

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
June 5, 2012**

**CALL TO ORDER**

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

Novato customer Anne Ferguson, Leonard Charles of Leonard Charles & Associates, District employees Robert Clark (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance Superintendent), Pablo Ramudo (Water Quality Supervisor) and Dave Jackson (Associate Engineer) were in the audience.

**MINUTES**

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

**GENERAL MANAGER'S REPORT**

**Valley of the Moon Water District 50<sup>th</sup> Anniversary**

Chris DeGabriele reported that he attended the Valley of the Moon Water District 50<sup>th</sup> Anniversary Open House on Friday, June 1. He said that the event was well-attended and he will forward the anniversary brochure to the Board for their perusal.

**Recycled Water Sub-Committee Meeting Scheduled**

Mr. DeGabriele advised that on June 19, the Recycled Water Sub-Committee meeting will be held at Novato Sanitary District (NSD) and will include representatives from the District, NSD and Las Gallinas Valley Sanitary District.

**General Manager Vacation**

Mr. DeGabriele informed the Board that he will be on vacation on June 7 and June 8 and that David Bentley will be Acting General Manager.

### Customer Request to Address the Board

The General Manager informed the Board that Anne Ferguson, is in the audience and asked for the Board's consideration in removing Agenda Item No. 6, Response to Customer Complaint Re Bi-Monthly Service Charge, from the consent calendar so that she may address the Board. The Board concurred.

### OPEN TIME

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

### STAFF/DIRECTORS REPORTS

President Petterle asked if staff or Directors wished to bring up an item not on the agenda and there was no response.

### CONSENT CALENDAR

On motion of Director Schoonover, seconded by Director Baker and unanimously carried, the following item was approved on the Consent Calendar:

### RECYCLED WATER SOUTH SERVICE AREA - ON-SITE RETROFIT CONSTRUCTION PROJECT (GROUP 1S) - APPROVE BID ADVERTISEMENT

The Board authorized the bid advertisement of the Recycled Water South Service Area - On-site Retrofit Construction Project (Group 1S). This project will convert six customer sites from current potable water use for irrigation to recycled water use.

### RESPONSE TO CUSTOMER COMPLAINT RE BI-MONTHLY SERVICE CHARGE

This item was removed from the consent calendar at the request of the General Manager and with the Board's concurrence, because the customer was in the audience and wished to address the Board.

Mr. DeGabriele stated that Ms. Ferguson wrote a letter to the Board with a complaint about the bi-monthly service charge. He stated that it was appropriate to respond with a letter under the President's signature and requested that the Board authorize the President to sign the draft response letter to the District customer.

Anne Ferguson addressed the Board and stated that her concern is with the annual increases in the water rates and the bi-monthly service charge. She asked why it is necessary to read the meter every two months, who decides how much to increase the service charge, what is the increase dependent upon and how is it regulated.

President Petterle responded and addressed Ms. Ferguson's questions and concerns.

Mr. DeGabriele added that the District has a five-year financial plan to make certain that costs are recovered and reserves are increased in case of emergency. He explained that the bi-monthly meter reading of the meter is essential for maintaining the meters and detecting leaks.

On motion of Director Schoonover and seconded by Director Rodoni and unanimously carried, the Board authorized the President to sign the response letter to Ms. Ferguson.

President Petterle asked staff to consider using another word or words to describe the "bi-monthly service charge" that would be less confusing to customers.

### ***ACTION CALENDAR***

#### **APPROVE: PURCHASE OF FY13 INSURANCE**

Mr. Bentley stated that for the past four years the District purchased an insurance package policy from Travelers Insurance and that this year the District received a package proposal from Gallagher Insurance Services to utilize Argonaut Insurance with a lower premium that will save the District \$47,000 compared to the Travelers policy. He advised that the new policy will also save the County of Marin \$13,000 because they share in the cost of liability coverage for the Stafford Dam, and the Operations Budget will also be reduced by \$40,000. Mr. Bentley stated that the proposed coverage does not include the \$1M limited cybercrime coverage that would protect the District from electronic fraud; however, the proposed Argonaut policy does include \$500,000 in computer and fraudulent funds transfer coverage which he believes to be satisfactory. He advised that only one carrier of seven solicited, New York Marine and General, provided a proposal for excess workers compensation coverage. Mr. Bentley stated that the insurance package totals \$120,043 down \$33,000 from last year. He advised that he sent the policies to the District's risk consultant, Dan Blanquie, for review, and he concurred that the Argonaut policy is a good policy.

On motion of Director Baker, seconded by Director Schoonover and unanimously carried, the Board authorized the Auditor Controller to enter into an agreement with Gallagher Insurance Services for Argonaut Insurance policy and renew the New York Marine and General workers comp excess policy for a total of \$120,043.

#### **APPROVE: MARIN CLEAN ENERGY PARTICIPATION**

Robert Clark reviewed the Board's past action to approve the District's electrical services outside of Novato move to Marin Clean Energy (MCE), excluding the treatment plants. He advised that recently, the City of Novato adopted a resolution to join MCE that has allowed

the District to choose to have its electrical services within the Novato city limits be included in the MCE program. Mr. Clark presented a list of the District's 42 electrical services that are now eligible for the MCE program, and highlighted fifteen services that staff proposes to move to the MCE program at the light-green option.

Mr. Clark provided an analysis of the electricity cost that was incurred over the last 12 months as compared to the proposed Novato MCE energy plan and including Stafford Treatment Plant solar electricity costs. He stated that although the total cost per kilowatt hour does not change (average of 17¢/KWH) when moving services to MCE, the renewable energy supply increases from 8% to 41% of District power coming from a clean renewable source. He said that staff is recommending that the fifteen proposed District electrical services move to MCE at the light green option.

The Board had several questions that generated a lengthy discussion.

Mr. DeGabriele stated that Mr. Clark's recommendation is cost neutral to the District with the fifteen services at the light green option; and theoretically, there would be no cost increase for the District's energy billing for the next year. He further stated that were the District to go to any other alternative, there would be a cost increase; the deep green option would increase cost to \$78,000 and staff cannot recommend that. He said that what staff is proposing now is a cost neutral option where the District will participate in MCE in a manner that would be supportive of MCE but would not add cost to the District's customers.

Mr. DeGabriele recommended to the Board that this item be held over to a future meeting and staff will come back with clearer alternatives for the Board to consider.

The Board concurred that no action would be taken at this time.

**APPROVE: DISTRICT LABOR COMPLIANCE PROGRAM FOR PROP 84 PROJECTS**

Drew McIntyre stated that part of the requirement for the Prop 84 State Bond-funded projects is that agencies receiving these funds follow certain labor compliance programs as part of the bond language. He said that the Board has in front of it an application to the State Department of Industrial Relations outlining the District's Labor Compliance Program. He said that when the grant funds are ready to be dispersed, the District's Labor Compliance Program will have already been approved by the District Board. He advised that Novato Sanitary District will be bringing a similar Labor Compliance Program to their Board this month and the Las Gallinas Valley Sanitary District has already approved their Labor Compliance Program. Mr. McIntyre advised the Labor Compliance Program has been reviewed by legal counsel.

On motion of Director Schoonover, seconded by Director Baker and unanimously carried, the Board approved Resolution No. 12-13 entitled, "Resolution of the Board of Directors of North Marin Water District Approving District Labor Compliance Program."

**APPROVE: OCEANA MARIN SEWER LINING PROJECT - APPROVE BID ADVERTISEMENT**

Mr. McIntyre stated that the construction phase of Oceana Marin Sewer Lining Project is included in the proposed FY 12/13 budget. He said that three cross-country sewer lines have experienced leaks due to root intrusion at the joints, and that the District has considered different methods to address the problem. Mr. McIntyre said that because segments of the pipeline are asbestos-cement (A-C) pipe, the replacement options are limited due to State and federal regulations prohibiting pipe bursting of A-C pipe. He said the method that is being considered is cured-in-place pipe lining that will be a continuous internal liner without joints. He said that the project was originally broken into three individual projects but the mobilization costs are such that it is more cost-effective to perform the work on all three pipelines at one time. He said it is anticipated that the bid opening would be in early July with construction completed in October 2012.

On motion of Director Baker, seconded by Director Schoonover and unanimously carried, the Board authorized the bid advertisement of the Oceana Marin Sewer Lining Project.

**APPROVE: PT. REYES WATER TREATMENT PLANT SOLIDS HANDLING FACILITIES PROJECT - REQUEST FOR AUTHORIZATION TO CONDUCT CEQA PUBLIC REVIEW**

Mr. McIntyre provided an overview of the Pt. Reyes Water Treatment Plant Solids Handling Facilities Project and stated that District Associate Engineer Dave Jackson is present to answer any questions the Board may have and Leonard Charles of Leonard Charles & Associates will speak about the environmental impacts of the project. He said that the existing Pt. Reyes Treatment Plant sits on U.S. Coast Guard property and the new facilities will be constructed on the District-owned property adjacent to the treatment plant and recently acquired from the Northwestern Pacific Railroad. He stated that this large piece of property will accommodate the expansion of the treatment plant that includes constructing solids storage tanks that will hold backwash water and eliminate off-site discharge.

Leonard Charles addressed the Board and stated that the solids handling facilities project is "benign" and the environmental impacts are restricted to the construction phase. He further stated that once the project is implemented, it will have a beneficial impact to the environment. He said the construction impacts are straightforward, and a cultural and

archeological resource study was conducted and none were found. Mr. Charles stated that a consulting biologist determined that there was no biological concerns at the site.

Director Rodoni asked what are the permitting requirements.

Mr. Charles responded that only a Marin County coastal permit would be required because the project it is not on Coast Guard property.

On motion of Director Fraites, seconded by Director Baker and unanimously carried, the Board authorized staff to initiate the CEQA 30-day public review period for the project and to schedule a public hearing for the August 7, 2012 Board meeting at which time the Board will consider adoption of the Mitigated Negative Declaration.

**APPROVE: POINT REYES WELL #3 REPLACEMENT PROJECT - AWARD CONTRACT**

Mr. McIntyre stated that bids were received for the Point Reyes Well #3 Replacement Project on May 22, 2012, and that he will update the Board on the permitting process before discussing the bids. He said that the District has the permit approvals from the U.S. Coast Guard and that the California Coastal Commission (CCC) staff has recommended a Coastal Development Permit Waiver, a copy of which he received today, and it is expected to be approved at the CCC June 15 meeting. Mr. McIntyre said that once the waiver is approved, the County of Marin will issue a permit for the drilling of the well, and stated that District staff is recommending that the Board move forward with the award of the contract at this time. Mr. McIntyre summarized the project and reasons why a typical rotary well driller with drilling fluid was not recommended (due to the close proximity to well No. 2). He advised that a cable tool-drill method is recommended, however there are no local drillers having the expertise needed. He said that the rarely used technology as well as mobilization costs resulted in the engineer's estimate (\$71,000) being significantly lower than the low bid of \$108,885 received from NorCal Pump & Well Drilling of Yuba City. He further advised that staff would not issue the Notice to Proceed until official word is received that the Coastal Development Permit Waiver was approved.

On motion of Director Rodoni, seconded by Director Baker and unanimously carried, the Board approved award of the contract to NorCal Pump & Well Drilling and authorized the General Manager to execute an agreement with NorCal Pump & Well Drilling.

## ***INFORMATION ITEMS***

### **PERMITTING FOR DELIVERY OF RECYCLED WATER TO EXISTING CUSTOMERS**

Mr. McIntyre stated that as the delivery of recycled water to existing District customers expands, it is staff's intent that future existing District customers that undergo new or retrofit recycled water projects be issued a permit but not a separate Recycled Water Service Agreement. He said that the permit process will be through the District's approved program from the San Francisco Bay Regional Water Quality Control Board. He advised that in cases where a new recycled water user is not an existing District customer, a Recycled Water Service Agreement will be brought before the District Board of Directors for approval.

Mr. McIntyre advised the Board that roles and responsibilities of District staff are being re-assigned, and he presented a table to show the change in departments' responsibilities for the recycled water retrofits.

Director Schoonover asked if there will be a change in labor costs. Mr. McIntyre responded no, the budgets have already been prepared.

President Petterle requested that staff provide the Board a periodic accumulative list of recycled water customers.

### **THIRD QUARTER FY 11/12 - WATER QUALITY REPORT**

Pablo Ramudo presented the third quarter Water Quality Report. He said that during this quarter Stafford Lake was not used as a water source, but its water quality was continually monitored. He said that the lake's algae numbers were high for this time of year. Mr. Ramudo advised that through the watershed monitoring program, high concentration of nutrients were detected coming into the lake from the dairy operations, and staff took samples from the creeks and tributaries to gauge the risk of impacts to water quality. He further advised that staff has had conversations with the Grossi Ranch about their waste management practices and requested that manure be spread further away from the creeks that would delay runoff into the lake.

Mr. Ramudo reported that Novato distribution system had good results; there were no coliform positive samples during this quarter. He said that Crest Tank No. 1 was taken off-line due to taste and odor problem resulting from the recoating and is now back online.

Mr. Ramudo stated that in Point Reyes, raw water quality was adequate, the salt water intrusion constituents fell slightly and sodium was below notification levels. He advised that a few complaints of milky water were received, and it was believed to be a naturally occurring

event after the rainy season. He said the public was notified that there was no risk to health and that the cause was due to dissolved oxygen in the water. Mr. Ramudo stated that later it was discovered that a few feet of pipe had been previously removed from the well during maintenance. He said the pipe has been replaced (and lowering the pump depth), and problems with dissolved air has been resolved.

Mr. Ramudo advised that Point Reyes Treatment Plant performance was optimal throughout the quarter and there were no coliform positive samples in the distribution system.

**RESPONSE TO MARIN IJ ARTICLE - DR. JASON EBERHART-PHILLIPS: ARE TOXINS ON TAP IN OUR DRINKING WATER?**

Mr. DeGabriele stated that the article, "Are Toxins on Tap in Our Drinking Water?" that appeared recently in the Marin IJ deserves a response from both the District and Marin Municipal Water District since the article claimed that water from both water districts did not meet public health goals. He said that staff is collaborating with Marin Municipal on a response; however, staff has not received authorization from Marin Municipal to submit the response to the newspaper yet. He opined that the response should come from the water quality staff rather than from management or the Board. Mr. DeGabriele advised that there have not been any calls from customers about the article, but staff still intends to respond to the IJ, likely in the Marin Voice section of the newspaper.

**INITIAL REVIEW - FY13 WEST MARIN BUDGETS**

David Bentley presented the first of three reviews of the West Marin Water and Oceana Marin Sewer budgets. He said that a 9% water rate increase is proposed for West Marin Water and no increase is proposed for Oceana Marin Sewer. He said that a notification letter was mailed to all West Marin Water customers advising of the rate increase and public hearing and the District received two protest letters thus far; no phone calls have been received. Mr. Bentley stated that the significant project, at \$730,000, is the Point Reyes Treatment Plant Solids Handling Facility and \$400,000 is in the budget for next year for this project. He further stated that \$140,000 is budgeted for the Well No. 3 Replacement project and that he just learned that a new Lagunitas Creek Stream Gage will be required to prepare a hydrologic design plan for the future Gallagher Well project and the cost for that will be included for the next budget review.

Mr. Bentley informed the Board that staff is working with Bank of Marin on how to finance the expenditures for the West Marin projects. He said that Bank of Marin may allow the District to use a portion of the \$8M loan for the Aqueduct Energy Efficiency Project since that project is not moving as fast as anticipated; therefore, funds are not being expended as



expected. He said that the \$1M loan will be used by West Marin to fully repay the balance of funds due Novato Water (\$200,000) and finance construction of the Pt. Reyes Treatment Plant Solids Handling Facility; West Marin Water will then be responsible for 1/8 of the debt service to Bank of Marin. Mr. Bentley advised that operations expenses are going up about 1% and the proposed budget projects a net deficit of \$345,000 because of planned draw-down of West Marin Water cash reserves to construct the solids handling facility.

Mr. Bentley reported that the major project for Oceana Marin Sewer is the relining of the cross-country sewer lines at a budgeted cost of \$275,000. He said that Oceana Marin has \$350,000 in cash, and this project will draw-down the cash reserves; and depending upon the bids received for the project, the project cost may generate the need for a rate increase next year.

Mr. Bentley advised that the Coastal Area Cost Comparison still shows West Marin Water as the low-cost provider, and the Coastal Area Sewer Cost Comparison shows Oceana Marin ranked third out of six providers.

Director Rodoni expressed his concern that the accelerated sewer lining project may draw down the cash reserves in Oceana Marin and was it too late to consider a rate increase this year?

Mr. Bentley confirmed that it was too late to increase sewer rates this coming fiscal year.

#### **YOUTUBE VIDEO - ABOUT NORTH MARIN WATER DISTRICT**

The Board viewed the YouTube video, "About North Marin Water District."

#### **NBWA MEETING - JUNE 1, 2012**

Director Fraites provided a brief report on the North Bay Watershed Authority meeting held on June 1, 2012.

#### **MISCELLANEOUS**

The Board received the following miscellaneous items: Disbursements, Letter from City of Novato Re Clean & Green Day, Water is *Still* Cheap: Demonstrating the True Value of Water, Accepting the Affordability Challenge, Letter to editor re Water Bill.

The Board received the following news articles: We're in Good Shape Water-Wise Despite Dry Winter, Eel River will see extra water release, and Hearing on water rate increase.

**ADJOURNMENT**

President Petterle adjourned the meeting at 9:26 p.m.

Submitted by

A handwritten signature in cursive script that reads "Renee Roberts".

Renee Roberts  
District Secretary