERS Retirement System	Pension Contribution PPE 5/15	43,440.70
30	NMWD Petty Cash	Petty Cash Reimb: Mileage, 3 Drawer Cart, Table Covers, Key for Shed, Bridge Toll, Parking, Desk Top Sorter, Snacks & Fuel for Weed Wacker	137.69
31	Phillips & Associates	May O&M of O.M. Wastewater Treatment System	5,101.24
32	Prichard, Robert	Novato "Washer Rebate" Program	50.00
33	Roberts & Brune	6" Aluminum Pipe (140')	1,519.00

Seq	Payable To	For	Amount
34		Cafeteria Plan - Uninsured Medical Reimbursement	100.00
35	Sequoia Safety Supply	Safety Gloves (1,000) (Construction)	116.86
36	Siemens Water Technologies	Deionization Rental (4/1/12-9/30/12) (\$300) & Service for Tank Replacement and Recharge (\$215) (Lab)	515.48
37	Staples	Tape, Magazine Holders (3) & Foam Board (Water Conservation Outreach Events)	73.81
38		Cafeteria Plan - Uninsured Medical Reimbursement	62.10
39	Stompe, Brad	Exp Reimb: Reg Fee: Wine Country Waterworks Association Training Symposium	45.00
40	URS	Prog Pymt #4: Construction Management Services for Recycled Water South Project (Balance Remaining on Contract \$470,711)	23,554.54
41	US Postal Service	Meter Postage	1,000.00
42	Verizon	Telephone Charges: Leased Lines (\$239) & Minimum (\$135)	374.58
43	Zenith Instant Printing	Business Cards (Kurfirfirst & Cilia) (350)	113.86
		TOTAL DISBURSEMENTS	<u>\$334,748.77</u>

The foregoing payroll and accounts payable vouchers totaling \$334,748.77 are hereby approved and authorized for payment.


 Auditor-Controller 5/22/12
 Date


 General Manager 5/22/2012
 Date

DISBURSEMENTS - DATED MAY 30, 2012

Date Prepared: 5/29/12

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


Seq	Payable To	For	Amount
1	Aberegg, Michael	Drafting Services: City Admin Office (Balance Remaining on Contract \$8,645)	\$880.00
2	Advanced Reproduction Center	Plans/Specs - Recycled Water North On-Site Retrofit (10 sets)	303.80
3	Ahlborn Fence & Steel	Novato Blvd Fencing (Budget \$25,000)	23,588.00
4	Athens Administrators	Replenish Workers' Comp Account (\$190) (LeBrun) & May Workers' Comp Admin Fee (\$1,000)	1,190.29
5	Calif Contractors Supplies	4 In 1 Penetrating Lubricant (36-15 oz cans)	494.94
6	California State Disbursement	Wage Assignment Order (3)	1,478.50
7		Cafeteria Plan - Uninsured Medical Reimbursement	85.54
8	Ciabattari, William J	Novato "Washer Rebate" Program	50.00
9	Covello Group	Prog Pymt #12: Recycled Water Pipeline Expansion (Balance Remaining on Contract \$177,615)	26,346.00
10	CPI International	PVC Pump Tubing (Lab)	58.45
11		Cafeteria Plan - Uninsured Medical Reimbursement	597.02
12	Fisher Scientific	Chlorite & pH Probe (\$326) (Lab)	366.34
13	Garrett, Daniel	Exp Reimb: 2-Day Treatment Operator Exam Review (\$200), Exam Registration (\$200) & Exam Fee (\$100) (Grade 3)	500.00
14	Grainger	Replacement Dust Filters for Respirator Mask (50) (\$131) & Emergency Light (\$33)	164.39
15	Haskell, Pat	Novato "Washer Rebate" Program	50.00


Seq	Payable To	For	Amount
16	HydroScience Engineers	Progress Pymt #7: Recycled Water On-Site Retrofits - Task 1 (Balance Remaining on Contract \$29,924) & Engineering Services: Design & Prepare Specifications for PT Reyes TP Solids Handling Addition (Balance Remaining on Contract \$7,590)	3,180.00
17	InfoSend	April Processing Fee for Water Bills (\$1,438), Postage (\$3,690) & Green House Call Inserts for Water Bills (\$169)	5,297.06
18	Juarez, James	Novato "Toilet Rebate" Program	225.00
19	Kehoe, Chris	Exp Reimb: Publication-Water Distribution Sys Operation & Maint Manual (\$50), Reg Fee-Water Distribution Operator Exam-Grade 2 (\$65) & Water Distribution Operator Certification Fee Renewal (\$70) (Grade D1)	185.00
20	Keller, Edward & Karen	Novato "Washer Rebate" Program	50.00
21	King, Stewart	Novato "Washer Rebate" Program	50.00
22		Cafeteria Plan - Uninsured Medical Reimbursement	58.50
23	Lincoln Life	Deferred Compensation PPE 5/31	10,113.33
24	Maltby Electric	Generator Connection for Emergency Power @ NSD RW Facility (Budget \$2,000) (\$1,166), Conduit Couplings (6) & Ells (6)	1,189.07
25	McLellan, WK	Misc Paving: Novato Area (1,064 S.F.)	11,321.94
26	Drew McIntyre	Exp Reimb: Mileage (2/12-5/22/12)	354.65
27	Michael Lombrozo, Geco	Claim Settlement - Reimbursement for Damage to Industrial Park Office Furnishings Allegedly Caused by Broken PB Pipe	1,000.00
28	National Deferred	Deferred Compensation PPE 5/31	1,025.00
29	Neopost USA	May Postal Meter Rental	65.10
30	On Line Resource	Refund Payment -Account Closed	220.99
31	Owuiet, Cathrine	Novato "Washer Rebate" Program	50.00

Seq	Payable To	For	Amount
32	Pace Supply	3/4" Tube Nuts (7) (\$93) & Box Lids (56) (\$1,161)	1,254.16
33	PERS Health Benefits	June Health Ins Premium (Employees \$49,712, Retirees \$10,440 & Employee Contrib \$6,708)	66,860.32
34	Peterson Trucks	Air Filter (\$66) & Oil Seals (\$102) ('07 Int'l 4300)	168.11
35	PG&E	Power: Bldgs/Yard (\$2,343), Rectifier/Controls (\$569), Pumping (\$11,416), Treatment (\$3,724) & Other (\$82)	18,134.79
36	Point Reyes Light	Display Ad: Flushing Notice	17.00
37	Point Reyes Prop Mgmt Assn	May HOA Dues (25 Giacomini Rd)	75.05
38	Pollard Water	Discharge Hose (25')	33.00
39	PVS Minibulk	Sodium Hypochlorite (998.87 gals)	1,528.34
40	Rainin Instrument	Annual Calibration (\$183) & Maintenance of Micro Pipets (Lab)	246.46
41	Ranger Pipelines	Prog Pymt #3: Recycled Water North Seg 2 Project (Balance Remaining on Contract \$1,044,879)	119,600.44
42	Robbins, Everett	Novato "Washer Rebate" Program	50.00
43	Sequoia Safety Supply	Poison Oak Repellant (12) (\$145), Safety Face Shields (12) & Brief Relief Urine Bags (100) (\$221)	391.39
44	Siemens Industry	Level Sensor for Chlorine Tank @ Pacheco Tank Mixing System (Budget \$1,200)	1,123.08
45	Sonoma County Water Agency	April Contract Water	308,365.95
46	Township Building Services	April Janitorial Services	1,754.84
47	United Parcel Service	Delivery Services: Sent Sonde DO Sensor for Repair, Plans/Specs for Leveroni Creek Bank Stabilization & Backflow Tester Sent for Calibration	41.10

Seq	Payable To	For	Amount
48	Wiley Price & Radulovich	Consulting Services: Health Care Dependent Coverage to Age 26 Applicability to Self-Funded Dental & Vision Plans	184.00
49	Winzer	Dust Masks (20) (Shop)	81.88
		TOTAL DISBURSEMENTS	<u>81.88</u> <u>\$610,448.82</u>

The foregoing payroll and accounts payable vouchers totaling \$610,448.82 are hereby approved and authorized for payment.

 5/29/12
Auditor-Controller Date

 5/29/2012
General Manager Date

BOD
MISC



RECEIVED

May 18, 2012

MAY 22 2012

THE CITY OF
NOVATO
CALIFORNIA

North Marin Water District

75 Rowland Way, #200
Novato, CA 94945-3232
415/899-8900
FAX 415/899-8213
www.novato.org

Dear Volunteer:

Mayor
Denise Athas
Mayor Pro Tem
Pat Eklund
Councilmembers
Madeline Kellner
Eric Lucan
Jeanne MacLeamy


City Manager
Michael S. Frank

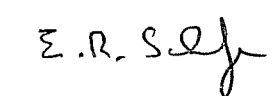
Thank you for your help in making Novato's 17th Annual **Clean & Green Day** such a success. There were over 250 people involved and a ton of waste was collected and properly disposed. We estimated about 214 acres of parks were cleaned up, plus schools and over 13 miles of roadsides, creekbanks and trails were cleaned.

Working together we achieved a lot. It could not have happened without your help.

Thank you very much.

Sincerely,


Susan Stompe
Co-Chair
Clean & Green Day
Novato Streetscape Coalition


Ed Schulze
Co-Chair
Clean & Green Day
Novato Streetscape Coalition

BOB
MISC



Maxwell

Water Is *Still* Cheap: Demonstrating the True Value of Water

Seven years ago, *Journal - American Water Works Association* printed an article titled *Water Is Cheap—Ridiculously Cheap!* in the Market Outlook column—and it's still true. There is no other commodity whose real value so far exceeds its nominal price and whose price is often so unreflective of the real cost of providing it.

The price of water around the world is gradually creeping upward. *Global Water Intelligence (GWI)* reports that water tariffs, on average, rose globally by almost 7% between July 2010 and July 2011, and similar increases have occurred over the past several years (*GWI*, 2011). Water prices are rising dramatically in some places, for example Memphis, Tenn., which saw its combined water/wastewater rates increase by 93% over the past year. But water is still cheap in most parts of the world—and public tap water in this country is certainly a great bargain.

At some level, we all understand that water is vital—that without it, life cannot exist. But this value of water message still hasn't really gotten across to most of the US public. Water rates are still a political "hot potato" in many cities and towns around the country. Huge controversies

are often generated by municipal attempts to raise water rates by 10 or 20%, even though for most of us large percentage increases in our water rates would be equivalent to no more than \$10 or \$15 a month. Many municipal managers fear citizen revolts over "rate shock"; mayors and town councils are often leery of—or downright afraid of—raising rates, even though their infrastructure may be in a state of obvious decay, and even though water bills are a tiny fraction of the average family's monthly expenses. Many people who vigorously oppose nominal water rate increases undoubtedly spend much more every month on bottled water than any rate increase is likely to cost them.

So, we'll try once again to demonstrate in various ways—some perhaps a bit tongue-in-cheek—that water still remains very inexpensive relative to its true value. In fact, there is no other commodity whose real value is so high relative to its price, and whose price is often so uncorrelated with the real cost of providing it. Some simple facts, figures, and anecdotes quickly demonstrate that we have the true luxury situation today of not having to pay anywhere near as much for water as it is really worth to us. But this situation is not going to last forever.

WHAT DO WE PAY FOR WATER IN THE UNITED STATES?

First, let's look at what we actually do pay for our drinking water in the United States. Although the prices that we pay for water vary widely across the country, they typically average about \$4 or \$5 per thousand gallons—working out to a bill of about \$30 a month for the average US family. A recent study from the US Environmental Protection Agency suggested that the average residential dwelling pays \$474 per year (USEPA, 2009). But according to the recently published AWWA (2012) report *Buried No Longer*, this same individual residential user could find his or her rates increasing by as much as \$550 per year, just to cover the required capital investment costs of maintaining the infrastructure over the next 20 years. Even so, the Congressional Budget Office (CBO, 2002) reported that the typical US family spends less than 0.5% of its disposable income on water—not bad, considering it's one of our most precious resources.

Clearly, the situation in terms of water supply and delivered costs varies widely across the United States, as one would expect given the range of climates, weather patterns, and quality and age of infrastructure in different regions of the country. But they don't always vary in the way that might be expected. Delivered tap water tends to cost more in the rainy north-eastern part of the country, and—contrary to intuition—cost less in the more arid south and west. Columbus, Ohio, the center of the humid Midwest, pays more than \$20 per thousand gallons, or 2 cents per gallon, the highest of any major US city surveyed in the recent *GW*I study. Boston, Mass., pays 1.2 cents per gallon, and New York, N.Y., pays about a penny a gallon. As you move into the more arid high plains, Denver, Colo., pays 0.81 cents per gallon,

while the parched El Paso, Texas, and Las Vegas, Nev., areas pay just 0.6 and 0.9 cents per gallon, respectively. Los Angeles, Calif., pays about a penny a gallon, similar to New York.

So, averages can clearly disguise some significant regional pricing variations—and regional variations are typically caused by subsidies of various types—political rather than economic factors. On average, however, US residents typically pay somewhere around about half-a-penny per gallon, or roughly \$5 per thousand gallons for their precious tap water.

WHAT DO OTHER COUNTRIES PAY FOR WATER?

How do water rates in the United States compare with other countries? Clearly, water tariffs vary all over the place not only within a given region, but also between different countries. Table 1 (*GW*I, 2011) shows both average water prices and per capita water consumption figures for various countries.

Two things are pretty clear—residents of the United States generally pay less for water than residents of most other countries. Second—the cheaper water is, the more we tend to consume. Germans and Danes pay well over a penny a gallon (indeed, one city in Denmark was reported to pay almost 4 cents a gallon) and correspondingly are among the most frugal consumers. Only the Canadians—with their relatively small population and vast water resources—consume more water than we Americans do.

Unfortunately, this kind of analysis is not even applicable in many of the less developed countries of the world—a large percentage of the population in these countries simply don't have the option of buying clean drinking water from any kind of centralized distribution system.

The price of water relative to the price of other consumer goods. It is instructive—if a bit sad—to look at what we pay for water in comparison to what we pay for several other liquid consumer goods that many of us buy and use every day. A comparison of the costs in Table 2 shows just how cheap tap water really is.

Is there any doubt as to which of these substances is the most critical to our wellbeing? We can't live for more than six or seven days without water, but most of us can live for quite some time without Chanel No. 5—if perhaps it's less easy to do without imported beer! Our much more critical tap water remains hundreds or thousands of times cheaper than the other liquid commodities or extravagances on which we spend much more money.

No discussion about the value of tap water can really be put into proper context without a minor detour to expose the spectacle of bottled water in this country—a virtually identical product that costs a hundred to several thousand times more. Yet the same US public that gets up in arms about minor water rate increases continues to

TABLE 1 Average water prices and per capita consumption

Country	Average Price— cents per gallon	Average Consumption— gallons per capita per day
Denmark	1.64	30.2
Germany	1.26	39.8
France	1.23	61.2
Australia	1.19	160
United Kingdom	0.78	36.7
Canada	0.73	205
Japan	0.56	98.4
Spain	0.56	90.2
Turkey	0.52	62.8
United States	0.48	163
Italy	0.37	127

happily spend away on bottled water, reportedly spending more than \$11 billion on it in 2010. (World consumption is estimated at more than \$60 billion annually.) If our tap water cost as much as we are apparently willing to spend on bottled water, our monthly water bills would be more like \$30,000—not \$30.

The Pacific Institute has pointed out that our expenditures on bottled water prove that we as a society do indeed have the resources to make comparable expenditures to provide far greater quantities of water for far less money by investing in reliable domestic supplies. In other words, if we spent the same amount of money on building public water systems that we currently spend on bottled water, we could easily provide a much greater swath of the total world population with clean, safe drinking water.

At the same time that many parts of the world face crippling water shortages, it is outrageous to many observers to witness the way the bottled water craze continues to captivate the US public. Hollywood still pitches all manner of natural spring waters, vitamin waters, colored water, energy waters, smart waters, and various other so-called specialty beverages—right up to “Bling H2O,” which proudly calls itself the most expensive bottled water available—all available at a cost of only a few thousand times more than the price of the tap water from which they are virtually indistinguishable. “Liquid OM” is, according to *Newsweek* (2007), a “super-purified bottled water containing vibrations that promote a positive outlook. . . . The water purportedly possesses an energy field made by striking a giant gong and Tibetan bowls in the vicinity of the water. The good energy can be felt not just after you drink the water but also when you’re just holding the bottle.” What can possibly be next? All of this calls to mind the famous quote from H.L. Mencken that “no one ever went bankrupt underestimating the intelligence of the American public.”

But the fad may be moderating. With the ongoing economic hardships that many Americans are currently suffering from, there will definitely be a change in the public appetite to pay such huge prices for essentially the same thing that comes out of their taps virtually for free. More and more upscale restaurants are now promoting the virtues of tap water, and even the National Association of Evangelicals has stated, “Spending \$15 billion a year on bottled water is a testimony to our conspicuous consumption, our culture of indulgence . . . drinking bottled water may not be a sin, but it sure is a choice.”

To be fair, there is no doubt that bottled water supplies can be of critical help in short-term emergencies, or where the safety of public water systems has been temporarily compromised, and in many parts of the developing world where public tap water is not nearly as safe as it is in the United States.

TABLE 2 Price of water versus price of other common consumer goods

Product	Average Price— US dollars per gallon
Tap water	\$0.0048
Coca-Cola®	\$3.00
Gasoline	\$4.00
Tide® liquid detergent	\$8.50
Imported beer	\$12.00
Evian® bottled water	\$25.00
Starbucks® latte	\$22.00
Pepto-Bismol®	\$65.00
Vicks Formula 44D® cough syrup	\$100.00
American whisky	\$150.00
Visine® eye drops	\$750.00
Revlon® nail enamel	\$1,000.00
Good French wine	\$1,000.00
Chanel® No. 5 perfume	\$45,000.00

Source: Maxwell, 2005; updated to reflect 2012 prices

The cost of water services versus other basic services.

Another popular way to emphasize the relatively low cost of water is to compare it with how much we typically pay for other basic services every month. The average American family pays about \$40 a month for water. This compares to about \$90 dollars a month for internet/cable television, \$75 a month for telephone service, and \$104 a month for electricity, according to the US Energy Information Agency (2009). Again, we pay much less for the service which—if push ever comes to shove—we clearly need the most. It gets worse. Consider this; bulk chicken manure typically costs around \$15 to \$20 a ton, and potting soil—dirt—can cost as much as \$2,500 per ton. Good clean tap water goes for a little over a dollar a ton.

Collective national spending on water. Finally, let’s look at our cost of water in terms of how much we as a society spend on water, versus what we spend on other aspects of life or sectors of the economy. What do we really spend on water? The US Conference of Mayors (2008) reports that we pay about \$46 billion a year for drinking water, while the *Environmental Business Journal* (2011) assumes \$43 billion. Let’s assume that we spend \$45 billion a year to pay for our public water supplies. How does that compare with what we spend as a country on various other goods and services, activities, and pastimes? We spend

- \$52 billion a year on our pets—20% more than we spend on water.
- \$90 billion a year on tobacco products—twice what we spend on water. (More than \$10 billion a year just on advertising tobacco products.)

- \$93 billion a year on legalized gambling—more than twice what we spend on water.

- \$160 billion a year on alcoholic beverages—almost 4 times what we spend on water.

- \$720 billion a year on military defense—16 times the amount we spend on water.

For those who argue that we pay too much for our drinking water, let's try to keep things in perspective. We spend more on tobacco, twice as much on gambling, and almost three times as much on alcoholic beverages than we do on the single substance most critical to sustaining life—water.

We waste a lot of water. Because water is so cheap, we tend to waste a lot of it. It is difficult to measure exactly how much water we “waste,” because this is somewhat of a subjective value judgment. For example, we lose almost 15% of the total amount of clean water that we produce in this country—about six billion gallons a day—through leakage and our decaying infrastructure. What other manufacturing industry would allow anything close to that kind of product loss rate?

Is watering a yard in Phoenix a waste of water? Is a nice, 15-minute shower a waste of water? Is it a waste to wash your Corvette once a week? It is a bit of a value judgment to define what constitutes a waste of

water, but there is no doubt that we waste a lot of it. We'd be likely to waste a lot less water if we had to pay slightly more for it.

The elasticity of water demand—the percentage by which consumption goes down as price goes up—is being increasingly studied by water econo-

mists. They hope to determine how different water pricing approaches might help lead to more efficient allocation. However, at some level, it's pretty obvious that we would use less water, and waste less, if it cost more. Research routinely points to the United States as being one of the most wasteful nations on earth in terms of water use.

SO, WHY IS WATER SO CHEAP?

The fundamental reason that water is so cheap is that we obviously have a lot of it. There is a lot of

Many people who vigorously oppose nominal water rate increases undoubtedly spend much more every month on bottled water than any rate increase is likely to cost them.

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Water Quality Instrumentation
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water on this planet—it falls out of the sky, and two-thirds of the planet is covered by it. If water were as rare as gold or silver or oil, it would obviously cost a lot more. Yes, there is a huge and growing demand for water, but there is also a huge supply of it. There is so much of it around that it has always been treated as something that should be free to all—just like the air that we breathe. But at some point, water will have to be subject to the laws of supply and demand—like all the other goods and services that we consume. All of us—even most of us working in and around the water resource field—still have an innate tendency to think that water should be free, or almost free. However, there is an important issue here that most people don't think about, and that the water industry has historically done a poor job of explaining. The problem can be paraphrased in the following way: "God may have given us free water, but He forgot to lay the pipes and build the treatment plants." Indeed, it can still be argued that water itself is actually "free"—and that it's just all of the attending water services that costs a lot of money. It's the pumping and distribution systems, the treatment plants to treat our water and wastewater, and all the other infrastructure required to deliver clean water to our taps that cost all the money. Furthermore, these aren't simple one-time costs. This vast system of infrastructure must be maintained, expanded, and upgraded on a continuous basis, and the component costs continue to rise over time. So we may consider that the freshwater itself may be free or almost free, but clean and dependable drinking water delivered right to our kitchen tap is certainly not without cost.

When some of us argue that the price of clean delivered water may need to rise faster, it simply reflects the need to better account for the rising life-cycle costs of sustainably building and maintaining the infrastructure and systems required to get that clean water to consumers' taps. Because most of that critical infrastructure tends to be "out of sight and out of mind," we tend not to maintain it as soon or as well as we should. Thus, in addition to ongoing maintenance or expansion of that infrastructure, we also have a growing legacy of neglect and some serious catching up to do on infrastructure investment in many parts of the country.

Some critics and activists argue that water should be provided to the public for free, or at least that prices shouldn't go up. They say higher water prices are just a way for private companies to line their pockets, or for public bureaucracies to cover up their inefficiencies. That's baloney. There are efficient private water companies and public water companies, and there are also inef-

ficient private and public water companies; but that's not the point. Throwing aside all the hyperbole, water prices need to rise because the number of people on the planet and our gross per capita demand levels continue to grow, the amount of freshwater on the planet is essentially fixed—at about 35 million cubic kilometers, and those aforementioned and enabling water services are costly and getting more costly all the time. There is no substitute for water, at any price. The number of people who consume it is going up, but the volume of water isn't. Therefore, water prices simply are going to rise—whether you live in a free market economy or in a centrally planned economy.

Obviously, no one is saying we should randomly raise water prices for the pure sake of raising prices. What many people are saying is that

water has to be priced such that the true long-term life-cycle costs of providing that water can be covered on a sustainable basis. And in many areas, that may imply that current water prices may need to rise significantly. Most important, the point that many are trying to make is that if each of us thinks carefully about what water is really and truly worth to us, we shouldn't be too worried about possibly having to pay a little more for it.

ATTACKING SOCIETAL IGNORANCE ABOUT WATER

We would all do well to regularly remind ourselves and our friends about how valuable water really is. Think about those times your local utility has had to tear up your street to replace a water main or valve and turned off your connection for the day—remember how difficult it was to get through the day without any water? Or think about the last time you went camping and inadvertently ran out of drinking water before five or six hours of good, hard hiking; how much would you have been willing to pay for a cold glass of tap water then? Consider the fact that in many parts of Africa, women and children spend a good part of every day hauling water for the basic human needs of drinking, preparing food, and cleaning. Surely it's about time we realized that our water is worth a lot more to us than what we currently pay for it.

It's not all negative, and we should note that we are, indeed, making some progress. As mentioned at the outset, average global water prices have been steadily and consistently climbing over the past few years. Another bit of progress—we are beginning to develop better sources of data and more sophisticated methods for analyzing those data; it's always easier to manage something better when you can effectively monitor or measure it. The broader commercial water industry—private and public water providers, industrial vendors, industrial users—are

Research routinely points to the United States as being one of the most wasteful nations on earth in terms of water use.

all trying to find better ways to get this simple value of water message out in a direct and coordinated manner.

So yes, water does regularly fall out of the sky, much of the planet is covered by water and freshwater is abundant in many parts of the globe. But it's not always clean, it's not always located where we need it, and it's not always available. By most measures, it costs the world several hundred billion dollars a year to collect, treat, store, and distribute the water that we expect to flow when we turn on the tap. Today we have the luxury of paying very little for that privilege. This is not a situation that is going to last much longer. We all need to acknowledge the true value of water—and get ready to pay for it.

—Steve Maxwell is Managing Director of TechKNOWLEDGEy Strategic Group, a Boulder, Colorado-based management consultancy specializing in merger and acquisition advisory services, and strategic planning for the water industry. Maxwell is also the editor of the annual Water Market Review, a comprehensive summary of trends and developments in the world water industry. He is also the author of a new book published in April 2011 by AWWA entitled *The Future of Water*. He has advised dozens of water firms on strategy and transactional issues, and can be reached in Boulder at (303) 442-4800 or via e-mail at maxwell@tech-strategy.com.

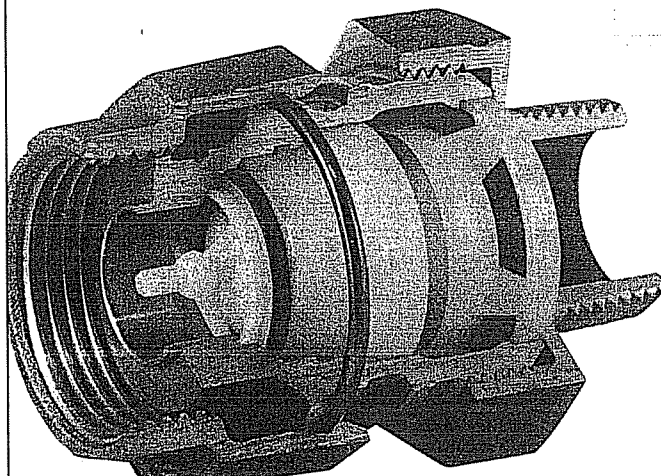
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– Mike Van Milligan, City Manager, Dubuque IA

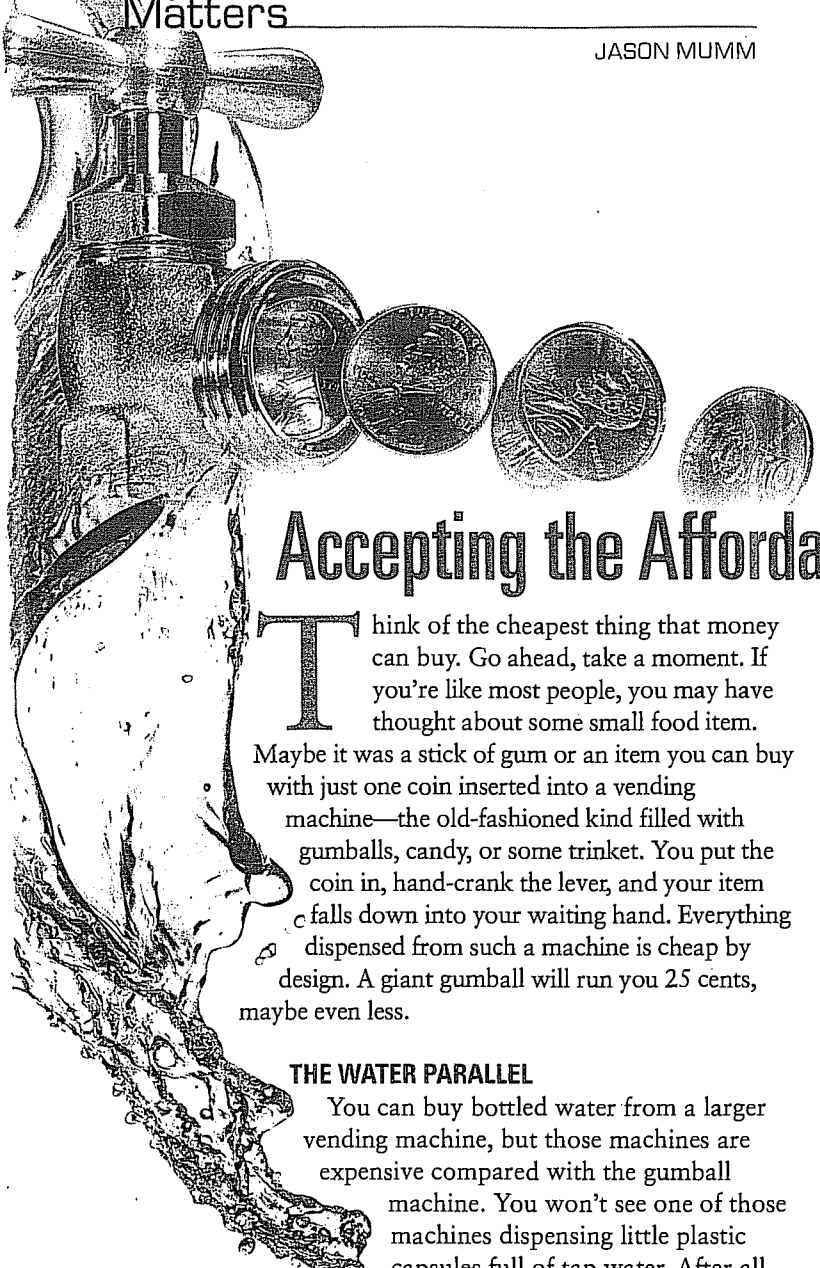
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Accepting the Affordability Challenge

Think of the cheapest thing that money can buy. Go ahead, take a moment. If you're like most people, you may have thought about some small food item.

Maybe it was a stick of gum or an item you can buy with just one coin inserted into a vending machine—the old-fashioned kind filled with gumballs, candy, or some trinket. You put the coin in, hand-crank the lever, and your item falls down into your waiting hand. Everything dispensed from such a machine is cheap by design. A giant gumball will run you 25 cents, maybe even less.

THE WATER PARALLEL

You can buy bottled water from a larger vending machine, but those machines are expensive compared with the gumball machine. You won't see one of those machines dispensing little plastic capsules full of tap water. After all, there are water fountains for that sort of thing, and you don't have to pay anything to use a water fountain.

But what if you could get tap water from one of those same vending machines? How much water do you suppose you might get in exchange for that same 25 cents that would otherwise procure for you a tasty candy-coated, bright red ball of gum? Wouldn't it surprise people to know that in exchange for that same 25 cents, they could soak themselves with about 50 gallons of water? That's enough water to take about two baths, wash a load of laundry, run a dishwasher about 10 times, or brush your teeth about 400 times.

At any equivalent unit, tap water is cheaper than whatever item you thought of a few minutes ago. Gallons, quarts, pints, cups, ounces, millilitres,

pounds, kilograms, tons, or cubic yards: one of any of these units filled with tap water is cheaper than whatever you care to compare it with.

When something is so cheap, people like to say it's "dirt cheap" but doing so is an insult to dirt! A ton of dirt will probably run \$20–\$30 if you pick it up yourself. Meanwhile, a ton of water, about 250 gallons, might cost you \$1 or \$2 delivered directly to whichever knob you want to turn whenever you feel like turning it. But here's a question: If water is so ridiculously cheap, why is it that everyone seems to think that it's so impossibly expensive?

Many communities believe they already pay too much for their water utility services. Thanks to the power of the Internet, you can do things like count the number of news stories published in everything from newspapers to YouTube videos. In a recent 30-day period, search engine results showed 365 articles on the topic of water and sewer utility rates. The word "hike" was the most frequently used verb in that long list of headlines to describe proposed rate increases. Virtually every article was negative.

WHAT GIVES?

We've already established that tap water is cheap. It's cheaper than a gumball, cheaper than dirt, and probably cheaper than just about anything you could think of. It turns out that cheap just isn't cheap enough for something as essential as water service. In 2010, the average US household spent about \$720 for water and sewer services combined—about \$60 a month. That doesn't seem so bad. At \$60 a month, Americans pay about \$2 per day for both water and sewer service (that's about eight gumballs).

Most people looking at these data would conclude that water and sewer services are at least

affordable, if not dirt cheap. It would be a surprise to most, considering how inexpensive the services are, that their cost has increased at double the rate of inflation during the past 10 years. On the basis of data compiled by the US Department of Labor's Bureau of Labor Statistics (2012), the cost of water services have increased 62% since 2001. Meanwhile, the Consumer Price Index grew just 27%, meaning the cost of water services increased 2.3 times more than most anything else in the economy, including gumballs.

In that same 10-year period, US residents experienced something else: the costs of goods and services eating away at their real incomes. By 2010, the average American household made barely more money after adjusting for inflation than it did in 1996. Since 2000, median household income, as measured by the US Census Bureau (2010), declined by 7% after adjusting for inflation. Inflation-adjusted median household income was \$53,164 in 2000 and \$49,445 by 2010.

Despite these numbers, the cost of those rapidly inflated water and sewer services is still relatively affordable for the average household. On average, water and sewer services comprise just 1.5% of household income, which is far below the affordability guidelines used by the US Environmental Protection Agency (USEPA; 2009a). (This figure is calculated based on the average household bill compared with the national median household income.) The USEPA believes a combined water and sewer bill is too expensive if it is more than 5% of a community's median household income (2.5% if just the water services are considered). By the USEPA guidelines (SAB, 1998), the nation on average could increase water and sewer bills all the way to \$2,400 a year, three times higher than they are right now, from \$60 to \$200 per month.

THE NEED FOR MORE MONEY ISN'T GOING AWAY

In many ways, the water industry is in great need of pushing the affordability envelope. Depending on whose numbers are used, drinking water infrastructure in the United States is in need of massive capital investment. The US Conference of Mayors (2010) estimated that local governments would be spending about \$3 trillion during the next 20 years on total water and sewer infrastructure needs, meaning everything from expansion to repairs. The USEPA (2009b) has put the figure for infrastructure repairs alone at \$330 billion.

The water industry talks a lot about what the infrastructure problem means for the physical condition of water systems, but in the context of money it means a massive demand for capital, which in turn will drive costs and rates for the entire water industry. Other issues loom as well. A 2010 report by the MetLife Foundation (Bluestone & Melnik, 2010) concluded that "within less than a decade, the United States may not have enough workers to fill expected job open-

ings"—meaning a labor shortage. The report says that the total US shortfall may hit 5 million jobs. Meanwhile, local governments are staring down the barrel of a shortfall that may leave 635,000 jobs unfilled. At that same time, they could expect increasing pension and benefit costs coming due while they compete to replace retirees in a competitive and tightening labor market. The demographics tend to support the report's conclusions. We've been talking about our retiring workforce in the water industry for years; the report has just put numbers on anecdotal concerns.

So it's a good thing that water and sewer services are so very affordable, if not the cheapest thing you can think of already, because there are big cost-drivers that point to even more expensive bills.

WHAT IF WATER AND SEWER SERVICES ARE NOT AS CHEAP AS WE THOUGHT?

Even though water is cheap, the monthly bills for about 23 million US households' water and sewer services are already unaffordable by USEPA's guidelines; these homes occupy the bottom fifth of the household-income bell curve. The median income in this group of households is just \$11,000, and the average water and sewer bill of \$720 already makes up 6.5% of household income (US Census Bureau, 2010). USEPA only measures affordability based on median incomes and not the bottom fifth, but the point should be clear that what seems affordable for the median might be quite unaffordable for those less fortunate. Water bills don't scale based on income.

For those in the bottom fifth of the income brackets, water and sewer bills have ranged between barely affordable and completely unaffordable between 2000 and 2010. In 2000, the average bill was already at about 4.5% of their household income. By 2003, the bills had reached the USEPA cap of 5% and have been relatively more and more expensive ever since (Table 1).

In Prichard, Ala., there are 23,000 residents whose median household income of \$22,000 is 10% lower in real terms than it was for the 2000 census (McClen-don, 2012). The town's water board recently increased its rates by about 9%, bringing the typical residential water bill to around \$560 per year. That might be 1.5 cents per gallon, but it's also 2.5% of median household income in Prichard, which makes the water bill officially unaffordable based on USEPA standards. Maybe that's why hundreds of people showed up at the board's meeting in February to protest the "hike."

Yes, Prichard is an extreme example—income levels there are roughly half the national average, and any rate increase in that community is going to affect people more than it would in others. But consider this: About 40 million households in America earn roughly the same incomes as Prichard residents.

TABLE 1 Water bill costs—2000–2010

Year	Bottom 20% of MHI—\$	Average Water/Sewer—\$	MHI—%
2000	10,157	446.29	4.4
2001	10,136	459.11	4.5
2002	9,990	474.00	4.7
2003	9,996	495.51	5.0
2004	10,244	522.39	5.1
2005	10,655	549.69	5.2
2006	11,352	576.16	5.1
2007	11,551	607.51	5.3
2008	11,656	646.85	5.5
2009	11,552	683.30	5.9
2010	11,034	721.93	6.5

Source: StepWise Utility Advisors, 2012

MHI—median household income

The real point here isn't that Prichard has it rough; it's that things are already rough for a large number of people and that increasing utility bills are taking a larger portion of everyone's decreasing income. Is it any wonder then why rate increases are meeting with more and more resistance?

MEETING THE AFFORDABILITY CHALLENGE

The trend in decreasing household incomes and rapidly increasing water and sewer bills places our industry on a collision course where the need for more money is clear, but the customers' ability to pay is trending down. It's an affordability challenge.

In the water industry, as in every aspect of life, people have the predisposition to accept evidence that supports their opinions; in this case, that water rates are too low. If water is as cheap as a gumball, cheaper than dirt, and cheaper than anything we can think of, then we conclude that charging more is a logical step. After all, we can live just fine without gumballs, but water is something we simply must have.

Although we accept evidence supporting this view, evidence to the contrary tends to be ignored or marginalized. In this case, there is substantial evidence that suggests that although water is still cheap, a bill for a month's use of it is increasingly expensive to the point of becoming unaffordable for the very families that can bear it the least.

It shouldn't be too difficult to understand, but based on the rhetoric within the water industry, you'd never know it. Customer resistance to rate increases has been growing, and instead of understanding why, we often dismiss those concerns as a shortfall in "customer education," or we even lament that customers just don't understand the "true value of water." As professionals and experts in this industry, we understand better than anyone the need for continued investment in our water

systems and the need for revenue to support those investments; we don't understand very well the complex price-value relationship from our customers' perspectives, nor how their inability to choose different (higher or lower) levels of service to control their bills frustrates them to the point of—sometimes—blind anger.

If we are to be successful as an industry, our answer to the affordability challenge cannot be that we will just continue to charge more, hoping it will all sort itself out. Hope is not a strategy.

Although it may seem crazy, our challenge is to take the cheapest thing we know of and make it even more affordable.

—Jason Mumm is president and founder of StepWise Utility Advisors, 56 Inverness Dr. East, Ste. 111, Englewood, CO 80112; jay@stepwiseadvisors.com. The firm works nationwide with city and district managers, finance directors, utility managers, and elected officials to develop comprehensive and sustainable financial strategies.

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<http://dx.doi.org/10.5942/jawwa.2012.104.0069>

Police Log

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LETTERS TO THE EDITOR

All letters submitted to MarinScope Newspapers for publication must be typed and include the author's name, address and telephone number. Names may be withheld at the editors' discretion. We reserve the right to print all or parts of letters submitted, and to edit letters as we deem appropriate. Letters submitted may be used in print or digital form in any publication or service offered by the publisher. Letters should not exceed 250 words in length. The deadline is Friday, 5 p.m., for the next week's issue. We prefer letters e-mailed to letters@marinscope.com. You can also fax letters to 415-897-0940. Letters can also be delivered at 301B Grant Ave. in Novato, 94948.

Water bill

Have any of you read your water bills lately? We are getting robbed.

Not only are we getting an 11 percent increase starting June 1 — boy does our elected board work for us — but each and every time we receive the water bill we are charged a service charge of \$20. Isn't that what we are already paying for? Even PG&E doesn't charge to read meters. Add it up, that's an extra \$100 out of your pocket.

There is an upcoming board meeting June 5, at 7:30 p.m., at 999 Rush Creek Place, Novato.

Anne Ferguson
Novato

Elect Kinsey

A matchless aspect of Marin County is its open space. 85 percent of Marin is undeveloped through the preservation

of agriculture, wetlands, watersheds, and state and federal parks. Supervisor Steve Kinsey deserves credit for assisting in the protection of agriculture by working with the Marin Agricultural Land Trust. Thousands of acres and dozens of ranches and farms remain undeveloped because of MALT and this supervisor. Steve understands the importance of farming and ranching in maintaining open space.

Additionally, as a member of the Coastal Commission he is protecting the beaches and coastline for generations to enjoy. Mr. Kinsey does not get enough of the credit he deserves for his role in preserving the uniqueness of Marin County. Voters of the 4th District who want to protect open space and keep Marin green need to re-elect Supervisor Kinsey.

Peter Tiernan
Novato

NOVATO POLICE LOG

WEDNESDAY, MAY 23

Trespass: 1600 block Center Road. A neighbor was found in the backyard and left after a verbal altercation with the reporting party.

Burglary: San Marin Drive. A brick was thrown through the reporting party's window the night before. Computers were moved around. Suspects broke into the high school kitchen as well as a classroom.

Animal: Novato Boulevard/Tamalpais Avenue. The reporting party saw a boy walking down Grant Avenue with a rattlesnake in his hands. The Marin Humane Society was contacted to take the wild animal.

THURSDAY, MAY 24

Fraud: 2000 block Center Road. The reporting party said that scammers claimed to be her grandchild in jail said they were in jail. She wired \$4,000 to San Diego. She later discovered that her grandchild had never been arrested and called the NPD.

Found property: 2000 block Novato Boulevard The reporting party stated

Shot fired: Center Road/Eucalyptus Avenue. One gun shot was heard in the area.

SATURDAY, MAY 26

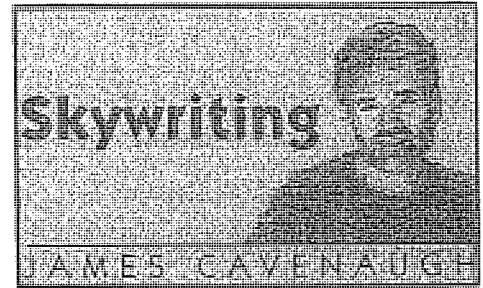
Burglary: 100 block Albion Court. The reporting party stated that two bags were taken from her car overnight. The car was locked and the windows were up. There was a loss of jewelry, clothing, a camera and makeup.

Fraud: 800 block Sutro Avenue. The reporting party stated that while he was refinancing his house he found ID theft on his credit report. The suspect(s) is in Houston, Texas. The suspect used the reporting party's social security number to pen a fraudulent account.

SUNDAY, MAY 27

Burglary: 200 block South Oakwood Drive. A vacant house was broken into and no loss was reported.

Fraud: 600 block Arthur Street. The reporting party's purse was taken out of an unlocked vehicle. The credit card was used.



Quiet planes

Can airplanes be quiet? Much depends on the answer to that question. Internal combustion engines are inherently noisy and propellers add to that noise by their speed of rotation, the thrust-load they bear at takeoff and, most annoying, the explosive air produced by blade tips nearing the sound barrier. Pilots who link the healthy sound of an engine to their personal safety are, at least in part, proofed against offense, while non-fliers, even passengers, cannot be expected to enjoy the outburst. For those who live near airports, however, the constant drone-to-roar of engines can be offensive, even frightening.

Just like the mechanic says when your broken car needs more sleuthing: we're working on it. In fact, the challenge of sustainable air-travel is being worked on by some of the brightest minds on the planet. About 200 of them gathered in Santa Rosa April 27, 28 for the 6th annual Electric Aircraft Symposium. The silent flight revolution is in its 6th year!

In a talk entitled "Quiet Propulsion for Small Electric Aircraft" Krish J. Ahuja, Regents Professor at Georgia Institute of Technology School of Aerospace Engineering, explained that a typical neighborhood has an ambient noise level of 60-65 dBa and that propeller sounds would need to be 12 dBa lower (48-53 dBa) to be masked into the background. Dr. Ahuja: "Since decibels are measured on a logarithmic scale and 3 dBa represents a doubling of sound pressure, this would be four orders of magnitude lower than normal street noise."

I'm not sure what that means either, but isn't it good to know the Science of Noise is progressing along with our national noise-making.

Cafe Foundation of Santa Rosa (host of the Electric Aircraft Symposium is a designated NASA test facilitator for "green" aircraft technology. Their Green Flight Challenge (GFC), sponsored by Google, is the first demonstration of cross-country flight by emission-free, electric-powered aircraft. The GFC Rules: contestants must demonstrate an airplane that can remain aloft for a 200-mile trip, maintain at least a 100 mph

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Ryan



Editor [Brent Ainsworth](#) brent.ainsworth@patch.com



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We're in Good Shape Water-Wise Despite Dry Winter

North Marin Water District does not anticipate water-use restrictions this summer.

By [Brent Ainsworth](#) | [Email the author](#) | May 17, 2012

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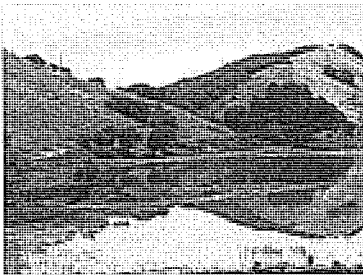
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Related Topics: [NMWD](#) and [Water Supply](#)

What have you done to reduce water use in your house? [Tell us in the comments.](#)



After a super dry winter, rainfall in Marin and April appears to have staved off the idea of summer water-use restrictions in Novato.

For the moment, the [North Marin Water District](#) deems the water supply satisfactory and does not anticipate any restrictions in the coming months, said NMWD General Manager Chris DeGabriele.

The Russian River, from which Novato receives 80 percent of its water, will be dammed with a rubber device on June 1 to feed four off-stream infiltration ponds, according to the [Sonoma County Water Agency](#). The dam will stay up through the fall and be deflated whenever flows reach more than 1,000 cubic feet per second.

About 20 percent of Novato's water supply comes from [Stafford Lake](#), just west of the city limits, and the reservoir is at 67 percent capacity now, DeGabriele said Wednesday. The 2012 rainfall total in Novato is at 17.18 inches, about 10 inches below the yearly average for this date.

"We plan to start the treatment plant on July 1 since the cost of Russian River water will increase on that date," DeGabriele said.

With the rate increase from the Sonoma County Water Agency, NMWD customers will see an 11 percent increase in rates as of June 1, a move approved by the NMWD board a year ago. It will be the second in a series of three annual increases.

Customers can see the impact of the rate increase by viewing the NMWD annual water cost calculator on the [NMWD website](#).

DeGabriele said the water supply pool at Lake Sonoma is full and the one at Lake Mendocino is at 88 percent capacity.

The Russian River infiltration ponds help recharge groundwater that is then naturally filtered through sand and gravel and delivered to the Sonoma County Water Agency's 600,000-plus customers in Sonoma and Marin counties. Permanent fish ladders provide safe passage around the rubber dam when it is inflated, the agency said.

Email me updates about this story.

BOD MSC

Eel River will see extra water release

The Times-Standard Eureka Times Standard

Posted:

Times-Standard.com

The Eel River will see increased water flows between Friday and May 24 to aid the downstream migration of juvenile salmon and steelhead to the ocean, during which time people recreating in or near the water should take precautions.

According to a press release, Pacific Gas and Electric Company will increase water flows into the upper Eel River in coordination with the National Marine Fisheries Service and the California Department of Fish and Game.

This water release, known as a block water release, totals 2,500 acre feet of water and is intended to mimic a spring rainfall event and encourage the ocean-bound juvenile fish to migrate downstream.

The block water release coincides with a May 20 new moon because the dark phase contributes to the downstream migration of juvenile fish. Water releases from Scott Dam at Lake Pillsbury will be gradually increased from the current level of approximately 300 cubic feet per second to a peak of about 900 cubic feet per second on Saturday, and then gradually decreased to normal seasonal flows through May 24.

Water levels vary depending upon the width and configuration of the channel. However, the overall rise in the water level will be within the range expected during natural spring rain events and is anticipated to increase by approximately 1.5 feet immediately downstream of Scott Dam and no more than a few inches at Scotia.

The block water release will target salmon and steelhead in the 12-mile reach of the Eel River between Scott Dam and Cape Horn Dam north of Potter Valley. The California Department of Fish and Game will conduct downstream migrant trapping within the fish ladder at Cape Horn Dam to gather data on fish responses.

Residents and recreationists are encouraged to use extra caution near or entering the river during the period of increased flows. PG&E recommends three tips to stay safe in the water: know the water, know your limits and wear a life jacket.

Hearing on water rate increase

North Marin Water District is proposing to raise water rates and charges an average of 9% effective August 1. The district says it exhausted its cash reserves in May 2005 to pay for the Long Range Improvement Project Plan and must repay an additional \$204,000 it borrowed from the Novato Water System to continue the work. NMWD says it will seek outside financing of approximately \$800,000 over the next two fiscal years to complete water treatment plant improvements and to repair wells serving West Marin.

The district calculates the increase would add \$4.50 per month (\$54 annually) to a "typical (median) single-family residential customer who consumes 60,000 gallons of water annually." Consumers can check their expected increase and water use the past year via the water district

See • News Briefs page 16

• News briefs FROM PAGE 3

website, nmwd.com/accountbalance.php. A hearing on the increase is scheduled for 7:30 p.m. on July 3, at the Dance Palace, Point Reyes Station. Property owners or customers of record wishing to protest the increase may do so at the hearing. Written protests, including either a parcel or account number, must be received by the water district before the close of the hearing.

Workshop on Open Space/Ag Tax