



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

June 19, 2018 – 6:00 p.m.

District Headquarters
999 Rush Creek Place
Novato, California

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Est. Time	Item	Subject
6:00 p.m.	CALL TO ORDER	
	1.	APPROVE MINUTES FROM REGULAR MEETING , June 5, 2018
	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
	5.	PUBLIC HEARING/ADOPT <ol style="list-style-type: none"> Proposed FY19 Equipment Budget FY19 & FY20 Novato Water CIP Budget FY19 Proposed Novato Water Operations Budget FY19 Novato Recycled Water System Budget
	6.	MONTHLY PROGRESS REPORT
		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.
	7.	Consent – Approve: Notice of Completion for San Mateo Tank Rehabilitation Project (Farr Construction)
	8.	Consent – Approve: Annual Water Quality Report – Novato
	9.	Consent – Approve: Annual Water Quality Report – Point Reyes
	10.	Consent – Approve: FY19 Insurance Purchase
		ACTION CALENDAR
	11.	Approve: Authorization to Solicit Bid Proposals for Granular Activate Carbon
	12.	Approve: 2018 Strategic Plan

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
	13.	Approve: Oceana Marin Sewer Service Charge Increase Ordinance - First Reading
		INFORMATION ITEMS
	14.	Second Review – FY19 West Marin Water and Oceana Marin Sewer Budgets
	15.	Potter Valley Project Relicensing Update– Eel Russian River Commission Meeting – June 8, 2018
	16.	NBWA Meeting – June 8, 2018
	17.	North Bay Water Reuse Authority Board Meeting – May 21, 2018
	18.	North Bay Water Workshop No. 5 – May 21, 2018
	19.	MISCELLANEOUS Disbursements – Dated June 7, 2018 Disbursements – Dated June 14, 2018 Single Audit FY18 <u>News Articles:</u> Governor sets new standards for water use Formal deal lets Nicasio buy water California drinking water tax dies in budget compromise 27% Increase in Water main Breaks Over the Last Six Years
	20.	CLOSED SESSION: Conference with Labor Negotiators (Joe Wiley, Christopher Boucher, Drew McIntyre and Julie Blue) to Provide Direction, California Government Code Section 54957)
	21.	CLOSED SESSION: Conference with Real Property Negotiators as allowed under Government Code 54956.8. Property: Recycled Water Agreement between North Marin Water District and Marin Country Club; District Negotiators: General Manager and Counsel; Negotiating Party: Marin Country Club; under Negotiation: Price and Terms
8:00 p.m.	22.	ADJOURNMENT

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DRAFT
NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
June 5, 2018

CALL TO ORDER

President Fraites called the regular meeting of the Board of Directors of North Marin Water District to order at 6:00 p.m. at the District Headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Michael Joly, James Grossi, and Stephen Petterle. Also present were General Manager Drew McIntyre, District Secretary Terrie Kehoe, Auditor-Controller Julie Blue and Chief Engineer Rocky Vogler.

District employees, Tony Arendell (Construction Supervisor), Robert Clark (Maintenance/Operations Superintendent) Pablo Ramudo (Water Quality Supervisor) and Chris Rodriguez (Field Service Representative) were also in attendance. Ari Lauer (District legal counsel), and Novato residents, Lauren Long, and Joyce Rhodes were in the audience.

CLOSED SESSION

President Fraites adjourned the Board into closed session at 6:01 p.m. in accordance with Government Code Section 54956.8 Property: Recycled Water Agreement between North Marin Water District and Marin Country Club; District Negotiators: General Manager and Counsel; Negotiating Party: Marin Country Club; under Negotiation: Price and Terms.

OPEN SESSION

Upon returning to regular session at 6:55 p.m., President Fraites stated that during the closed session the Board had discussed the issue and no reportable action had been taken.

MINUTES

On motion of Director Baker, seconded by Director Petterle the Board approved the minutes from the May 15, 2018 meeting as presented by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

GENERAL MANAGER'S REPORT

During the General Manager's report, Mr. McIntyre reminded the Board that there will be three Board Meetings this month, the last one on June 26th, which will be held in West Marin. Mr.

1 McIntyre also talked about the upcoming Eel Russian River Commission Meeting on June 8th to
2 discuss Pacific Gas and Electric's desire to auction the Potter Valley Project this fall. Mr. McIntyre
3 also reminded the Board about the upcoming NBWA meeting on June 8th at the Marin Community
4 Foundation in Hamilton.

5 **OPEN TIME**

6 President Fraites asked if anyone in the audience wished to bring up an item not on the
7 agenda. Ms. Lauren Long a member from the audience asked North Marin Water District to support
8 Senate Bill 623, known as the Safe and Affordable Water Drinking Water Fund which proposes to
9 establish a statewide tax on residential and business water bills in California to fund State programs
10 that address poor drinking water quality in rural disadvantaged communities. The Board thanked
11 Ms. Long for coming to the meeting and expressing her concern.

12 **STAFF/DIRECTORS REPORTS**

13 President Fraites asked if staff or Directors wished to bring up an item not on the agenda
14 and the following items were discussed:

15 Mr. Clark reported that we have been unable to received recycled water from Las Gallinas
16 Valley Sanitary District due to a problem associated with their UV disinfection system. Mr. Clark
17 stated that this issue is expected to be resolved in mid-July and in the interim we have been
18 supplying our South service area recycled water customers with potable water. Director Baker
19 questioned as to the cause of the problem. Mr. Clark stated that low pH water appears to be
20 damaging the feed pipe lining so they will need to change out the pipe to stainless steel.

21 Director Joly commented that Directors have many Novato budgets to approve and said that
22 it would be helpful if staff could stager them in two meetings and allow more time for review. Mr.
23 McIntyre responded that the budgets are submitted to the Board on a schedule that allows three
24 separate reviews and that if more time was needed staff could look at expanding this review
25 schedule. Director Petterle commented that he would prefer to keep the Novato budgets grouped
26 together so that interested customers would not have to attend multiple meetings.

27 Director Joly asked Mr. Vogler about the status on the Ridge Road Pipeline Replacement
28 project, since he heard from a citizen that it may be finished sooner than expected. Mr. Vogler
29 replied that the bulk of the work should be done soon, but there is still testing and final paving to be
30 completed. Director Fraites expressed concern on the "S" curve section of Ridge Road where it is
31 very steep and it appears that there is loose asphalt. Mr. Vogler replied that this is a temporary
32 patch and final paving will be more permanent. He also stated that our contractor will be applying a
33 micro seal over the roadway within the work limits.

34 **CONSENT CALENDAR**

1 On the motion of Director Petterle, and seconded by Director Joly the Board approved the
2 following items on the consent calendar by the following vote:

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

4 NOES: None

5 ABSENT: None

6 ABSTAIN: None

7 **WATER AGREEMENT – COLLEGE OF MARIN INDIAN VALLEY CAMPUS ORGANIC FARM**

8 The Board approved the Water Service Agreement for College of Marin Campus Organic
9 Farm.

10 **RESOLUTION RE CONSOLIDATION OF DISTRICT ELECTION AND FILING INFORMATION**

11 **DISTRICT ELECTION, NOVEMBER 6, 2018**

12 The Board approved the Resolution Re Consolidation of District Election. Directors Fraites
13 and Grossi seats will have four year terms following the 2018 election, and Director Joly's seat has a
14 two year term. The filing period for the November 6, 2018 District Election is July 16 through August
15 10, 2018.

16 **GROUP LIFE INSURANCE RENEWAL**

17 The Board approved the recommended group life insurance renewal. The District's benefit
18 package includes a life insurance policy for regular employees with a benefit equal to their annual
19 salary. Mutual of Omaha will continue to be our policyholder as they are the lowest cost and
20 guarantee a two-year rate.

21 **MARIN COUNTY COOPERATIVE SERVICES AGREEMENT – CASGEM**

22 The Board approved the Cooperative Services Agreement with Marin County. The California
23 Statewide Groundwater Elevation Monitoring (CASGEM) requires that groundwater elevations in all
24 basins be regularly monitored. NMWD will assist Marin County Environmental Health Services with
25 groundwater measurements at three of the well site locations in the northwestern portion of the
26 county since we routinely travel to this area as part of our Oceana Marin operation and maintenance
27 duties.

28 **ACTION CALENDAR**

29 **EMPLOYER ASSISTANT HOUSING PROGRAM LOAN**

1 Ms. Blue reviewed the District's Employer Assisted Housing Program and recommended
2 that Field Services Representative, Christopher Rodriguez, be granted a loan of \$275,000 to
3 purchase a market-rate home in Novato. Mr. McIntyre commented that Mr. Rodriguez interfaces
4 regularly with our customers and his name is often mentioned with praise from our customers in the
5 customer service reports. This program will help keep Mr. Rodriguez within the local community.

6 On the motion of Director Petterle, and seconded by Director Baker, the Board approved the
7 Employer Assisted Housing Loan by the following vote:

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

9 NOES: None

10 ABSENT: None

11 ABSTAIN: None

12 **CONTRACT EXTENSION FOR NMWD TRENCH RESTORATION PAVING**

13 Mr. Arendell explained that W.K. McLellan Company has been the District's paving contactor
14 for trench restoration work since 1997. McLellan has had an excellent working relationship with
15 NMWD, City of Novato and Marin County and there have been very few complaints due to the high
16 quality of their work. Mr. Arendell requested the contract be extended for another year with no
17 change in unit pricing Director Baker commented that they have been around forever and that
18 receiving a compliment from the City of Novato is testament to their good work.

19 On the motion of Director Baker, and seconded by Director Joly, the Board approved the
20 Contract Extension for NMWD Trench Restoration Paving by the following vote:

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

22 NOES: None

23 ABSENT: None

24 ABSTAIN: None

25 **MMWD and North Marin Surplus Water Agreement**

26 Mr. McIntyre stated the agreement was developed for surplus water to be released by Marin
27 Municipal Water District and treated by NMWD for ultimate use by the Nicasio community during
28 intermittent limited water shortage conditions and is consistent with provisions in the NMWD and
29 MMWD 2014 Interconnection Agreement. The MMWD Board of Directors approved this agreement
30 at their May 15, 2018 meeting. Director Baker inquired as to where they would get the water. Mr.

McIntyre responded that a private hauler would obtain the water from the West Marin system using a hydrant meter.

On the motion of Director Joly, and seconded by Director Baker the Board approved the MMWD and North Marin Surplus Water Agreement by the following vote:

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

NOES: None

ABSENT: None

ABSTAIN: None

INFORMATION ITEMS

DISCUSSION ON AMI OPT-OUT POLICY

At the previous meeting the Board asked Mr. McIntyre to bring this item back for further discussion. He reminded the Board that the Opt-Out Policy was approved at the May 1, 2018 meeting. Mr. McIntyre stated that in the AMI survey performed earlier by Ms. Blue, five out of seven responding agencies did not have an Opt-Out Policy. The current policy states that a customer can only Opt-Out at the time of initial meter installation. Mr. McIntyre commented that he believes the policy as written is a fair compromise to address potential customer concerns. He also noted that any customer has the option to request an exception from the Board. Director Petterle stated that he had talked about this issue with Mr. McIntyre and is now fine with the policy.

THIRD QUARTER FY/18 – WATER QUALITY REPORT

Mr. Ramudo provided the Board with the 3rd Quarter Water Quality progress report. He reported that Stafford Lake water was not used as a source of drinking water in the third quarter. In Novato there was only one coliform positive sample this quarter and it was determined to be a result of contamination of the sample since the follow up samples were clean. In Point Reyes, the Gallagher well was used as the source of water during the quarter since this well is not prone to intrusion from seawater. The treatment performance at Point Reyes Treatment Plant was optimal and water quality was good. Mr. Ramudo reported the Deer Island plant did not produce water during this quarter.

Mr. Ramudo also announced that our flushing program commenced in Zone 1 and there were very little complaints from customers, and in those few cases a Field Service Representative came out to help the consumer flush their plumbing. Director Baker asked if distribution piping in cul-de-sacs were more susceptible. Mr. Ramudo explained that they were because many of the cul-de-sac pipelines are not looped creating dead-ends. Director Fraites asked if we notified customers

1 that we were flushing. Mr. Ramudo responded that we put a notice on our website, on Facebook
2 and our crews have magnetic signs. It is an important water quality service to our customers.

3 **INITIAL REVIEW- FY 19 WEST MARIN WATER AND OCEANA MARIN SEWER BUDGETS**

4 Ms. Blue presented the full budget for West Marin Water and Oceana Marin Sewer. West
5 Marin incorporates a 4.5% increase, \$2.50 per month increase for the average customer. Oceana
6 Marin will see a 5% rate increase, which will be a \$4.00 a month increase per customer. This will be
7 reviewed again at the June 19th meeting.

8 **WAC/TAC MEETING- MAY 7, 2018**

9 Mr. McIntyre discussed the recent WAC/TAC meeting held on May 7, 2018. He reported that
10 the Russian River was operating under Normal water year conditions through April and as of June 1
11 it was reclassified to Dry water year conditions. A Dry year classification allows SCWA to reduce
12 water releases without having to file a petition to the State. Mr. McIntyre stated that year to date
13 water usage for the Agency water contractors was 13% below the 2013 benchmark. In addition, Mr.
14 McIntyre reported that the Army Corps of Engineers allocated \$3.6M in funding this year for the Dry
15 Creek Habitat Enhancement project.

16 **MISCELLANEOUS**

17 The Board received the following miscellaneous items: Disbursements-Dated May 17, 24,
18 and 31, 2018, Press Release – Russian River Inflatable Rubber Dam Going Up, Media Release –
19 Harmful Algal Bloom Season Beginning in California Lakes, Rivers and Streams.

20 The Board also received the following news articles: PG&E to auction dams project,
21 Humboldt County to draft stance on future of Eel River Dams after PG&E announcement, California
22 moves closer to crafting specific water caps for urban districts, Water Contamination clearing up in
23 Santa Rosa's Fountaingrove neighborhood, Price of Water 2018: Utilities Revise Household Water
24 Rate Formulas.

25 In addition the Board received a handout at the meeting of an email from Novato Resident
26 Nani Rankin asking for North Marin Water District's support of the proposed Safe and Affordable
27 Drinking Water Fund.

28 **ADJOURNMENT**

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Theresa Kehoe
District Secretary

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MEMORANDUM

To: Board of Directors

June 15, 2018

From: Julie Blue, Auditor-Controller *JB*Subj: Public Hearing/Approve - Proposed FY19 Equipment Budget
t:\aclword\budget\19\equip budget fy19 hearing.docx**RECOMMENDED ACTION:** Approve**FINANCIAL IMPACT:** \$355,000 Outlay

Presented for your third and final review, public hearing and approval is the proposed FY 2018/19 (FY19) Equipment Budget. There is one addition since the Board's last review of the Equipment Budget on May 15. It was determined that the Metals Analyzer, included in the FY18 budget, would not be purchased until FY19. See below for further information.

The proposed budget totals \$355,000 up \$145,000 from the adopted FY18 Equipment Budget (\$210,000). FY18 estimated actual expenditures are forecast to come in at \$110,000.

Significant purchases include \$105,000 for replacement of the Lab's 20-year-old metals analyzer. The analyzer is no longer supported by the manufacturer and repair components are difficult to obtain. Purchase of rolling stock includes \$120,000 for a 5-yard diesel dump truck with a sliding bed and \$40,000 for a ½-ton pickup.

Accompanying this memo is a chart showing ten years of equipment purchases history (Attachment A). Following the Proposed Equipment Expenditure Budget is the 5-Year Vehicle and Equipment Replacement Plan (Attachment B).

Recommendation:

Approve the FY19 Equipment Budget as presented.

EQUIPMENT EXPENDITURES**Fiscal Year 2018/2019 Budget**

		Approved	Description
1 ADMINISTRATION			
12101.01.00	a. Website Upgrade	\$10,000	Modernize website to a current design making it more mobile and multiple browser friendly.
12101.01.00	b. Timekeeping Software Upgrade	\$10,000	Upgrade timekeeping system from slow outdated unsupported software.
		\$20,000	
2 CONSTRUCTION/MAINTENANCE			
12106.01.00	a. Pipe Locator ¹	\$8,000	Replace of pipe locator purchased in 2005.
12106.01.00	b. Fittings & Hose for Emergency Hose Trailer	\$6,000	Additional fittings & 500' of 1" hose for Hose Trailer.
		\$14,000	
3 OPERATIONS/MAINTENANCE			
12108.01.00	a. Metals Analyzer ¹	\$105,000	Replace 20-year-old metals analyzer as it is no longer supported and repair components are not available.
12108.01.00	b. Autoclave for Lab ¹	\$27,000	Replace 25-year old autoclave. Parts availability is limited on this.
12108.01.00	c. Tire Balance Machine ¹	\$8,000	Equipment needed for mechanic shop.
12108.01.00	d. STP Reclaim Cleaning Pump ¹	\$6,000	Replacement of 25-HP trash pump.
		\$146,000	
4 VEHICLE & ROLLING EQUIPMENT EXPENDITURES		<u>Rolling Stock to be Transferred & Auctioned or Description</u>	
12104.01.00	a. 5-Yard Diesel Dump Truck with sliding bed ¹	\$120,000	Replace '99 F550 3yd Dump w/90K miles.
12104.01.00	b. 1/2 Ton 4x4 Pickup 4-door with Shell ¹	\$40,000	03 Dodge Dakota transfer to Electrical/Mechanical crew.
12104.01.00	c. STP Equipment Cart	\$15,000	Equipment cart to transport tools and equipment at STP site.
		\$175,000	
Total		\$355,000	

	Adopted Budget 2017/18	Estimated Actual 2017/18	Proposed Budget 2018/19
RECAP			
Equipment	\$147,000	\$47,000	\$180,000
Rolling Stock	\$63,000	\$63,000	\$175,000
	\$210,000	\$110,000	\$355,000

Note 1: Replacement

6/13/2018

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10 Year History of Equipment Purchases



5-Year Vehicle Replacement Plan

Updated 4/11/2018

FY18/19	New Item Description	Replacement Item Description	Cost
1	5-Yard Diesel roll off Dump truck	#52 1999 F450 3-Yard dump	\$120,000
2	State Bid 1/2 ton 4x4 pick up 4 door with shell	#49 2003 Dodge Dakota to E/M Tech	\$40,000
3	STP Equipment Cart		\$15,000
4		Total	\$175,000

Note: #501, #58 or 59, #52 will be auctioned

FY19/20	New Item Description	Replacement Item Description	Cost
1	State Bid 1/2 ton 4x4 pick up 4X4	#47 2002 Chevy K1500	\$30,000
2	State Bid 1/2 Ton Pickup w/Tool Box and Radio	#53 2004 Chevy to pool	\$30,000
3	Backhoe 4X4 diesel W Enclosed Cab	#77 2004 John Deere Backhoe	\$125,000
4		Total	\$185,000

Note: #47, #510, #77 will be auctioned

FY20/21	New Item Description	Replacement Item Description	Cost
1	STP Forklift 5k lbs. cap Propane	#902E 2001 Hyster 50	\$40,000
2	5-Yard Diesel Dump truck	#44 2002 International	\$120,000
3	Hybrid Car w/ Radio	#510 2009 Toyota Prius	\$30,000
4		Total	\$190,000

Note: #56, #902E, and #44 will be auctioned

FY21/22	New Item Description	Replacement Item Description	Cost
1	1/2 ton V6 2WD w/Tool Box and Radio	#53 2004 Chevy 1500	\$35,000
2	1/2 Ton 4x4 Pickup w/Tool Box and Radio	#511 2010 Ford 4x4	\$35,000
3	1/2 ton V6 2WD w/Tool Box and Radio	#505 2008 Ford 3/4 ton 4X4	\$35,000
4	Hybrid Car w/ Radio	#56 2005 Honda Civic	\$30,000
5		Total	\$135,000

FY22/23	New Item Description	Replacement Item Description	Cost
1	250kw Portable generator	#73 STMO 225 KW PG	\$125,000
2	1/2 Ton 4x4 Pickup w/Tool Box and Radio	#512 2010 Ford	\$35,000
3	1/2 ton V6 2WD w/Tool Box and Radio	#54 2004 Chevy 1500	\$35,000
4		Total	\$195,000

Note: #57, #512 and #54 will be auctioned.

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MEMORANDUM

To: Board of Directors

June 15, 2018

From: Julie Blue, Auditor-Controller 

Subj: Public Hearing/Approve - Proposed FY19 & FY20 Novato Water CIP Budget
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RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: \$5.8 million FY19 & \$4.4 million FY20 Gross Expenditure
Budget Proposed for Consideration

Presented for your final review, public hearing and approval is the proposed Fiscal Year 2018-19 (FY19) and FY2019-20 (FY20) Capital Improvement Project (CIP) Budget. No changes have been made since the Board's last review at the May 15, 2018 meeting.

The net internally funded, or "pay-go" expenditure over the coming two fiscal years is \$5.9 million.

Below is a summary identifying the significant projects (\$500K or more) proposed to be undertaken over the next two fiscal years. An explanation of each FY19 project is incorporated into the detail listing attached.

Project	FY19	FY20
Advanced Meter Information – Radio Read Meter Retrofit	\$2,500,000	0
San Mateo 24" Inlet/Outlet Pipe (2,200)	500,000	190,000
Office/Yard Building Refurbish	250,000	1,500,000
Cherry Hill #2 Recoat	250,000	250,000
Replace Sludge Line to Center Road	0	600,000
Coat STP Concrete Clearwells	590,000	0
Crest PS (Design/Const)/Reloc School Rd PS	200,000	520,000
Other Projects	1,470,000	1,355,000
Gross Project Outlay	\$5,760,000	\$4,415,000
Less Loans & Grants	(2,750,000)	(1,500,000)
Net Project Outlay (internally funded)	\$3,010,000	\$2,915,000

The CIP plan, when viewed over the current fiscal year through the next five years, averages \$2.4 million annually in internally funded projects. This is slightly below the \$2.5 million cap approved by the Board and incorporated into the 5-year financial plan. The proposed FY19 budget includes 21 projects, down from 22 approved for FY18.

RECOMMENDATION:

Approve the FY19 & FY20 Capital Improvement Projects Budget as presented.

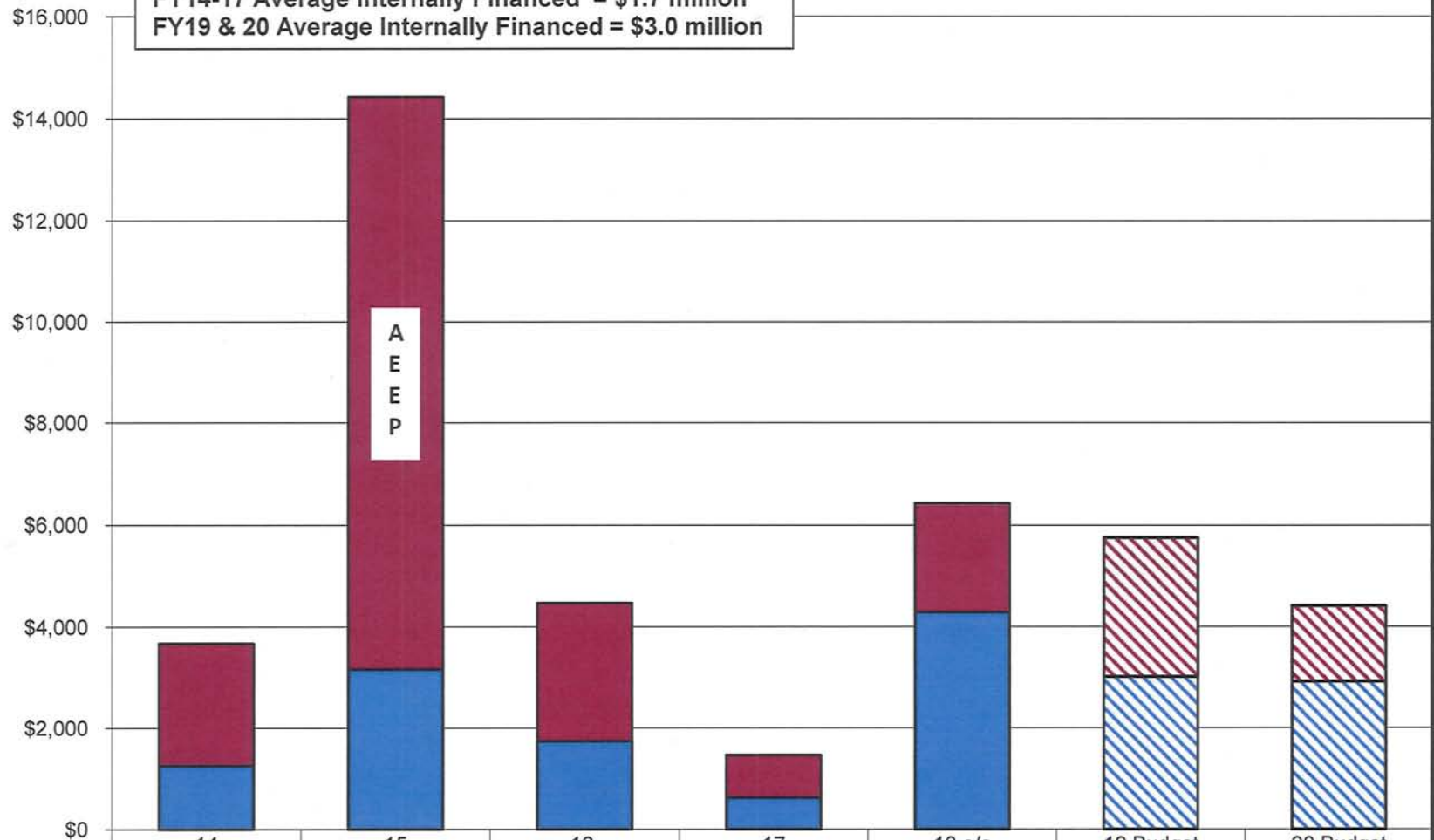
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Novato Potable Water Capital Improvement Project Expenditures

Thousands

FY14-17 Average Internally Financed = \$1.7 million
 FY19 & 20 Average Internally Financed = \$3.0 million



	14	15	16	17	18 e/a	19 Budget	20 Budget
Debt/Grant Financed	\$2,424	\$11,261	\$2,736	\$837	\$2,135	\$2,750	\$1,500
Internally Financed	\$1,253	\$3,157	\$1,735	\$624	\$4,288	\$3,010	\$2,915
Total	\$3,677	\$14,418	\$4,472	\$1,461	\$6,423	\$5,760	\$4,415

CAPITAL IMPROVEMENT PROJECTS

6/7/2018

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		FY19	FY20	FY19 Project Description
1.	PIPELINE REPLACEMENTS/ADDITIONS			
	a. Main/Pipeline Replacements			
1.7161.00	1 Ridge Road 6" ACP (8"@1,400')	\$140,000		Install 1,400' of 8" water main from Ridge Rd PS to Forest Rd to replace 6" ACP that shows a high level of degradation.
1.7176.00	2 Replace Shady Ln Service Saddles	\$100,000		Replace approximately 22 failing service saddles.
1.7177.00	3 Rush Creek Pipe Protection		\$190,000	
	4 Leveroni Creek Repair		\$120,000	
	5 Other Main Replacements (60+ years old)	\$160,000	\$160,000	Unplanned repairs/replacements for failing mains.
		\$400,000	\$470,000	
	b. Main/Pipeline Additions			
1.7150.00	1 San Mateo 24" Inlet/Outlet Pipe (2,200')	\$500,000	\$190,000	Multiyear project to install 1,600 feet of 24-inch pipe from San Mateo Tank to the end of San Mateo Way to improve northern Zone 2 fire flow.
		\$500,000	\$190,000	
	c. Polybutylene Service Line Replacements			
1.7169.00	1 Country Lane 2" Plastic	\$150,000		Replace approximately 340 lf of failing 2" main with 4".
1.7139.xx	2 Replace PB in Sync w/City Paving (30 Srvcs)		\$70,000	
1.7123.xx	3 Other PB Replacements (80 Services)		\$80,000	
		\$150,000	\$150,000	
	d. Relocations to Sync w/City & County CIP			
1.8737.xx	1 Other Relocations	\$70,000	\$70,000	Relocate facilities for yet to be identified City/County Projects.
		\$70,000	\$70,000	
	TOTAL PIPELINE REPLACEMENTS/ADDITIONS	\$1,120,000	\$880,000	

CAPITAL IMPROVEMENT PROJECTS

6/7/2018

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		FY19	FY20	FY19 Project Description
2.	SYSTEM IMPROVEMENTS			
1.7007.11	a. DCA Repair/Replace (~14/yr)	\$60,000	\$100,000	Detector Check Assembly replacements.
1.7090.04	b. Anode Installations (150/yr)	\$30,000	\$10,000	Place anodes on copper laterals for corrosion protection.
1.7157.00	c. Automate Zone Valve (Slowdown Ct)	\$100,000		To provide real-time operation of Zone 2 pressure and flow when STP goes on & off.
1.7158.00	d. Advanced Meter Information Retrofit (Note 1)	\$2,500,000		Complete installation of the AMI System.
1.7178.00	e. Asset Management Software Procure/Implement	\$75,000	\$75,000	Software to eliminate paper records and improve efficiencies for ranking capital expenditures .
1.7136.00	f. Facilities Security Enhancements	\$25,000		Tanks & PS security improvements.
	TOTAL SYSTEM IMPROVEMENTS	<u>\$2,790,000</u>	<u>\$185,000</u>	
3.	BUILDING, YARD, STP IMPROVEMENTS			
	a. Administration Building			
1.6501.43	1 Electronic Document Management System	\$140,000		Manage digital document creation, storage, retrieval & expiration.
1.6501.44	2 Office/Yard Building Renovation (Note 2)	\$250,000	\$1,500,000	50-year-old building requires significant upgrading.
		\$390,000	\$1,500,000	
	b. Stafford Treatment Plant			
	1 Dam Concrete Repair (Apron)		\$50,000	
1.6600.89	2 Coat Concrete Clearwells (Both Units)	\$590,000		Existing concrete walls in STP Actifloc and finished water clear wells are showing signs of exposed aggregate due to low pH treated water. New protective coating will stop the deterioration.
	3 Replace Sludge Line to Center Road (4"@ 4,400')		\$600,000	
1.6600.92	4 Other Treatment Plant Improvements	\$50,000	\$50,000	Miscellaneous plant improvements
		\$640,000	\$700,000	
	TOTAL BUILDING, YARD, STP IMPROVEMENTS	<u>\$1,030,000</u>	<u>\$2,200,000</u>	

CAPITAL IMPROVEMENT PROJECTS

6/7/2018

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		FY19	FY20	FY19 Project Description
4.	STORAGE TANKS/PUMP STATIONS			
	a. Tank Construction			
1.6207.20	1 Old Ranch Rd Tank Replace (50,000 gal) (Note 3)	\$60,000	\$260,000	Replace and upsize existing redwood tank due to the current tank approaching end of useful life.
		\$60,000	\$260,000	
	b. Tank Rehabilitation			
1.7170.00	1 Hydropneumatic Tank Repairs	\$30,000	\$30,000	Ongoing program to inspect/Repair the 7 tanks in compliance with State Code.
1.6205.22	2 Cherry Hill #2 Recoat (0.2 MG)	\$250,000	\$250,000	Remove and replace coating system to extend tank life.
		\$280,000	\$280,000	
1.6112.24	c. Lynwood P.S. Motor Control Center	\$280,000	\$90,000	Move motor controls above-ground.
1.6141.00	d. Crest PS (Design/Const) /Reloc School Rd PS	\$200,000	\$520,000	Replace School Rd PS with new facility on Bahia Drive.
	TOTAL STORAGE TANKS/PUMP STATIONS	\$820,000	\$1,150,000	
	<u>SUMMARY - GROSS PROJECT OUTLAY</u>			
	Novato Capital Improvement Gross Project Outlay	\$5,760,000	\$4,415,000	
	LESS FUNDED BY LOANS/GRANTS/OTHER			
	a. Advanced Meter Information Retrofit (Note 1)	(\$2,500,000)		
	b. Office/Yard Building Refurbish (Note 2)	(\$250,000)	(\$1,500,000)	
	TOTAL LOAN/GRANT FUNDS	(\$2,750,000)	(\$1,500,000)	
	<u>SUMMARY - NET PROJECT OUTLAY</u>			
	Novato Capital Improvement Net Project Outlay	\$3,010,000	\$2,915,000	
	Total Number of District Projects	21	19	

CAPITAL IMPROVEMENT PROJECTS

6/7/2018

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		FY19	FY20	FY19 Project Description
STUDIES & SPECIAL PROJECTS				
1.4057.00	a. Local Water Supply Enhancement Study	\$150,000		
1.4058.00	b. Cost of Service Study Peer Review	\$30,000		
1.4059.00	c. Stafford Lake Water Rights Update	\$50,000	\$50,000	
1.4060.00	d. STP Efficiency Improvements	\$75,000		
1.7039.02	e. Novato Water Master Plan Update (every 5 yrs)	\$30,000		
	f. Urban Water Management Plan (every 5 yrs)		\$20,000	
	TOTAL STUDIES & SPECIAL PROJECTS	\$335,000	\$70,000	
NOVATO POTABLE WATER DEBT SERVICE				
	a. STP SRF Loan	\$1,044,000	\$1,044,000	
	b. AEEP Bank Loan	\$482,000	\$482,000	
	c. Advanced Meter Info Retrofit Loan (Note 1)	\$357,000	\$377,000	
	d. Admin Building Renovation Loan (Note 2)	\$844,000	\$844,000	
	TOTAL DEBT SERVICE	\$2,727,000	\$2,747,000	
	NET PROJECT OUTLAY & DEBT SERVICE	\$6,072,000	\$5,732,000	

Note 1 - \$5.5M Advanced Meter Info Retrofit is partially funded by Bank Loan of \$4.6M. Prior to securing bank loan the project was internally financed.

Note 2 - \$12M Office/Yard Renovation is proposed to be funded by 20 year 3.5% Bank Loan

MEMORANDUM

To: Board of Directors

June 15, 2018

From: Julie Blue, Auditor-Controller 

Subj: Public Hearing/Approve – FY19 Proposed Novato Water Operations Budget
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RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: \$24.5 Million Expenditure Plan for FY19

The Public Hearing to consider the FY2018/2019 (FY19) Novato Potable Water Budget was advertised in the June 13 edition of the Novato Advance (Attachment A).

Budget Changes since the Last Review

1. An \$11K increase to insurance premiums and claims based on the proposals received for the FY19 insurance renewal.
2. A \$4K increase in operating labor within Water Treatment. These labor hours were transferred over from the West Marin Water and Oceana Marin Sewer budgets.
3. A \$105K increase to the Capital Equipment Budget due to the addition of a Metals Analyzer for the lab which was originally budgeted for purchase in FY18 but will not be purchased until FY19.

Budget Summary

The fiscal year 2018/19 (FY19) budget proposed herein projects a net “bottom line” cash deficit of \$1,282,000. A rate increase of 4.5% effective June 1, 2018 is factored into the budget. The 4.5% increase adds \$880,000 to the FY19 budgeted revenue.

FY19 water sales volume is budgeted at 2.6 BG, consistent with the FY18 projected sales volume, but higher than the 2.3 BG budgeted amount for FY18.

The operating revenue (water sales) less operating expenditures for the FY19 budget estimates a net operating income of \$1,222,000 which compares to this year's projected net operating income of \$3,269,000. Total budgeted outlay, which includes capital improvement projects and debt service, is budgeted at \$24.5 million, down 13% from the FY18 budget.

Budget Detail

Water Sales - Water sales volume is budgeted at 2.6 BG, which is in line with the current fiscal year estimated actual, and 5% below the 10-year average. The chart on page 6 of the budget document shows a 10-year history of billed consumption.

The adopted 4.5% rate increase is structured as a 4.5% increase in the commodity rate and 4.5% increase in the fixed service charge. If approved, the median residential customer would see an average monthly increase of \$2.50. The proposed rate increase would generate \$880,000 in additional revenue next fiscal year.

Other Revenue – Connection Fee revenue is budgeted at \$680,000 which is based on the average of the last five years of actual connection fee revenue received. The wheeling charge to Marin Municipal Water District is budgeted at \$75,000. This is based on and equal to the projected revenue estimate to be received for the current fiscal year. In addition, MMWD will pay the annual fixed AEEP capital contribution of \$245,000 in accord with the terms of the 2014 Interconnection Agreement. Miscellaneous Revenue includes \$84,000 in combined income from the rental of the Point Reyes home, the Little Mountain cell phone tower lease, Indian Valley Golf Club lease, two grazing leases, rental of the District's security apartment, and rental of the Pacheco Valle tennis courts.

Operating Expenditures

Total Operating Expenditures are projected to increase 14% (\$2,046,000) from the FY18 budget. The difference is primarily composed of a \$1,280,000 payment to SCWA and a \$619,000 increase for water purchases. Without these two outlying items the operations budget is relatively flat with a projected increase of 1% (\$147,000). Additional details of some of the individual components of the Operating Expenditure Budget follow.

Source of Supply is budgeted to increase approximately 29% (\$1,900,000) from last year's budget. The volume of water purchased from the Sonoma County Water Agency (SCWA) is forecast at 1.9 BG, a 0.2 BG increase from the FY18 budget. The increase costs for the purchase of water include \$47,000 for the expected increased charges, as set by SCWA, and \$572,000 for the expected increased volume of water to be purchased. Also included in this expenditure is a payment to SCWA for \$1.3M. This payment is a one-time payout for bond issued debt service. The payment will be made in FY19; no further payments will be due for the life of the debt service.

Water Treatment is budgeted to increase 13% (\$244,000) from last year's budget. This is due to projected increases in operating permit fees, increases in the cost of chemicals, and an increase in the costs of sludge disposal. Maintenance of the grounds and equipment for the Stafford Treatment Plant are also budgeted to increase for pumps and motor repairs, repairs to the road, pond covering, and bird netting.

Transmission and Distribution is budgeted to increase by approximately 2% (\$75,000) from the prior year's budget. This increase is primarily due to rebalancing of operational priorities to Transmission and Distribution.

General Administration includes a series of studies. Five are included in the FY19 Administrative Budget, totaling \$335,000, a decrease of \$90,000 from the FY18 budget as follows:

	Project	Cost	Description
1	Local Water Supply Enhancement Study	\$150,000	Increase Local Yield (\$200K total)
2	Novato Master Plan Update	\$30,000	5-Year Update
3	Cost of Service Study Peer Review	\$30,000	Outside Review of Water Rate Structure
4	Stafford Lake Water Rights Update	\$50,000	Legal Review and Update of Entitlements
5	STP Efficiency Improvements	\$75,000	Increase Finished Water Throughput
		<u>\$335,000</u>	

Staffing - The proposed budget includes a staffing level of 54 full-time equivalent (FTE) employees, down 1.2 FTE (2%) from the current year budget. The decrease from the prior year is due to overlapping staff due to retirement and turnover. See below for FTE count by division.

<u>FTE Staffing</u>	<u>FY19</u>	<u>FY18</u>
Administration	8.0	8.0
Consumer Services	6.0	6.0
Construction/Maintenance	12.0	12.0
Engineering	8.0	8.2
Maintenance	9.0	10.0
Operations	6.0	6.0
Water Quality	<u>5.0</u>	<u>5.0</u>
	<u>54.00</u>	<u>55.2</u>

The temporary staffing budget is proposed to increase by 490 hours from the prior year's budget to 8,836 hours. The increase is due to additional administrative hours needed to complete a cost of service study and to provide assistance in completing a salary survey for employee agency negotiations. Additional hours are also required for back-up support for the payroll and accounts payables functions.

<u>Temporary Staffing Hours</u>	<u>FY19</u>	<u>FY18</u>
Administration	906	416
Customer Accounting	1,750	1,750
Construction/Maintenance	1,760	1,760
Engineering	1,000	1,000
Maintenance	1,220	1,220
Operations	700	700
Water Conservation	1,000	1,000
Water Quality	<u>500</u>	<u>500</u>
	<u>8,836</u>	<u>8,346</u>

For budgeting purposes, a 3% cost-of-living salary increase, based on the projected increase in the consumer price index, has been factored into the budget effective October 1, 2018, in accordance with the Memorandum of Understanding.

The District's average CalPERS retirement contribution rate will increase 4% (to 23.8%) from the amount budgeted last year. All employees now pay 100% of the CalPERS employee contribution. For budgeting purposes, a 4% increase in group health insurance rates effective January 1, 2019 is assumed, which is the average rate of increase over the past 3 years, and increases budgeted labor cost by \$28,000.

Operating Expenditures Summary – Total budgeted operating expenditures are up \$2 million (14%) compared to the adopted FY18 budget. The below table lists the budget variances by category. The primary influences for this variance is the payment to SWCA for the debt service on their bond issuance and the substantial increase in water purchases due to the corresponding increase in water sales. The cost of chemicals for water treatment and power for operations also contribute to the increase in the budget.

<u>Component</u>	<u>Increase/ (Decrease) vs. FY18 Budget</u>	<u>FY19 % Change</u>
Purchased Water Cost*	\$1,900,000	40%
Maintenance of Structure/Grounds	43,000	42%
Laboratory Expense	40,000	5%
Human Resources	36,000	115%
Chemicals	30,000	7%
Materials/Services/MISC	-3,000	0%
Net Increase/(Decrease)	<u>\$2,046,000</u>	<u>14%</u>

* – Includes \$1.3M for a one-time debt service payment to SCWA and \$620K increase in water cost/purchases.

Staff Recommendation:

- 1) Approve the FY18/19 Novato Operating Budget as presented;
- 2) Authorize the General Manager to pay demands arising from execution of the budgeted expenditure plan.

Proposed
BUDGET

Public Hearing/Approve

**Novato Potable Water
Operating Budget**

FISCAL YEAR

2018-19

NORTH MARIN WATER DISTRICT

999 RUSH CREEK PLACE, NOVATO, CA

TABLE OF CONTENTS
NORTH MARIN WATER DISTRICT
NOVATO POTABLE WATER
PROPOSED 2018/19 OPERATING BUDGET

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NOVATO POTABLE WATER
BUDGET SUMMARY
Fiscal Year 2018/19

	<i>Proposed Budget 2018/19</i>	<i>Estimated Actual 2017/18</i>	<i>Adopted Budget 2017/18</i>
OPERATING INCOME			
1 Water Sales	\$20,144,000	\$19,468,000	\$17,366,000
2 Wheeling & Misc Service Charges	340,000	386,000	352,000
3 Total Operating Income	\$20,484,000	\$19,854,000	\$17,718,000
OPERATING EXPENDITURES			
4 Source of Supply	\$6,756,000	\$5,576,000	\$4,833,000
5 Pumping	343,000	334,000	350,000
6 Operations	580,000	790,000	695,000
7 Water Treatment	2,413,000	2,080,000	2,169,000
8 Transmission & Distribution	3,136,000	2,590,000	3,061,000
9 Consumer Accounting	618,000	579,000	647,000
10 Water Conservation	380,000	268,000	440,000
11 General Administration	2,216,000	1,803,000	2,201,000
12 Depreciation Expense	2,820,000	2,565,000	2,800,000
13 Total Operating Expenditures	\$19,262,000	\$16,585,000	\$17,196,000
14 NET OPERATING INCOME (LOSS)	\$1,222,000	\$3,269,000	\$522,000
NON-OPERATING INCOME/(EXPENSE)			
15 Interest Revenue	\$100,000	132,000	100,000
16 Miscellaneous Revenue	133,000	149,000	133,000
17 Interest Expense	(533,000)	(436,000)	(452,000)
18 Debt Issuance Costs	-	(85,000)	-
19 Miscellaneous Expense	(20,000)	(\$2,000)	(20,000)
20 Total Non-Operating Income/(Expense)	(\$320,000)	(\$242,000)	(\$239,000)
21 NET INCOME/(LOSS)	\$902,000	\$3,027,000	\$283,000
OTHER SOURCES/(USES) OF CASH			
22 Add Depreciation Expense	\$2,820,000	\$2,565,000	\$2,800,000
23 Connection Fees	680,000	922,000	780,000
24 Caltrans AEEP Capital Contribution	1,000	1,000	-
25 MMWD AEEP Capital Contribution	245,000	245,000	245,000
26 SCWA Water Conservation Grant	30,000	45,000	-
27 Loans	250,000	4,600,000	6,200,000
28 Capital Equipment Expenditures	(355,000)	(63,000)	(210,000)
29 Capital Improvement Projects	(5,760,000)	(6,423,000)	(10,315,000)
30 Debt Principal Payments	(1,350,000)	(1,090,000)	(1,093,000)
31 Connection Fee Transfer from (to) RWS	1,255,000	(5,100,000)	(1,751,000)
32 Working Capital Increase/(Decrease)	-	1,129,000	2,570,000
33 Total Other Sources/(Uses)	(\$2,184,000)	(\$3,169,000)	(\$774,000)
34 CASH INCREASE/(DECREASE)	(\$1,282,000)	(\$142,000)	(\$491,000)

NOVATO POTABLE WATER OPERATING BUDGET DETAIL**Fiscal Year 2018/19**

	Proposed Budget 18/19	Estimated Actual 17/18	Adopted Budget 17/18	Actual 16/17	Actual 15/16	Actual 14/15	Actual 13/14	Actual 12/13
STATISTICS								
1 Active Meters	20,577	20,556	20,545	20,544	20,535	20,498	20,505	20,492
2 Avg Commodity Rate/1,000 Gal (Net)	\$5.99	\$5.73	\$5.35	\$5.40	\$5.25	\$4.87	\$4.81	\$4.32
3 Potable Consumption (BG)	2.60	2.60	2.30	2.31	2.15	2.44	2.95	3.02
OPERATING INCOME								
4 Water Sales	\$20,300,000	\$19,628,000	\$17,280,000	\$16,772,060	\$15,489,903	\$16,101,706	\$18,385,017	\$16,626,526
5 Bill Adjustments	(156,000)	(160,000)	86,000	(130,587)	(64,461)	(82,790)	(95,470)	(104,567)
6 Sales to MMWD	-	-	-	-	-	-	432,294	-
7 Wheeling Charges-MMWD	75,000	75,000	91,000	91,374	90,217	119,144	100,527	251,980
8 Miscellaneous Service Revenue	265,000	236,000	261,000	252,038	277,479	276,388	265,496	223,619
9 TOTAL OPERATING INCOME	\$20,484,000	\$19,854,000	\$17,718,000	\$16,984,885	\$15,793,138	\$16,414,448	\$19,087,864	\$16,997,558
OPERATING EXPENSE								
SOURCE OF SUPPLY								
10 Supervision & Engineering	\$37,000	\$10,000	\$20,000	\$11,264	\$10,586	\$11,641	\$9,698	\$9,103
11 Operating Expense - Source	12,000	4,000	10,000	8,513	11,928	11,044	10,497	6,821
12 Maintenance/Monitoring of Dam	67,000	24,000	62,000	24,059	22,796	11,635	19,438	38,295
13 Maintenance of Lake & Intakes	18,000	3,000	17,000	7,575	6,299	511	11,701	14,481
14 Maintenance of Watershed	50,000	37,000	49,000	36,218	17,325	15,151	17,015	23,405
15 Water Purchased for Resale to MMWD	-	-	-	-	-	-	253,539	-
16 Water Quality Surveillance	22,000	8,000	25,000	3,513	3,137	7,467	13,713	12,776
17 Contract Water - SCWA	6,550,000	5,490,000	4,650,000	4,320,623	3,997,030	4,333,100	5,698,211	5,135,330
18 GASB 68 Adjustment	-	-	-	5,682	-	-	-	-
19 TOTAL SOURCE OF SUPPLY	\$6,756,000	\$5,576,000	\$4,833,000	\$4,417,447	\$4,069,101	\$4,390,549	\$6,033,812	\$5,240,211
PUMPING								
20 Operating Expense	\$3,000	\$0	\$3,000	\$0	\$0	\$237	\$0	\$0
21 Maintenance of Structures/Grounds	26,000	22,000	27,000	28,514	26,347	51,544	46,502	24,115
22 Maintenance of Pumping Equipment	62,000	35,000	68,000	30,354	13,507	51,013	27,696	35,637
23 Electric Power - Pumping	252,000	277,000	252,000	246,869	212,207	213,909	255,711	263,471
24 GASB 68 Adjustment	-	-	-	3,496	-	-	-	-
25 TOTAL PUMPING	\$343,000	\$334,000	\$350,000	\$309,233	\$252,061	\$316,703	\$329,909	\$323,223
OPERATIONS								
26 Supervision & Engineering	\$169,000	\$244,000	\$169,000	\$234,870	\$256,231	\$241,264	\$219,520	\$187,986
27 Operating Expense	252,000	393,000	358,000	343,890	304,897	244,900	274,893	264,400
28 Maintenance Expense	56,000	\$49,000	58,000	47,202	34,755	37,667	79,906	101,036
29 Telemetry Equipment/Controls Maint	86,000	\$88,000	93,000	101,568	68,674	86,544	62,223	44,349
30 Leased Line Expense	17,000	\$16,000	17,000	17,592	17,704	17,986	17,675	17,921
31 GASB 68 Adjustment	-	-	-	63,553	-	-	-	-
32 TOTAL OPERATIONS	\$580,000	\$790,000	\$695,000	\$808,675	\$682,261	\$628,361	\$654,217	\$615,692

NOVATO POTABLE WATER OPERATING BUDGET DETAIL**Fiscal Year 2018/19**

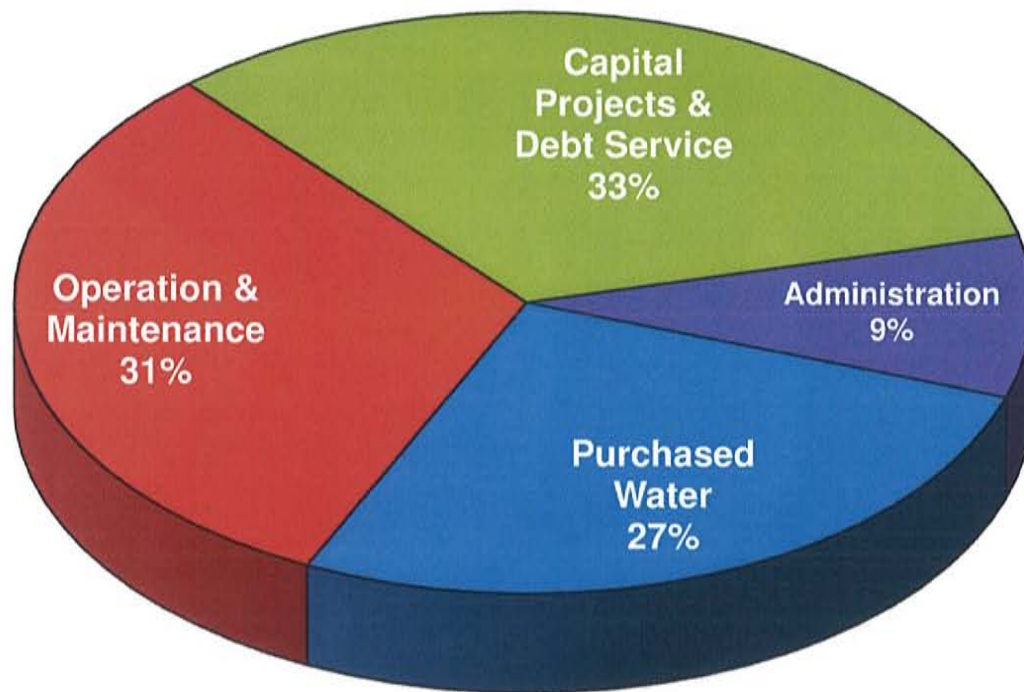
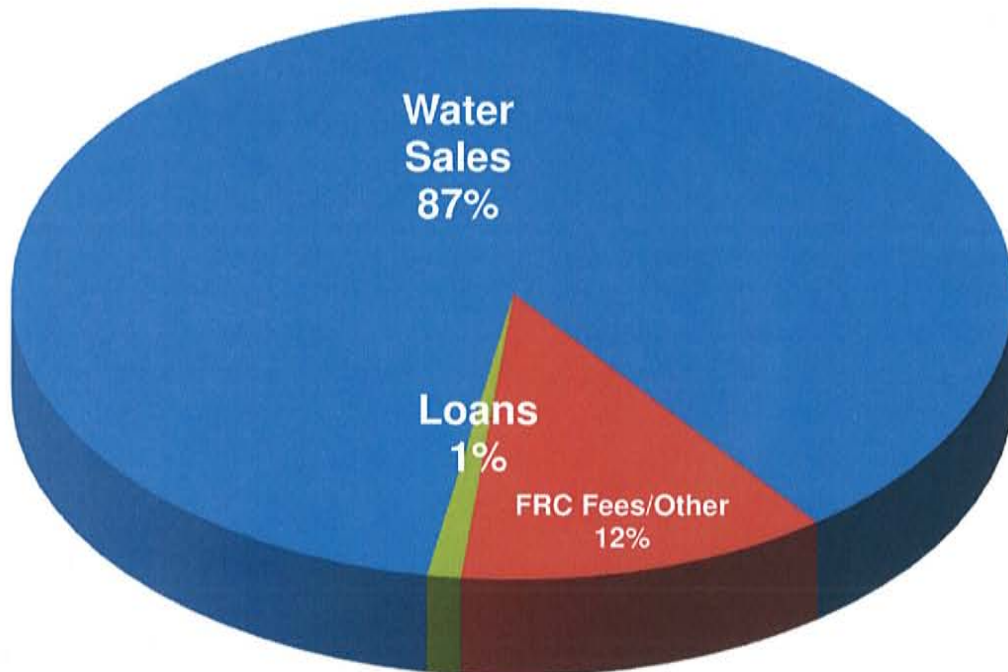
	Proposed Budget 18/19	Estimated Actual 17/18	Adopted Budget 17/18	Actual 16/17	Actual 15/16	Actual 14/15	Actual 13/14	Actual 12/13
WATER TREATMENT								
33 Supervision & Engineering	\$152,000	\$175,000	\$105,000	\$168,945	\$130,358	\$112,433	\$111,096	\$112,612
34 Operating Expense	393,000	\$244,000	371,000	349,671	313,024	333,020	285,050	308,301
35 Purification Chemicals	455,000	\$441,000	425,000	247,260	378,562	358,907	316,762	400,627
36 Sludge Disposal	119,000	\$99,000	102,000	107,942	90,043	72,720	66,085	103,196
37 Maintenance of Structures/Grounds	119,000	\$49,000	75,000	78,910	68,351	79,728	60,148	52,242
38 Purification Equipment Maintenance	203,000	\$221,000	177,000	186,246	150,989	104,290	137,838	137,793
39 Electric Power - Treatment	156,000	\$156,000	138,000	129,652	113,223	120,592	135,637	112,767
40 Laboratory Expense (net)	816,000	\$695,000	776,000	768,965	705,212	691,990	655,315	602,901
41 GASB 68 Adjustment	-	-	-	150,494	-	-	-	-
42 TOTAL WATER TREATMENT	\$2,413,000	\$2,080,000	\$2,169,000	\$2,188,085	\$1,949,762	\$1,873,680	\$1,767,931	\$1,830,439
TRANSMISSION & DISTRIBUTION								
43 Supervision & Engineering	\$656,000	\$606,000	\$591,000	\$569,303	\$559,007	\$562,934	\$486,544	\$427,430
44 Maps & Records	180,000	\$138,000	171,000	168,267	110,877	108,956	77,995	106,669
45 Operation of T&D System	636,000	\$524,000	607,000	582,483	509,160	404,243	511,708	460,489
46 Storage Facilities Expense	141,000	\$97,000	175,000	155,641	150,066	167,362	134,352	87,843
47 Maintenance of Valves & Regulators	222,000	\$166,000	211,000	196,162	189,372	151,691	91,709	117,299
48 Maintenance of Mains	155,000	\$179,000	130,000	149,584	215,077	149,898	72,176	86,906
49 Backflow Prevention Program	234,000	\$182,000	303,000	155,536	150,298	156,590	147,878	102,338
50 Maintenance of Copper Services	187,000	\$132,000	177,000	159,769	142,083	202,193	141,987	175,880
51 Maintenance of PB Service Lines	469,000	\$373,000	453,000	473,695	532,436	432,820	411,357	483,006
52 Maintenance of Meters	107,000	\$112,000	105,000	66,356	100,402	100,401	94,418	93,360
53 Detector Check Assembly Maint	70,000	\$59,000	63,000	72,208	54,586	65,749	52,369	7,581
54 Maintenance of Hydrants	79,000	\$22,000	75,000	51,020	34,311	25,655	22,154	28,531
55 GASB 68 Adjustment	-	-	-	228,385	-	-	-	-
56 TOTAL TRANSMISSION & DISTRIB	\$3,136,000	\$2,590,000	\$3,061,000	\$3,028,409	\$2,747,675	\$2,528,492	\$2,244,647	\$2,177,332
CONSUMER ACCOUNTING								
57 Meter Reading & Collection	\$250,000	\$175,000	\$245,000	\$182,663	\$189,262	\$166,919	\$182,216	\$180,030
58 Billing & Accounting	228,000	\$265,000	274,000	289,503	281,010	269,054	256,653	247,897
59 Contract Billing	18,000	\$16,000	18,000	16,692	17,160	16,946	17,561	18,110
60 Postage & Supplies	55,000	\$50,000	55,000	56,373	58,903	60,032	61,791	64,497
61 Credit Card Fees	31,000	\$43,000	31,000	29,685	24,592	23,893	14,149	
62 Lock Box Service	11,000	\$10,000	11,000	10,944	10,944	10,080		
63 Uncollectible Accounts	14,000	\$14,000	14,000	12,709	15,382	14,818	19,500	23,230
64 Office Equipment Expense	27,000	\$23,000	15,000	11,350	23,091	16,743	23,905	8,290
65 Distributed to Other Operations	(16,000)	(\$17,000)	(16,000)	(17,161)	(16,959)	(16,233)	(15,276)	(13,961)
66 GASB 68 Adjustment	-	-	-	49,950	-	-	-	-
67 TOTAL CONSUMER ACCOUNTING	\$618,000	\$579,000	\$647,000	\$642,708	\$603,385	\$562,252	\$560,499	\$528,093

NOVATO POTABLE WATER OPERATING BUDGET DETAIL**Fiscal Year 2018/19**

	Proposed Budget 18/19	Estimated Actual 17/18	Adopted Budget 17/18	Actual 16/17	Actual 15/16	Actual 14/15	Actual 13/14	Actual 12/13
WATER CONSERVATION								
68 Residential	\$299,000	\$210,000	\$354,000	\$270,150	\$320,620	\$410,154	\$362,499	\$222,637
69 Commercial	19,000	6,000	19,000	1,702	3,711	5,352	2,605	1,169
70 Public Outreach/Information	39,000	23,000	40,000	30,618	32,287	34,148	51,638	28,477
71 Large Landscape	23,000	29,000	27,000	36,818	24,877	10,747	12,702	13,966
72 GASB 68 Adjustment	-	-	-	21,754	-	-	-	-
73 TOTAL WATER CONSERVATION	\$380,000	\$268,000	\$440,000	\$361,042	\$381,495	\$460,401	\$429,444	\$266,249
GENERAL & ADMINISTRATION								
74 Director's Expense	\$39,000	\$34,000	\$41,000	\$34,384	\$34,222	\$30,400	\$25,300	\$14,400
75 Legal Fees	19,000	18,000	17,000	28,043	20,488	9,956	20,906	10,112
76 Human Resources	67,000	60,000	31,000	31,451	25,036	33,977	28,386	35,917
77 Auditing Services	20,000	20,000	17,000	16,220	18,770	18,380	21,050	20,600
78 Consulting Services/Studies	393,000	181,000	425,000	51,567	138,735	107,015	0	53,327
79 General Office Salaries	1,364,000	1,366,000	1,362,000	1,492,719	1,309,502	1,191,792	1,184,164	1,214,210
80 Office Supplies	47,000	23,000	47,000	35,048	37,709	36,877	46,174	37,232
81 Employee Events	12,000	13,000	12,000	9,726	10,143	7,379	7,227	6,204
82 Other Administrative Expense	16,000	11,000	17,000	13,960	10,427	13,390	13,240	18,150
83 Election Cost	-	-	-	2,077	250	-	250	-
84 Dues & Subscriptions	73,000	66,000	69,000	59,046	59,271	53,296	47,842	45,607
85 Vehicle Expense	8,000	8,000	8,000	9,325	8,112	8,112	8,112	8,112
86 Meetings, Conf & Training	230,000	148,000	237,000	186,436	139,858	136,863	117,425	112,402
87 Telephone, Water, Gas & Electricity	49,000	38,000	49,000	45,355	42,458	38,580	33,328	32,995
88 Building & Grounds Maintenance	53,000	49,000	55,000	62,856	63,344	48,891	35,642	41,194
89 Office Equipment Expense	129,000	91,000	118,000	95,465	87,141	97,868	90,231	82,349
90 Insurance Premiums & Claims	128,000	86,000	117,000	87,319	140,366	102,073	72,192	76,473
91 Retiree Medical Benefits	172,000	162,000	172,000	164,969	168,935	175,580	159,691	166,699
92 (Gain)/Loss on Overhead Charges	(39,000)	(106,000)	(39,000)	(19,931)	(89,626)	(85,682)	(222,710)	(136,354)
93 G&A Distributed to Other Operations	(144,000)	(150,000)	(169,000)	(161,036)	(126,771)	(113,218)	(76,538)	(77,443)
94 G&A Applied to Construction Projects	(420,000)	(315,000)	(385,000)	(290,813)	(359,689)	(353,998)	(389,569)	(392,205)
95 GASB45 Adjustment (OPEB)	-	-	-	120,988	-	-	-	-
96 GASB68 Adjustment (Pension Liability)	-	-	-	207,182	-	-	-	-
97 TOTAL GENERAL & ADMINISTRATION	\$2,216,000	\$1,803,000	\$2,201,000	\$2,282,356	\$1,738,681	\$1,557,531	\$1,222,343	\$1,369,981
98 Depreciation Expense	\$2,820,000	2,565,000	\$2,800,000	\$2,710,627	\$2,577,081	\$2,507,124	\$2,445,634	\$2,417,032
99 TOTAL OPERATING EXPENSE	\$19,262,000	\$16,585,000	\$17,196,000	\$16,748,582	\$15,001,502	\$14,825,093	\$15,688,436	\$14,768,252
100 NET OPERATING INCOME/(LOSS)	\$1,222,000	\$3,269,000	\$522,000	\$236,303	\$791,636	\$1,589,355	\$3,399,428	\$2,229,306

**NOVATO POTABLE WATER
FISCAL YEAR 2018-19**

SOURCE OF FUNDS = \$23.2 MILLION



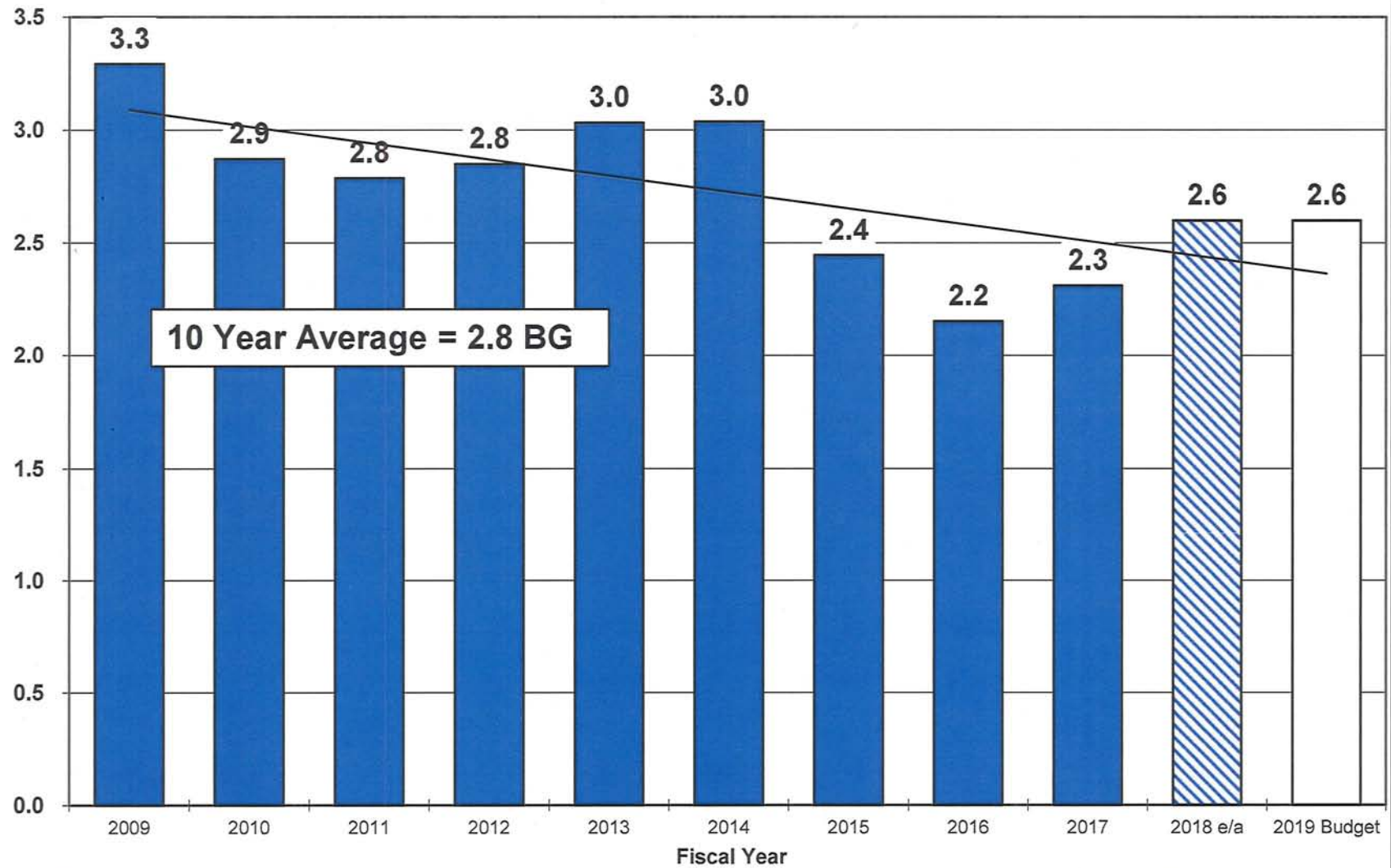
USE OF FUNDS = \$24.5 MILLION

6/12/2018

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Novato Water Billed Consumption 10 Year History

Billion
Gallons



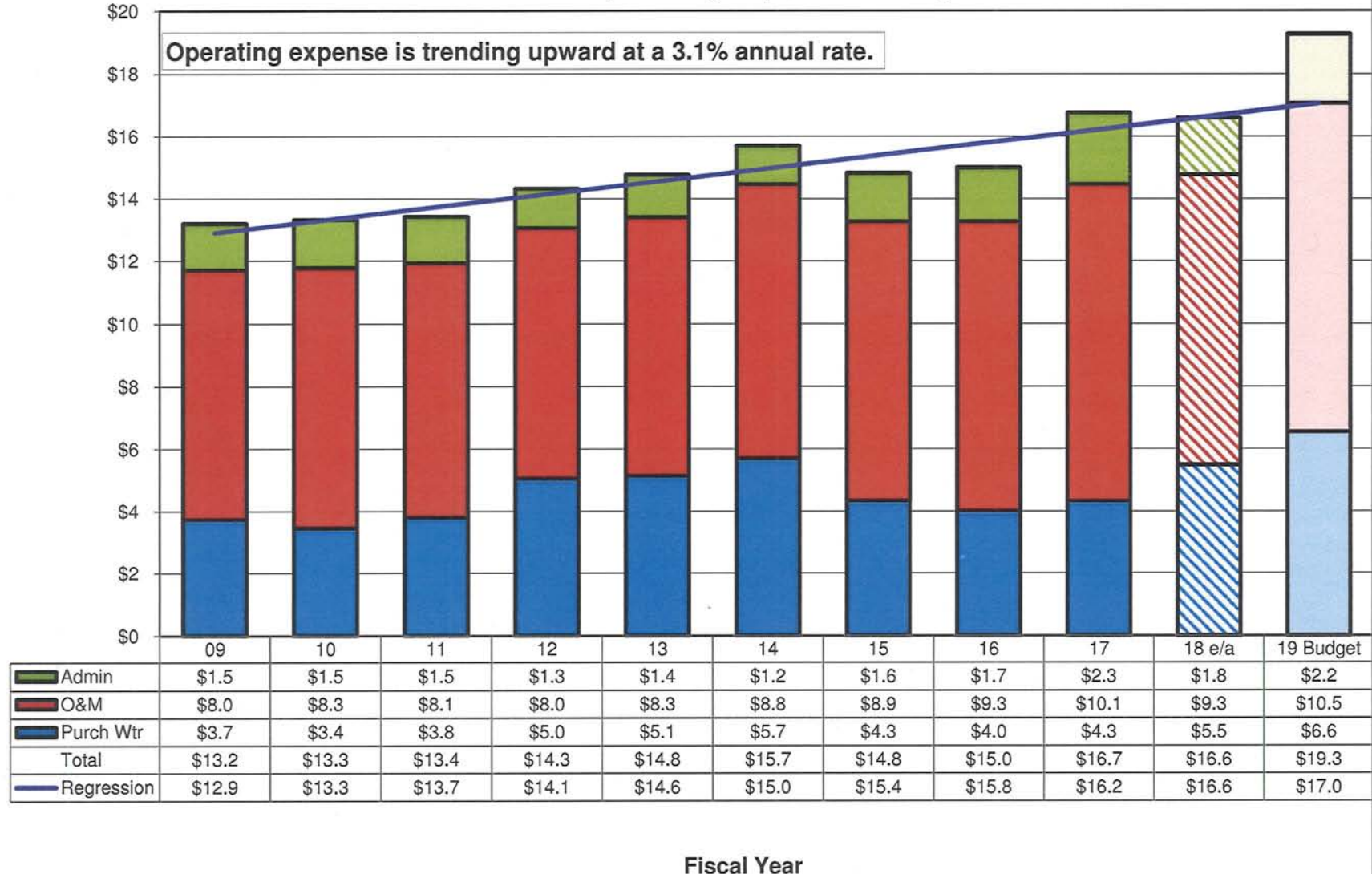
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Million \$

Novato Water Operating Expense History

Operating expense is trending upward at a 3.1% annual rate.



**NOTICE OF PUBLIC
HEARING**

A Public Hearing will be held to consider adoption of the Fiscal Year 2018-2019 North Marin Water District Budgets for the Novato Service Area on Tuesday, June 19, 2018 at 6:00 p.m. at District Headquarters, 999 Rush Creek Place, Novato, CA.

The proposed Novato Water budgets total \$26.2 million and reflect the water rate increases approved at the District Board of Directors meeting held on May 15, 2018. For more information, call 415-897-4133
Paper: NOVATO ADVANCE
Pub: JUNE 13, 2018 #14636

MEMORANDUM

To: Board of Directors

June 15, 2018

From: Julie Blue, Auditor-Controller *JB*

Subj: Public Hearing/Approve –FY19 Novato Recycled Water System Budget

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RECOMMENDED ACTION: Approve

FINANCIAL IMPACT: \$3 Million FY19 Expenditure Plan

Changes since the Last Review

There were no changes to the Recycled Water Budget since the Board's last review on May 15th.

Budget Summary

The FY 2018/19 (FY19) Recycled Water System (RWS) budget projects demand of 200MG next fiscal year (see chart of historical water use attached), which is a 25% increase from FY18 as the Central expansion project will continue to bring new customers. Consistent with the potable water rate increase, a 4.5% commodity rate and bimonthly service charge increase is proposed to be effective June 1, 2018. The proposed increase is projected to generate \$50,000 in additional revenue next fiscal year.

Operating expenses (excluding depreciation) are budgeted to increase 11% (\$46,000) from the existing FY18 budget. The FY19 budget projects purchase of 150MG (\$210,000) of tertiary treated water from Novato Sanitary District and 45MG (\$63,000) from Las Gallinas Valley Sanitary District, both at \$1,400/MG. The Deer Island Plant is budgeted to produce 5MG during the summer to keep it in good running order, and available to serve as a backup facility.

The projects to expand recycled water distribution facilities to Central Novato will be complete in FY18. The capital budget for FY19 includes \$100,000 to retrofit existing potable irrigation customers and \$20,000 for continued participation in NBWRA. In FY18 Novato has advanced funds to RWS in anticipation of the receipt of loan and grant funds. The FY19 RWS budget transfers out \$1.2M in Connection Fees to the Novato potable water system to repay the advances.

Staff Recommendation:

- 1) Approve the FY19 Novato Recycled Water System Budget as presented;
- 2) Authorize the General Manager to pay demands arising from execution of the budgeted expenditure plan.

CAPITAL IMPROVEMENT PROJECTS

6/7/18

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		FY18 Budget	FY18 Est Actual	FY19	FY20	FY21	FY22	FY23
5.	RECYCLED WATER							
5.7127.00	a. NBWRA Grant Program Administration	\$80,000	\$19,000	\$20,000	\$20,000	\$20,000	\$20,000	\$20,000
5.6058.10	b. Expansion to Central Area	\$6,365,000	\$3,365,000					
5.6234.20	c. Upgrade Auto-fill Valve at Reservoir Tank	\$50,000	\$0					
5.7162.xx	d. Other Recycled Water Expenditures	\$50,000	\$50,000	\$100,000	\$100,000	\$100,000	\$100,000	\$100,000
		<u>\$6,545,000</u>	<u>\$3,434,000</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$120,000</u>
	LESS FUNDED BY LOANS/GRANTS/OTHER							
	a. RW Sys Expansion (Note 4)	(\$5,333,000)	(\$2,819,000)					
	Recycled Water Net Project Outlay	<u>\$1,212,000</u>	<u>\$615,000</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$120,000</u>	<u>\$120,000</u>
	NOVATO RECYCLED WATER DEBT SERVICE							
	a. Deer Island Facility SRF Loan	\$273,000	\$273,000	\$273,000	\$273,000	\$273,000	\$273,000	\$273,000
	b. RW North Expansion SRF Loan	\$282,000	\$282,000	\$282,000	\$282,000	\$282,000	\$282,000	\$282,000
	c. RW South Expansion SRF Loan	\$332,000	\$332,000	\$332,000	\$332,000	\$332,000	\$332,000	\$332,000
	d. RW Central Exp SRF Loan	\$256,000	\$256,000	\$259,000	\$256,000	\$256,000	\$256,000	\$256,000
		<u>\$1,143,000</u>	<u>\$1,143,000</u>	<u>\$1,146,000</u>	<u>\$1,143,000</u>	<u>\$1,143,000</u>	<u>\$1,143,000</u>	<u>\$1,143,000</u>

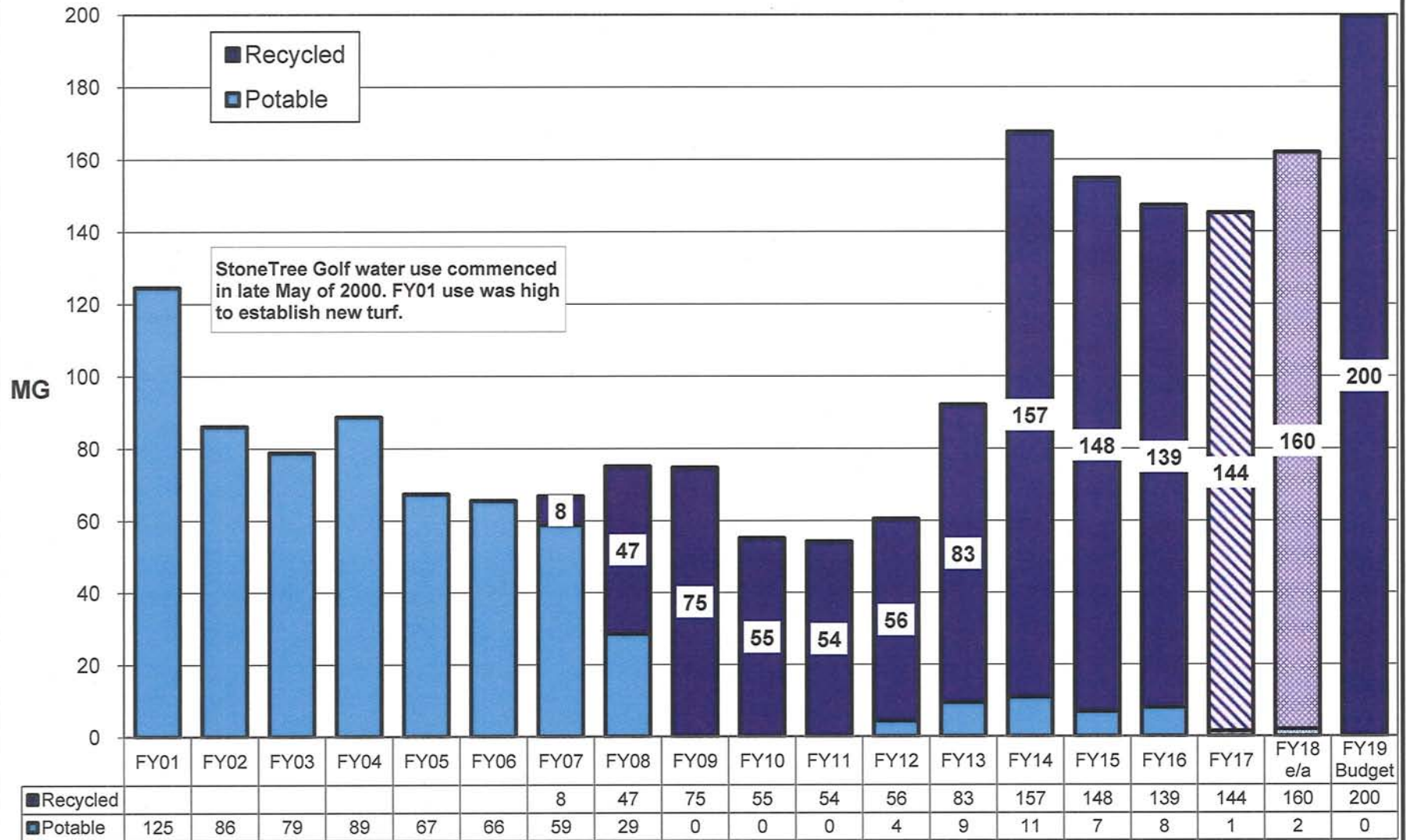
NOVATO RECYCLED WATER
BUDGET SUMMARY
Fiscal Year 2018/19

	Proposed Budget 2018/19	Estimated Actual 2017/18	Adopted Budget 2017/18
OPERATING INCOME			
1 Recycled Water Sales	\$1,154,000	\$883,000	\$884,000
2 Bimonthly Service Charge	41,000	33,000	34,000
3 Total Operating Income	\$1,195,000	\$916,000	\$918,000
OPERATING EXPENDITURES			
4 Purchased Water - NSD	\$210,000	\$98,000	\$154,000
5 Purchased Water - LGVSD	63,000	\$37,000	63,000
6 Pumping	6,000	\$3,000	6,000
7 Operations	64,000	\$59,000	62,000
8 Water Treatment	31,000	\$18,000	24,000
9 Transmission & Distribution	56,000	\$15,000	68,000
10 Consumer Accounting	1,000	\$1,000	1,000
11 General Administration	51,000	\$51,000	58,000
12 Depreciation	474,000	\$444,000	480,000
13 Total Operating Expenditures	\$956,000	\$726,000	\$916,000
14 NET OPERATING INCOME (LOSS)	\$239,000	\$190,000	\$2,000
NON-OPERATING INCOME/(EXPENSE)			
15 Interest Revenue	\$10,000	\$17,000	\$10,000
16 Stone Tree Golf Interest Payments	29,000	34,000	34,000
17 Deer Island SRF Loan Interest Expense	(53,000)	(58,000)	(58,000)
18 Distrib System SRF Loans Interest Exp	(235,000)	(186,000)	(191,000)
19 Total Non-Operating Income/(Expense)	(\$249,000)	(\$193,000)	(\$205,000)
20 NET INCOME/(LOSS)	(\$10,000)	(\$3,000)	(\$203,000)
OTHER SOURCES/(USES) OF FUNDS			
21 Add Depreciation Expense	\$474,000	\$444,000	\$480,000
22 Fed Grant/SRF Loan - Central Expansion	-	2,819,000	5,333,000
23 Connection Fees Transferred from (to) Novato	(1,255,000)	5,100,000	1,751,000
24 Stone Tree Golf Principal Repayment	222,000	217,000	217,000
25 Capital Improvement Projects	(120,000)	(3,434,000)	(6,545,000)
26 Deer Island SRF Loan Principal Payments	(221,000)	(215,000)	(215,000)
27 Distrib System SRF Loan Principal Pmts	(639,000)	(424,000)	(425,000)
28 Total Other Sources/(Uses)	(\$1,539,000)	\$4,507,000	\$596,000
29 CASH INCREASE/(DECREASE)	(\$1,549,000)	\$4,504,000	\$393,000

6/7/2018

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Recycled Water Production History



6

NORTH MARIN WATER DISTRICT
MONTHLY PROGRESS REPORT FOR *May 2018*
June 19, 2018

1.

Novato Potable Water Prod - RR & STP Combined - in Million Gallons - FYTD

Month	FY17/18	FY16/17	FY15/16	FY14/15	FY13/14	18 vs 17 %
July	331	310	227	319	385	7%
August	303	300	235	301	360	1%
September	292	302	210	276	332	-3%
October	274	203	299	221	313	35%
November	164	144	145	173	229	14%
December	152	148	145	129	182	3%
January	131	121	130	137	168	8%
February	135	119	111	121	119	14%
March	130	146	149	195	154	-11%
April	152	136	152	217	177	11%
May	237	232	200	185	283	2%
FYTD Total	2,301	2,160	2,003	2,275	2,702	7%

West Marin Potable Water Production - in Million Gallons - FY to Date

Month	FY17/18	FY16/17	FY15/16	FY14/15	FY13/14	18 vs 17 %
July	9.5	7.9	6.6	8.6	9.3	19%
August	8.8	7.4	7.0	8.5	9.3	19%
September	8.4	6.4	6.4	7.8	8.5	31%
October	7.9	5.2	6.5	5.4	8.0	52%
November	5.4	4.2	4.7	4.6	6.8	29%
December	5.1	3.7	3.9	4.7	6.4	37%
January	4.5	3.6	3.7	4.4	5.9	28%
February	4.5	3.3	3.8	3.9	4.4	35%
March	5.1	4.4	4.2	5.2	5.0	18%
April	5.1	4.8	4.9	4.7	5.0	6%
May	7.5	6.8	6.5	5.7	7.3	10%
FYTD Total	71.8	57.7	58.2	63.5	75.8	25%

Stafford Treatment Plant Production - in Million Gallons - FY to Date

Month	FY17/18	FY16/17	FY15/16	FY14/15	FY13/14	18 vs 17 %
July	113	70	108	83	98	61%
August	81	90	79	61	83	-10%
September	123	97	38	26	56	27%
October	102	94	50	0	82	9%
November	54	64	58	8	5	-16%
December	0	0	0	0	2	-
January	0	0	0	0	0	-
February	0	0	0	24	0	-
March	0	39	0	95	0	-
April	5	61	49	104	0	-91%
May	85	122	111	82	75	-30%
FYTD Total	563	636	493	482	401	-11%

Recycled Water Production* - in Million Gallons - FY to Date

Month	FY17/18	FY16/17	FY15/16	FY14/15	FY13/14	18 vs 17 %
July	27.7	27.1	21.3	21.8	27.6	2%
August	26.1	26.0	26.2	26.0	26.2	0%
September	25.0	23.5	15.7	19.2	18.6	6%
October	19.1	8.3	15.8	9.4	15.8	130%
November	2.5	1.2	3.2	3.7	6.4	111%
December	0.8	0.4	0.8	1.6	1.6	123%
January	1.0	0.3	0.2	0.8	1.2	218%
February	3.3	0.0	0.6	0.8	1.8	-
March	1.7	0.5	0.3	9.5	1.2	212%
April	5.1	2.7	11.0	14.1	8.3	88%
May	17.0	22.9	20.2	21.1	23.0	-26%
FYTD Total*	129.2	112.9	115.3	127.9	131.6	14%

2. Stafford Lake Data

	May Average	May 2017	May 2018
Rainfall this month	0.56 Inches	0 Inches	0.06 Inches
Rainfall this FY to date	26.8 Inches	42.13 Inches	20.55 Inches
Lake elevation*	192.2 Feet	194.2 Feet	189.7 Feet
Lake storage**	1124 MG	1262 MG	959 MG

* Spillway elevation is 196.0 feet

** Lake storage less 390 MG = quantity available for delivery

Temperature (in degrees)

	Minimum	Maximum	Average
May 2017 (Novato)	48	101	65
May 2018 (Novato)	48	93	62

3. Number of Services

May 31	Novato Water			Recycled Water			West Marin Water			Oceana Marin Swr		
	FY18	FY17	Incr %	FY18	FY17	Incr %	FY18	FY17	Incr %	FY18	FY17	Incr %
Total meters installed	20,771	20,765	0.0%	70	48	45.8%	791	786	0.6%	-	-	-
Total meters active	20,554	20,529	0.1%	66	44	50.0%	783	779	0.5%	-	-	-
Active dwelling units	24,018	23,976	0.2%	0	0	-	832	824	1.0%	232	230	0.9%

4. Oceana Marin Monthly Status Report (May)

Description	May 2017	May 2018
Effluent Flow Volume (MG)	0.443	0.447
Irrigation Field Discharge (MG)	1.148	0.510
Treatment Pond Freeboard (ft)	7.4	6.9
Storage Pond Freeboard (ft)	6.8	7.7

5. Developer Projects Status Report (May)

Job No.	Project	% Complete	% This month
1.2784.00	Novato Village (801 State Access)	55	50
1.2800.00	Novato Theatre	98	3
1.2815.00	86 Hamilton Dr. FS	85	45
1.2812.00	Chase Bank FS & Hydrant	90	85

District Projects Status Report - Const. Dept. (May)

Job No.	Project	% Complete	% This month
1.6221.21	San Mateo Tank	95	10
1.7161.00	Ridge Rd. Pipe Replacement	50	40

Employee Hours to Date, FY 17/18

As of Pay Period Ending May 31, 2018

Percent of Fiscal Year Passed = 92%

Developer Projects	Actual	Budget	% YTD Budget		District Projects	Actual	Budget	% YTD Budget
Construction	869	1,400	62%		Construction	4,541	4,920	92%
Engineering	633	1,414	45%		Engineering	2,715	4,000	68%

6. Safety/Liability

FY 18 through May

FY 17 through May

Days without a lost time accident through May 31, 2018

Industrial Injury with Lost Time				Liability Claims Paid	
Lost Days	OH Cost of Lost Days (\$)	No. of Emp. Involved	No. of Incidents	Incurred (FYTD)	Paid (FYTD) (\$)
54	\$0	3	2	5	\$3,930
107	\$53,024	2	2	5	\$4,147

216 Days

7. Energy Cost

FYE	kWh	May	Cost/Day	Fiscal Year-to-Date thru May		
		¢/kWh		kWh	¢/kWh	Cost/Day
2018 Stafford TP	70,794	19.7¢	\$450	620,531	19.6¢	\$363
Pumping	118,754	21.5¢	\$878	1,274,404	20.9¢	\$797
Other*	37,716	26.7¢	\$348	451,452	24.6¢	\$332
	227,264	21.8¢	\$1,677	2,346,387	21.3¢	\$1,492
2017 Stafford TP	78,217	19.2¢	\$484	601,007	19.1¢	\$342
Pumping	112,497	20.4¢	\$821	1,068,798	20.4¢	\$653
Other*	38,496	28.7¢	\$381	451,062	23.9¢	\$322
	165,515	21.4¢	\$1,691	2,120,867	20.8¢	\$1,315
2016 Stafford TP	64,786	18.6¢	\$389	555,792	18.5¢	\$306
Pumping	107,943	21.1¢	\$784	1,011,647	18.4¢	\$558
Other*	39,196	28.6¢	\$386	426,293	22.8¢	\$291
	211,925	21.7¢	\$1,534	1,993,732	19.4¢	\$1,154

*Other includes West Marin Facilities

8. Water Conservation Update

	Month of May 2018	Fiscal Year to Date	Program Total to Date
High Efficiency Toilet (HET) Rebates	18	133	3868
Retrofit Certificates Filed	20	229	6050
Cash for Grass Rebates Paid Out	2	15	900
Washing Machine Rebates	0	20	6777
Water Smart Home Survey	15	270	3175

9. Utility Performance Metric

SERVICE DISRUPTIONS (No. of Customers Impacted)	May 2018	May 2017	Fiscal Year to Date 2018	Fiscal Year to Date 2017
PLANNED				
Duration Between 0.5 and 4 hours	13	4	291	242
Duration Between 4 and 12 hours			101	3
Duration Greater than 12 hours			0	0
UNPLANNED				
Duration Between 0.5 and 4 hours	16	3	82	71
Duration Between 4 and 12 hours		1	92	17
Duration Greater than 12 hours			1	2
SERVICE LINES REPLACED				
Polybutylene	11	5	100	17
Copper (Replaced or Repaired)	3	0	15	101

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders May 2018

6/8/2018

Type	May-18	May-17	Action Taken May 2018
<u>Consumers' System Problems</u>			
Service Line Leaks	19	27	Notified Consumer
Meter Leak Consumer's Side	3	0	Notified Consumer
House Plumbing	5	0	Notified Consumer
Noisy Plumbing	3	0	Notified Consumer
House Valve / Meter Off	7	3	Notified Consumer
Nothing Found	11	8	Notified Consumer
Water Waster Complaints	1	0	Notified Consumer
Total	49	38	

Service Repair Reports

Register Replacements	1	0	Notified Consumer
Meter Replacement	8	1	Notified Consumer
Meter Box Alignment	2	0	Notified Consumer
Box and Lids	1	1	Notified Consumer
Water Off/On Due To Repairs	20	9	Notified Consumer
Misc. Field Investigation	6	2	Notified Consumer
Total	38	13	

Leak NMWD Facilities

Main-Leak	3	0	Notified Consumer
Service- Leak	8	8	Repaired
Services-Nothing Found	1	3	Notified Consumer
Fire Hydrant-Leak	1	1	Repaired
Meter Leak	8	0	Notified Consumer
Meters-Nothing Found	1	0	Notified Consumer
Washer Leaks	8	6	Repaired
Total	30	18	

High Bill Complaints

Consumer Leaks	2	5	Notified Consumer
Meter Misread	3	1	Notified Consumer
Nothing Found	12	9	Notified Consumer
Excessive Irrigation	1	0	Notified Consumer
Total	18	15	

Low Bill Complaints

Nothing Found	1	0	Notified Consumer
Total	1	0	

NORTH MARIN WATER DISTRICT

Summary of Complaints & Service Orders May 2018

6/8/2018

Type	May-18	May-17	Action Taken May 2018
<u>Water Quality Complaints</u>			
Taste and Odor	1	1	Customer reported bad sulfur taste in water. (Mill Rd) No sulfur odor during sampling. All results were normal for NMWD supply. Customer was notified of results.
Color	1	3	Customer reported discolored water. (Syosset Ln) No metals or colors detected in sampling. All results were normal for NMWD supply. Customer was notified of results.
Suspended Solids	0	1	~
Other	1	0	Customer wanted testing for contamination due to pet's illness. (McClay Rd) All samples were normal for NMWD supply. Customer was notified of results.
Total	3	5	
TOTAL FOR MONTH:	139	89	56%

Fiscal YTD Summary

Consumer's System Problems	350	337
Service Repair Report	147	113
Leak NMWD Facility	198	171
High Bill Complaints	488	604
Low Bills	2	3
Water Quality Complaints	34	49
Total	1,219	1,277

Change Primarily Due To

4%	Increase In Meter Leak Consumer's side
30%	Increase In Misc. Field Investigation
16%	Increase In Washer Leaks
-19%	Decrease In Nothing Found
-33%	Decrease In Nothing Found/Meter misread
-31%	Decrease In Taste and Odor
-5%	

"In House" Generated and Completed Work Orders

<u>Check Meter:</u> possible consumer/District leak, high bill, flooded, need read, etc.	237	238
<u>Change Meter:</u> leaks, hard to read	3	6
<u>Repair Meter:</u> registers, shut offs	2	0
<u>Replace Boxes/Lids</u>	11	0
<u>Trims</u>	32	18
<u>Dig Outs</u>	45	38
	330	300

Bill Adjustments Under Board Policy:

May 18 vs. May 17

May-18	12	\$10,622
May-17	23	\$7,455


Fiscal Year vs Prior FY

17/18 FY	357	\$152,735
16/17 FY	438	\$138,711

MEMORANDUM

To: Board of Directors

June 15, 2018

From: Julie Blue, Auditor-Controller 
Nancy Holton, Senior Accountant

Subj: Auditor-Controller's Monthly Report of Investments for May 2018
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RECOMMENDED ACTION: Information

FINANCIAL IMPACT: None

At month end the District's Investment Portfolio had an amortized cost value (i.e., cash balance) of \$17,179,363 and a market value of \$17,150,324. During May the cash balance decreased by \$814,617. The market value of securities held decreased \$29,039 during the month. The ratio of total cash to budgeted annual operating expense stood at 110%, down 6% from the prior month.

At May 31, 2018, 28% of the District's Portfolio was invested in California's Local Agency Investment Fund (LAIF), 27% in Time Certificates of Deposit, 17% in Federal Agency Securities, 15% in US Treasury Notes, 5% in the Marin County Treasury, and 8% retained locally for operating purposes. The weighted average maturity of the portfolio was 190 days, compared to 189 days at the end of April. The LAIF interest rate for the month was 1.76%, compared to 1.66% the previous month. The weighted average Portfolio rate was 1.50%, the same as the prior month.

**NORTH MARIN WATER DISTRICT
AUDITOR-CONTROLLER'S MONTHLY REPORT OF INVESTMENTS
May 31, 2018**

Type	Description	S&P Rating	Purchase Date	Maturity Date	Cost Basis ¹	5/31/2018 Market Value	Yield ²	% of Portfolio
LAIF	State of CA Treasury	AA-	Various	Open	\$4,733,888	\$4,722,233	1.76% ³	28%
Time Certificate of Deposit								
TCD	Mercantil Commerce Bank	n/a	6/17/16	6/15/18	248,000	248,000	1.00%	1%
TCD	Customers Bank	n/a	6/24/16	6/25/18	248,000	248,000	1.20%	1%
TCD	Merrick Bank	n/a	7/19/16	7/19/18	249,000	249,000	1.00%	1%
TCD	BMO Harris Bank	n/a	8/18/16	8/17/18	248,000	248,000	1.05%	1%
TCD	Ally Bank	n/a	10/4/16	9/28/18	248,000	248,000	1.15%	1%
TCD	Everbank	n/a	11/17/16	11/15/18	248,000	248,000	1.20%	1%
TCD	Investors Bank	n/a	12/16/16	12/17/18	248,000	248,000	1.35%	1%
TCD	Morgan Stanley Private Bank	n/a	11/22/17	5/22/19	248,000	248,000	1.60%	1%
TCD	Capital One Bank	n/a	7/19/17	7/19/19	247,000	247,000	1.70%	1%
TCD	Capital One NA	n/a	8/9/17	8/9/19	247,000	247,000	1.70%	1%
TCD	American Express FSB	n/a	9/6/17	9/6/19	247,000	247,000	1.75%	1%
TCD	Goldman Sachs Bank USA	n/a	10/11/17	10/11/19	247,000	247,000	1.70%	1%
TCD	Morgan Stanley Bank	n/a	11/9/17	11/12/19	247,000	247,000	1.75%	1%
TCD	American Express Centurion	n/a	12/5/17	12/5/19	247,000	247,000	1.90%	1%
TCD	Sallie Mae Bank	n/a	1/10/18	1/10/20	247,000	247,000	2.20%	1%
TCD	Discover Bank	n/a	2/13/18	2/24/20	247,000	247,000	2.35%	1%
TCD	Wells Fargo Bank	n/a	3/28/18	3/30/20	248,000	248,000	2.55%	1%
TCD	Citibank	n/a	4/11/18	4/13/20	246,000	246,000	2.55%	1%
TCD	UBS Bank	n/a	5/30/18	6/1/20	249,000	249,000	2.70%	1%
					\$4,704,000	\$4,704,000	1.70%	27%
US Treasury Notes								
Treas	1.375%	n/a	11/17/16	12/31/18	\$1,001,901	\$995,586	1.05%	6%
Treas	1.500%	n/a	1/10/17	2/28/19	1,001,984	994,766	1.24%	6%
Treas	1.380%	n/a	1/10/18	7/31/19	497,124	494,805	1.88%	3%
					\$2,501,008	\$2,485,157	1.29%	15%
Federal Agency Securities								
FNMA	0.875% MTN	n/a	7/19/16	7/27/18	999,899	998,710	1.00%	6%
FHLB	1.625% MTN	n/a	11/21/17	6/14/19	999,634	999,450	1.70%	6%
FFCB	2.00 MTN%	n/a	4/12/18	5/8/19	998,889	998,730	2.24%	6%
					\$2,998,423	\$2,996,890	1.65%	17%
Other								
Agency	Marin Co Treasury	AAA	Various	Open	\$902,680	\$902,680	0.75%	5%
Other	Various	n/a	Various	Open	1,339,364	1,339,364	0.41%	8%
TOTAL IN PORTFOLIO					\$17,179,363	\$17,150,324	1.50%	100%

Weighted Average Maturity = **190 Days**

LAIF: State of California Local Agency Investment Fund.

TCD: Time Certificate of Deposit, Treas: US Treasury Notes with maturity of 5 years or less.

FICO: Financing Corporation, FNMA: Federal National Mortgage Association, FHLB: Federal Home Loan Bank,

FFCB: Federal Farm Credit Bank

Agency: STP State Revolving Fund Loan Reserve.

Other: Comprised of 4 accounts used for operating purposes. US Bank Operating Account, US Bank STP SRF Loan

Account, Bank of Marin AEEP Checking Account & NMWD Petty Cash Fund.

1 Original cost less repayment of principal and amortization of premium or discount.

2 Yield defined to be annualized interest earnings to maturity as a percentage of invested funds.

3 Earnings are calculated daily - this represents the average yield for the month ending May 31, 2018.

Interest Bearing Loans	Loan Date	Maturity Date	Original Loan Amount	Principal Outstanding	Interest Rate
StoneTree Golf Loan	6/30/06	2/28/24	\$3,612,640	\$1,339,023	2.40%
Marin Country Club Loan	1/1/18	11/1/47	\$1,265,295	\$1,247,164	1.00%
Marin Country Club Loan	1/1/18	11/1/27	\$430,463	\$411,675	2.80%
Employee Housing Loans (5)	Various	Various	934,200	934,200	Contingent
TOTAL INTEREST BEARING LOANS			\$6,242,598	\$3,932,063	

The District has the ability to meet the next six months of cash flow requirements.

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7

MEMORANDUM

To: Board of Directors June 15, 2018

From: Rocky Vogler, Chief Engineer *RV*
Carmela Chandrasekera, Associate Engineer *Chak*

Subject: Notice of Completion for San Mateo Tank Rehabilitation Project (Farr Construction)

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RECOMMENDED ACTION: Authorize the General Manager to execute and file a Notice of Completion for the San Mateo Tank Rehabilitation project.

FINANCIAL IMPACT: None

Pursuant to and in conformance with contract requirements for the San Mateo Tank Rehabilitation project (San Mateo Tank), the contractor (Farr Construction) has fulfilled their obligations under the contract. Corrections of all work deficiencies and punch list items have been completed. All work performed by Farr Construction has been inspected by District staff and the coating inspector (D.B. Gaya Consulting). Farr Construction completed the work on May 17, 2018.


Per the Contract Documents, Farr Construction has furnished written notice that the work is complete and that all subcontractors and equipment suppliers have been paid (see Attachment A). Farr Construction has released the District of all claims. A Notice of Completion is provided as Attachment B which, if approved, will be filed with Marin County on June 20, 2018. Final payment (for monies held in retention) in the amount of \$87,131.24 will be processed for release, on or after July 26, 2018 subject to absence of any additional claims filed during the 30-day notice period.

Project Cost Summary

On August 15, 2017, the Board approved the award of the contract with Farr Construction for \$1,725,400 for rehabilitation of the San Mateo Tank Project with a contingency of \$90,000 (5% of contract value). On November 21, 2017, the Board approved an increase of \$180,000 in the contingency to facilitate removal and disposal of lead paint from the interior tank roof. The net change orders amounted to \$182,515 (10.6% of the contract amount) with additive change orders totaling \$207,455 and deductive change orders totaling \$24,940. Total payment to Farr Construction will be \$1,907,915. The final project cost summary as of June 13, 2018 includes all project costs and is provided as Attachment C.

RECOMMENDATION

Authorize the General Manager to execute and file a Notice of Completion for the San Mateo Tank Rehabilitation project.

Approved by GM 

Date 6-15-18

CONDITIONAL WAIVER AND RELEASE ON FINAL PAYMENT

NOTICE: THIS DOCUMENT WAIVES THE CLAIMANT'S LIEN, STOP PAYMENT NOTICE, AND PAYMENT BOND RIGHTS EFFECTIVE ON RECEIPT OF PAYMENT. A PERSON SHOULD NOT RELY ON THIS DOCUMENT UNLESS SATISFIED THAT THE CLAIMANT HAS RECEIVED PAYMENT.

Identifying Information

Name of Claimant: Farr Construction dba Resource Development Co.

Name of Customer: North Marin Water District

Job Location: San Mateo Tank Rehabilitation - Project 1 6221.21, off San Andreas Fire Rd, Novato CA

Owner: North Marin Water District

Conditional Waiver and Release

This document waives and releases lien, stop payment notice, and payment bond rights the claimant has for labor and service provided, and equipment and material delivered, to the customer on this job. Rights based upon labor or service provided, or equipment or material delivered, pursuant to a written change order that has been fully executed by the parties prior to the date that this document is signed by the claimant, are waived and released by this document, unless listed as an Exception below. This document is effective only on the claimant's receipt of payment from the financial institution on which the following check is drawn:

Maker of Check: North Marin Water District

Amount of Check: \$ 87,131.24

Check Payable to: Farr Construction

Exceptions

None

Signature

Claimant's Signature:

Claimant's Title:

Date of Signature:

[Handwritten Signature]
[Handwritten Title: President]
6/13/2018

Posting requested by:

NORTH MARIN WATER DISTRICT

After Posting Time has Expired Mail To:

North Marin Water District
P. O. Box 146
Novato, CA 94948-0146

NORTH MARIN WATER DISTRICT
NOVATO, CALIFORNIA

NOTICE OF COMPLETION

To: Marin County Clerk
3501 Civic Center Dr., Rm 234
San Rafael, CA 94903

Date: June 20, 2018
File No.: 1 6221.21
Date of Completion: May 17, 2018

Owner: North Marin Water District
999 Rush Creek Place
Novato, CA 94947

OWNER'S ESTATE OR INTEREST:
Easement _____ Fee Title X Encroachment Permit _____
Other (describe) _____

CONTRACTOR:

Farr Construction
1050 Linda Way
Sparks, NV 89431

TITLE OF PROJECT: San Mateo Tank Rehabilitation

DESCRIPTION OF PROJECT: Installation of a tank mixing system, modifications to overflow pipe/drain connection, installation of a second shell manway, sample taps, level transducer assembly and replacement of half travel level gauge, tank roof rafter straightening and purlin installation, 360° vent cover installation, prepare surfaces, furnish and apply material for a full interior and exterior recoating of the existing 5 MG San Mateo steel water storage tank, installation of cathodic protection and removal and disposal of spent abrasive and coating residue including material classified as hazardous waste and reporting.

DESCRIPTION OF SITE (LOCATION): Off San Andreas Fire Road at the end of San Andreas Drive., Novato, CA.

Final payment will be made to the above contractor on or after 35 days from the recording date of this notice of completion, except where otherwise provided for by law.

The undersigned under penalty of perjury says that he is the General Manager of the North Marin Water District, the public agency authorizing the work or improvement referred to in the foregoing notice of completion; that he has executed such notice of completion on behalf of such public agency and likewise makes this verification on behalf of said public agency pursuant to authority granted by the District's Board of Directors; and that he has read said notice of completion and knows the contents thereof and that the facts therein stated are true.

Drew McIntyre, General Manager

VERIFICATION
STATE OF CALIFORNIA)
COUNTY OF MARIN)

THE UNDERSIGNED, declares that he has read the foregoing notice, knows the contents thereof, and the same is true of his own knowledge. I certify under penalty of perjury that the foregoing is true and correct.

SEAL: _____
Drew McIntyre, General Manager

Date and Place

Disposition:
Original: County Clerk
Copy: Contractor
Copy: Project File

**NORTH MARIN WATER DISTRICT
WATER SYSTEM IMPROVEMENTS/SPECIAL PROJECTS
PROJECT SUMMARY**

COMPLETED BY: Carmela Chandrasekera
 DATE: 6/12/2017 Updated Carmela Chandrasekera 6/13/2018
 SERVICE AREA: ☒ NOVATO

Job No.	6221.21	Job Title:-San Mateo Tank Rehabilitation Project						
Facility No. 6201					Facility Type (Pipelines, Pump Stations, etc.): TANK			
Description:								
-Recoat interior and exterior of San Mateo Tank. Perform roof repairs. A tank mixing system will be added. A second shell manway will be added and the overflow pipe to drain connection will be modified to include air gap. The half-height staff gauge will be replaced and three								
- Interior work consists of removing existing coating, none of which is anticipated to be disposed of as hazardous waste due to high zinc or lead levels, and surface preparation to SSPC-SP10, white metal blast. New interior coating consists of a single coat of NSF 61 approved 100% solids epoxy.								
- Exterior work consists of complete coating removal and replacement. Lead abatement will be required. New exterior coating consists of a 2-coat system of epoxy primer & acrylic topcoat.								
- Dehumidification equipment is mandated for the interior recoating of this job.								
- Coating inspection is to be provided under the lead of an outside consultant. environmental monitoring shall be conducted during exterior lead-based paint removal.								
-A new cathodic protection system will be installed.								
Project Justification:								
Due to deteriorated original (circa 1965) interior and exterior coatings, and updated construction standards; this tank is scheduled for recoating and repairs.								
Baseline Cost Estimate		Updated 8/7/17	Updated 11/16/17	Expended to Date 6-13-18	Baseline Schedule	Start	Finish (Est.)	Finish (Actual)
1	Project Dev.	\$13,000	\$13,000	\$13,000	Project Dev.	7/1/2016	12/31/2016	12/31/2016
2	Design	\$31,000	\$31,000	\$31,000	Design	1/1/2017	6/30/2017	6/30/2017
3	County Openspace	\$5,000	\$5,000	\$2,050				
4	Rehabilitation Contract	1,725,400	1,905,400	\$1,907,915	Const.	9/1/2017	5/1/2018	5/17/2018
5	Labor Compliance	\$25,000	\$25,000	\$10,598				
6	Outside Coating Inspection	\$50,000	\$50,000	\$46,800				
7	NMWD Const	\$10,000	\$10,000	\$8,425				
8	NMWD Maint	\$20,000	\$20,000	\$9,255				
9	NMWD Operations	\$10,000	\$10,000	\$2,364				
10	Materials	\$10,000	\$10,000	\$10,000				
11	Misc.	\$10,000	\$10,000	\$1,000				
12	Const. Admin. (eng. Labor)	\$50,000	\$50,000	\$42,485				
13	Tank access access road	\$20,000	\$20,000	\$3,600				
14	Project Closeout (estimated)	\$6,000	\$6,000	\$6,000	Closeout		6/30/2018	6/30/2018
15	SubTotal	\$1,985,400	\$2,165,400					
16	Project Contingency (10%)	\$198,540	\$216,540					
	Total	2,183,940	2,381,940	\$2,094,492				

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MEMORANDUM

To: Board of Directors
From: Pablo Ramudo, Water Quality Supervisor *PR*
Subject: Annual Water Quality Report- Novato
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June 15, 2018

RECOMMENDED ACTION: Approve Text for 2017 Annual Water Quality Report – Novato
FINANCIAL IMPACT: \$2300 (Included in FY 2017/2018 Budget)

The Safe Drinking Water Act requires water suppliers to publish and distribute a report of water quality information to its customers annually. The report contains details and results of monitoring for various contaminants throughout the previous year, a description of the sources of water and treatment regimes, as well as general information about water and its constituents. Customers who normally receive a paper bill will also receive an insert informing them that the report is available on our website and that a paper copy can be requested. Customers who receive an electronic bill will be sent an email with a link to the report on our website. We will initially order 750 printed copies of the report to mail to customers who request it and to have available to customers in our lobby. Additional copies will be ordered if necessary.

RECOMMENDATION

Approve text and design for the Annual Water Quality Report (2017 Consumer Confidence Report) for Novato subject to any comments received from the Board of Directors.

Approved by GM Date 6.15.18



NORTH MARIN WATER DISTRICT

2017 ANNUAL WATER QUALITY REPORT • NOVATO EDITION • PUBLISHED JUNE 2018

In 2017, water provided by North Marin Water District met or surpassed every federal and state drinking water standard.

This brochure is a snapshot of water quality monitoring performed in 2017. Included are details about where your water comes from, what it contains, and how it compares to regulatory standards. If you have any questions regarding this Water Quality Report, contact Pablo Ramudo, Water Quality Supervisor, (415) 761-8929 or (800) 464-6693.



This report is available on our website: www.nmwd.com

North Marin Water District's Stafford Lake Water Treatment Plant produces about 20% of the water needed for Novato. This facility is designed to produce water which meets or exceeds strict state and federal standards for water quality. The water treatment process starts with chlorine dioxide and polymers prior to filtration through layers of anthracite and garnet sand. The water then passes through granular activated charcoal to remove any remaining impurities before adjusting the pH to 8.3 for corrosion control and the addition of a small amount of chlorine for disinfection.

Most of Novato's water supply is purchased as treated water from Sonoma County Water Agency (SCWA).

The SCWA water supply is collected from gravel beds 80 feet below and adjacent to the Russian River. The quality of this naturally filtered water is excellent, making additional treatment unnecessary. Water from additional SCWA wells in the Santa Rosa plain can be blended with the Russian River well water to augment water supply. Before delivering the water to Novato, SCWA adds small amounts of chlorine and sodium hydroxide to ensure purity and to adjust the pH to 8.3.

The Stafford Lake water supply blends with the SCWA water supply in the Novato water distribution system. The percentage from each source can vary by day and by season.

Este informe contiene información muy importante sobre su agua potable.

Tradúzcalo o hable con alguien que lo entienda bien. Para más información, llame al (415) 761-8929.

TABLE 1 Report on Detected Constituents with a Primary Drinking Water Standard (PDWS)					SONOMA COUNTY WATER AGENCY		STAFFORD WATER TREATMENT PLANT	
CONSTITUENT	UNITS	PHG / [MRDLG] (MCLG)	MCL / [MRDL] (PDWS)	TYPICAL SOURCE	Average	Range	Average	Range
Fluoride	mg/L	1.0	2.0	Erosion of natural deposits	ND	ND	0.1	ND – 0.12
Nitrate (as N)	mg/L	10	10	Soil runoff from fertilizers, leaching from septic systems and sewage	ND	ND	ND	ND – 0.50
Radioactivity Gross Alpha	pCi/l	0	15	Erosion of natural deposits	ND	ND	ND (1)	ND (1)
Hexavalent chromium*	µg/L	0.02		Erosion of natural deposits; release of industrial chemicals	ND	ND	ND	ND
DISTRIBUTION SYSTEM WATER								
Chlorine, Free	mg/L	[4.0]	[4.0]	Drinking water disinfectant added for treatment	Average = 0.63 Range = 0.10 – 1.55			
Total Coliform Bacteria	% of samples positive	(0)	>5% of monthly samples positive	Naturally present in the environment	April 2017 1.3% of samples positive (1 sample)/ 977 samples collected in 2017			
Total Trihalomethanes (2)	µg/L	n/a	80	By-product of drinking water disinfection	Highest Location Running Annual Average = 39 Range = 11 – 59			
Total Haloacetic Acids (2)	µg/L	n/a	60	By-product of drinking water disinfection	Highest Location Running Annual Average = 12 Range = 3.5 - 12			
Copper	µg/L	170	(AL 1300)	Internal corrosion of household plumbing systems	30 samples collected, none above the action level 90th percentile = 107, Range = ND - 120			
Lead	µg/L	2	(AL 15)	Internal corrosion of household plumbing systems	30 samples collected, one above the action level 90th Percentile = ND, Range = ND - 12			

TABLE 2 Constituents With Aesthetic Concerns and/or a Secondary Drinking Water Standard				SONOMA COUNTY WATER AGENCY		STAFFORD WATER TREATMENT PLANT	
CONSTITUENT	UNITS	SMCL	TYPICAL SOURCE	Average	Range	Average	Range
Color	PCU	15	Naturally-occurring organic materials	ND	ND	ND	ND
Odor	TON	3	Naturally-occurring organic materials	ND	ND	ND	ND
Chloride	mg/L	500	Runoff / leaching of natural deposits	5.1	4.7 – 19	50	39 – 59
Sulfate	mg/L	500	Leaching of natural deposits, treatment chemicals	12	6.0 – 16	6.7	5.0 – 8.1
Turbidity	NTU	5	Soil runoff	ND	ND – 0.06	0.14	0.07 – 0.23
Total Dissolved Solids	mg/L	1000	Runoff / leaching of natural deposits	145	140 – 200	190	170 – 240
Sodium	mg/L	n/a	Naturally-occurring and treatment chemicals	8.2	7.5 - 30	28	24 – 36
Hardness (3)	mg/L	n/a	Leaching of natural deposits	110	66 – 130	84	66 – 110
Radon	pCi/l	n/a	See "Radon in Air," back page	230	170 – 380	n/a	n/a
Specific Conductance	µmhos/cm	1600	Substances that form ions in water	250	230 – 280	320	260 – 390
Manganese	µg/L	50	Leaching from natural deposits	ND	ND	ND	ND

TABLE 3 Unregulated with no established maximum (The results presented in this table are from monitoring that took place in 2014 and 2015)							
CONSTITUENT	UNITS	Primary Standard MCL/ [Notification Level]	State PHG or Federal (MCLG)	TYPICAL SOURCES	System Range	System Average	Meets MCL or NL (YES/NO)
Chromium	µg/L	50	(100)	Erosion of natural deposits; release of industrial chemicals	0.21 – 0.50	0.34	Yes
Hexavalent Chromium*	µg/L	10	0.02	Erosion of natural deposits; release of industrial chemicals	0.10 – 0.40	0.25	Yes
Chlorate	µg/L	[800]	NA	Byproduct of drinking water disinfection	130 - 240	180	Yes
Strontium	µg/L	NA	NA	Erosion of natural deposits; release of industrial chemicals	260 – 240	200	Yes
Vanadium	µg/L	[50]	NA	Erosion of natural deposits; release of industrial chemicals	0.31 - 1.0	.65	Yes

*Hexavalent chromium is regulated by the State of California, the results of routine monitoring appear in table 1. Hexavalent chromium is not regulated by the federal government but is currently being assessed for future regulation with special monitoring that took place in 2014 and 2015. The results of this special monitoring are summarized in Table 3.

LEGEND

PHG (Public Health Goal): The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

MCLG (Maximum Contaminant Level Goal): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency (EPA).

MCL (Maximum Contaminant Level): The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs (SMCL) are set to protect the odor, taste, and appearance of drinking water. MCLs and SMCLs are set by the California and/or U.S. EPA.

PDWS (Primary Drinking Water Standard): MCLs and MRDLs, for contaminants that affect health along with their monitoring and reporting requirements, and water treatment requirements.

AL (Action Level): The concentration of a contaminant that, if exceeded, triggers treatment or other requirements that a water system must follow.

TT (Treatment Technique): A required process intended to reduce the level of a contaminant in drinking water.

NTU (Nephelometric Turbidity Units): A measure of suspended material in water.
90th Percentile: Compliance based on highest value after eliminating the highest 10% of values.

MRDL (Maximum residual disinfectant level): The level of a disinfectant added for water treatment that may not be exceeded at the consumer’s tap.

MRDLG (Maximum residual disinfectant level goal): The level of a disinfectant added for water treatment below which there is no known or exposed risk to health. MRDLGs are set by the U.S. EPA.

NL (Notification Level): The notification level for some unregulated contaminants.

mg/L = milligrams per liter (parts per million) -equivalent to 4 drops of water in the average sized bathtub.

µg/L = micrograms per liter (parts per billion) -equivalent to 50 drops in an olympic size swimming pool

µmhos/cm = micromhos per centimeter

ND = Not Detected

n/a = Not Applicable

PCU = platinum cobalt units

pCi/l = picocuries per liter

(1) 2012 Data
(2) Compliance based on a four-quarter running average at each distribution system monitoring location
(3) Average hardness shown in mg/L equates to 5.5 – 5.8 grains per gallon.

Concerning Lead and Drinking Water

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. There is no lead in drinking water produced by NMWD and there are no district owned lead service lines within our system, however lead can leach into drinking water from materials and components associated with customers’ service lines and home plumbing. NMWD is responsible for providing high quality drinking water to your meter, but cannot control the variety of materials used in home plumbing components. When water in your household plumbing has been sitting for several hours, you can minimize the potential for lead exposure by running your tap water for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at www.epa.gov/safewater/lead.

A Message From the United States Environmental Protection Agency

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells.

As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive materials, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in source water include:

- **Microbial Contaminants**, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- **Inorganic Contaminants**, such as salts and metals, that can be naturally occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.
- **Pesticides and Herbicides**, that may come from a variety of sources such as agriculture, urban stormwater runoff, and residential uses.
- **Organic Chemical Contaminants**, including synthetic and volatile organic chemicals, that are by-products of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff, agricultural applications and septic systems.
- **Radioactive Contaminants**, that can be naturally-occurring or be the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, the U.S. Environmental Protection Agency (USEPA) and the California Department of Public Health (CDPH) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. DHS regulations also establish limits for contaminants in bottled water that provide the same protection for public health.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline (1-800- 426-4791).

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (1-800- 426-4791).

Drinking Water Source Assessment for SCWA Groundwater Supply

In January 2001, a Drinking Water Source Assessment for all of the SCWA's water sources was conducted to identify if any potential sources of contamination exist.

The SCWA source water is extracted from groundwater via 6 Rainey Collector Wells and 7 conventional wells located at Wohler and Mirabel, and three wells in the Santa Rosa Plain. The aquifer is recharged by subsurface flows and Russian River water filtering down through the gravel riverbed.

Most of the SCWA water supply comes from wells at Wohler and Mirabel adjacent to the Russian River. These sources are considered to be most vulnerable from wastewater treatment and gravel mining in the area. However, no contaminants associated with these activities were detected in the drinking water.

The SCWA also operates three groundwater wells on the Santa Rosa Plain near Occidental Road, Todd Road and Sebastopol Road. These sources are considered to be most vulnerable from animal feeding operations. However, no contaminants associated with this activity were detected in the drinking water.

A copy of the complete assessment may be reviewed at the California Department of Public Health, Drinking Water Field Operations Branch, 50 D Street, Suite 200, Santa Rosa, CA 95404. You may request a summary of this assessment be sent to you by contacting the Office Representative at 707-576-2145 (voice) or 707-576-2722 (fax).

Cryptosporidium & Giardia

Monitoring performed by NMWD on untreated water in Stafford Lake has intermittently shown the presence of *cryptosporidium*, a microbial pathogen found in surface waters throughout the U.S. NMWD's filtration is designed and operated to remove *cryptosporidium*, but 100% removal cannot be guaranteed. Should you be concerned? Healthy individuals should not be concerned. However, immuno-compromised people are at greater risk. We suggest immuno-compromised individuals consult their physician regarding appropriate precautions.

Radon In Air

Radon is a radioactive gas that can move from decomposed granite soils into a home through cracks and holes in the foundation. Radon can also get into indoor air when running tap water for showering and other household activities. In most cases, radon from tap water is a small source of radon in air. Radon is a known human carcinogen. It can lead to lung cancer. Drinking water containing radon may also cause increased risk of stomach cancer. The SCWA water was tested for Radon and showed an average of 130 and a range of 88 – 300 pCi/L (picocuries per liter). There is no federal regulation for radon levels in drinking water. Exposure over a long period of time to air transmitting radon may cause adverse health effects. If you are concerned about radon in your home, **test the air in your home!** Testing is inexpensive and easy. For additional information, call your state radon program or call EPA's Radon Hotline (800-SOS-RADON).

Notice To Kidney Dialysis Patients

Chlorine dioxide is used as a pre-oxidant in water produced from Stafford Water Treatment Plant. Customers undergoing kidney dialysis treatment are advised to use sufficient pre-treatment to ensure chlorine dioxide does not pose a threat to the dialysis process.

Drinking Water Source Water Assessment For Stafford Lake

An assessment of watershed activities, which may affect the Stafford Lake source of supply, was performed in 2002 as required by the U.S. Environmental Protection Agency. The watershed activities identified with the highest potential for contamination of Stafford Lake are animal feeding/ waste disposal at the existing stable and dairy operations on the watershed. These activities increase the potential to introduce microbial contaminants and nutrients to Stafford Lake. NMWD actively works with the stable and dairy owners to control their operations and reduce potential contaminants. The Stafford Lake source water is routinely monitored by NMWD to insure the controls are effective.

A copy of the complete assessment is on file at the North Marin Water District office at 999 Rush Creek Place, Novato.

9

MEMORANDUM

To: Board of Directors
From: Pablo Ramudo, Water Quality Supervisor *PR*
Subject: Annual Water Quality Report- Point Reyes
P:\LAB\WQ Supv\CCR\2016\Memo to board re 2016 CCR PR.doc

June 15, 2018


RECOMMENDED ACTION: Approve Text for 2017 Annual Water Quality Report – Point Reyes

FINANCIAL IMPACT: \$650 (Included in FY 2017/2018 Budget)

The Safe Drinking Water Act requires water suppliers to publish and distribute a report of water quality information to its customers annually. The report contains details and results of monitoring for various contaminants throughout the previous year, a description of the sources of water and treatment regimes, as well as general information about water and its constituents. Customers who normally receive a paper bill will also receive an insert informing them that the report is available on our website and that a paper copy can be requested. Customers who receive an electronic bill will be sent an email with a link to the report on our website. We will initially order 100 printed copies of the report to mail to customers who request it and to have available to customers in our lobby. Additional copies will be ordered if necessary.

RECOMMENDATION

Approve text and design for the Annual Water Quality Report (2017 Consumer Confidence Report) for Point Reyes subject to any comments received from the Board of Directors.

Approved by GM Date 6.15.18



NORTH MARIN WATER DISTRICT

2017 ANNUAL WATER QUALITY REPORT • POINT REYES AREA EDITION • PUBLISHED JUNE 2018

In 2017, water provided by North Marin Water District met or surpassed every federal and state drinking water standard.

This brochure is a snapshot of water quality monitoring performed in 2017. Included are details about where your water comes from, what it contains, and how it compares to regulatory standards. If you have any questions regarding this Water Quality Report, contact Pablo Ramudo, Water Quality Supervisor, (415) 761-8929 or (800) 464-6693



This report is available on our website: www.nmwd.com

North Marin Water District's water is pumped from 3 wells adjacent to Lagunitas Creek. Two of these wells are located in Point Reyes Station and one well is located a mile and a half west of Point Reyes Station at the Gallagher ranch. Testing shows that the quality of the water at each of the wells is excellent. Iron and manganese are the principal contaminants found, and although they do not have any negative effects on health, they can affect the color of the water. For this reason, we treat and filter the water to completely remove both of these metals. Chlorine is added as a disinfectant.

Due to their proximity to Lagunitas Creek and Tomales Bay, the two wells in Point Reyes Station are prone to salt water intrusion during very high tides. Once the

salty water is in the aquifer that feeds the wells it can take many months for salinity to return to normal. We typically take steps to minimize the amount of salty water that is drawn into our wells, but the problem has been worsening in the last few years due to sea level rise and a changing bay. The Gallagher well is beyond the reach of the tides and is not affected by saltwater intrusion. A new pipeline to this well, completed in 2014, has given NMWD the ability to draw on this alternate source during occurrences of salinity intrusion in order to provide drinking water that is free from the effects of increased salts.

NMWD is committed to supplying safe water that meets or surpasses strict state and federal standards and achieves the highest standards of customer satisfaction.

Este informe contiene información muy importante sobre su agua potable.

Tradúzcalo o hable con alguien que lo entienda bien. Para más información, llame al (415) 761-8929.

North Marin Water District — Point Reyes Water Service Area
Report of Detected Constituents of Concern

CHEMICAL	UNITS	PHG / [MRDLG] (MCLG)	MCL / [MRDL] (PDWS)	POINT REYES TREATMENT PLANT	POINT REYES DISTRIBUTION SYSTEM	TYPICAL SOURCE OF CHEMICAL
Total Trihalomethanes (1)	µg/L	n/a	80	n/a	Highest Location Running Annual average = 40 Range = 14 – 70	By-product of drinking water disinfection
Haloacetic Acids (1)	µg/L	n/a	60	n/a	Highest Location Running Annual average = 21 Range = 9.9 – 28	By-product of drinking water disinfection
Lead	µg/L	2	(Action level 15)	ND	90th Percentile = 7.8 None of 10 samples above action level	Internal corrosion of household water plumbing system and fixtures
Copper	µg/L	170	(Action level 1300)	ND	90th Percentile = 860 None of 10 samples above action level.	Internal corrosion of household water plumbing system and fixtures
Fluoride	mg/L	1.0	2.0	Average = ND Range = ND - 0.10	n/a	Erosion of natural deposits
Chlorine, free	mg/L	[4.0]	[4.0]	n/a	Average = 0.48 Range = 0.05 - 0.97	Drinking water disinfectant
Total Coliform Bacteria	# of positive samples per month	0	2 or more positive monthly samples	n/a	One sample positive (94 samples collected)	Naturally present in the Environment
Barium	mg/L	2	1	Average = ND Range = ND - 0.21	n/a	Erosion of natural deposits

1) Compliance is based on a four-quarter running average at each distribution system monitoring location

LEGEND

PHG (Public Health Goal): The level of a contaminant in drinking water below which there is no known or expected risk to health. PHGs are set by the California Environmental Protection Agency.

MCLG (Maximum Contaminant Level Goal): The level of a contaminant in drinking water below which there is no known or expected risk to health. MCLGs are set by the U.S. Environmental Protection Agency (USEPA).

MCL (Maximum Contaminant Level): The highest level of a contaminant that is allowed in drinking water. Primary MCLs are set as close to the PHGs (or MCLGs) as is economically and technologically feasible. Secondary MCLs (SMCL) are set to protect the odor, taste, and appearance of drinking water. MCLs are set by the California and/or USEPA.

PDWS (Primary Drinking Water Standard): MCLs (or MRDLs), for contaminants that affect health along with their monitoring and reporting requirements, and water treatment requirements.

MRDLG (Maximum Residual Disinfectant Level Goal): The level of a disinfectant added for water treatment below which there is no known or exposed risk to health. MRDLGs are set by the USEPA.

MRDL (Maximum Residual Disinfectant Level): The level of a disinfectant added for water treatment that may not be exceeded at the consumer's tap.

Action Level: The concentration of a contaminant that, if exceeded, triggers treatment or other requirements that a water system must follow.

90th Percentile = Compliance based on highest value after eliminating the highest 10% of values.

Abbreviations

mg/L = milligrams per liter (parts per million)- equivalent to 4 drops of water in the average sized bathtub.

µg/L = micrograms per liter (parts per billion)- equivalent to 50 drops in an Olympic sized swimming pool.

NTU = Nephelometric Turbidity Units, a measure of suspended material in water

pCi/l = picocuries per liter (a measure of radiation)

n/a = not applicable

ND = Not Detected at testing limit

µmhos/cm = micromhos per centimeter

PCU = platinum cobalt units

North Marin Water District — Point Reyes Water Service Area
Report on Constituents of Interest

CONSTITUENT	UNITS	MCL or (SMCL)	POINT REYES AVERAGE	POINT REYES RANGE	TYPICAL SOURCES
Chloride	mg/L	(500)	67	14 – 190	Runoff/leaching from natural deposits; seawater influence
Color	PCU	(15)	ND	ND	Naturally-occurring organic materials
Hardness	mg/L	n/a	150	83 – 290	Generally found in ground and surface water
Manganese	µg/L	(50)	ND	ND	Leaching from natural deposits
Specific Conductance	µmhos/cm	(1600)	450	280 – 820	Substances that form ions when in water; seawater influence
pH	n/a	(8.5)	7.1	7.0 – 7.2	
Total Dissolved Solids	mg/L	(1000)	280	190 – 500	Runoff/leaching from natural deposits
Turbidity	NTU	5	0.08	0.05 – 0.14	Soil runoff
Sodium	mg/L	n/a	38	15 – 54	Generally found in ground and surface water; seawater influence



Capital Improvement Projects

West Marin System improvements recently completed include the replacement of the greensand filter media at the Point Reyes Water Treatment Plant.

Major ongoing projects include permitting and design for a solids handling facility at the Point Reyes Treatment Plant and permitting and design for construction of a new 120,000 gallon concrete tank in Paradise Ranch Estates to replace the existing, aged 50,000 gallon redwood tank and the 25,000 gallon tank destroyed by fire years ago.



Concerning Lead and Drinking Water

If present, elevated levels of lead can cause serious health problems, especially for pregnant women and young children. Lead in drinking water is primarily from materials and components associated with private service lines and home plumbing. North Marin Water District is responsible for providing high quality drinking water to your meter, but cannot control the variety of materials used in home plumbing components. When your water has been sitting for several hours, you can minimize the potential for lead exposure by flushing your tap water for 30 seconds to 2 minutes before using water for drinking or cooking. If you are concerned about lead in your water, you may wish to have your water tested. Information on lead in drinking water, testing methods, and steps you can take to minimize exposure is available from the Safe Drinking Water Hotline or at www.epa.gov/safewater/lead.

A Message From the United States Environmental Protection Agency

The sources of drinking water (both tap water and bottled water) include rivers, lakes, streams, ponds, reservoirs, springs, and wells.

As water travels over the surface of the land or through the ground, it dissolves naturally occurring minerals and, in some cases, radioactive materials, and can pick up substances resulting from the presence of animals or from human activity.

Contaminants that may be present in source water include:

- **Microbial Contaminants**, such as viruses and bacteria, that may come from sewage treatment plants, septic systems, agricultural livestock operations, and wildlife.
- **Inorganic Contaminants**, such as salts and metals, that can be naturally occurring or result from urban stormwater runoff, industrial or domestic wastewater discharges, oil and gas production, mining or farming.
- **Pesticides and Herbicides**, that may come from a variety of sources such as agriculture, urban stormwater runoff, and residential uses.
- **Organic Chemical Contaminants**, including synthetic and volatile organic chemicals, that are by-products of industrial processes and petroleum production, and can also come from gas stations, urban stormwater runoff, agricultural applications and septic systems.
- **Radioactive Contaminants**, that can be naturally-occurring or be the result of oil and gas production and mining activities.

In order to ensure that tap water is safe to drink, the U.S. Environmental Protection Agency (USEPA) and the California Department of Public Health (CDPH) prescribe regulations that limit the amount of certain contaminants in water provided by public water systems. DHS regulations also establish limits for contaminants in bottled water that provide the same protection for public health.

Drinking water, including bottled water, may reasonably be expected to contain at least small amounts of some contaminants. The presence of contaminants does not necessarily indicate that water poses a health risk. More information about contaminants and potential health effects can be obtained by calling the USEPA's Safe Drinking Water Hotline (1-800-426-4791).

Some people may be more vulnerable to contaminants in drinking water than the general population. Immuno-compromised persons such as persons with cancer undergoing chemotherapy, persons who have undergone organ transplants, people with HIV/AIDS or other immune system disorders, some elderly, and infants can be particularly at risk from infections. These people should seek advice about drinking water from their health care providers. USEPA/Centers for Disease Control (CDC) guidelines on appropriate means to lessen the risk of infection by *Cryptosporidium* and other microbial contaminants are available from the Safe Drinking Water Hotline (1-800-426-4791).

Source Water Assessment

An Assessment of watershed activities, which may affect the Point Reyes source of supply, was completed in July 2002 as required by the US Environmental Protection Agency. The activities identified with the highest potential for contamination of the Point Reyes groundwater supply are salt water intrusion and activities associated with the operation of the US Coast Guard housing wastewater system and maintenance facility area. These activities increase the potential to introduce chemical and microbial contaminants into the local groundwater. The Point Reyes groundwater is routinely monitored by NMWD. No contaminants have been detected with the exception of occasional increases in salt concentrations. Water produced at the Point Reyes water treatment plant meets federal and state water quality requirements.

A copy of the complete assessment is on file at the North Marin Water district office at 999 Rush Creek Place, Novato.

Radon in Air

Radon is a radioactive gas that can move from decomposed granite soils into a home through cracks and holes in the foundation. Radon can also get into indoor air when running tap water for showering and other household activities. In most cases, radon from tap water is a small source of radon in air. Radon is a known human carcinogen. It can lead to lung cancer. Drinking water containing radon may also cause increased risk of stomach cancer. There is no federal regulation for radon levels in drinking water. Exposure over a long period of time to air transmitting radon may cause adverse health effects. If you are concerned about radon in your home, **test the air in your home!** Testing is inexpensive and easy. For additional information, call your state radon program or call EPA's Radon Hotline (800-SOS-RADON).

Board of Directors

Rick Fraites
President
Jack Baker
Vice President
James Grossi
Michael Joly
Stephen Petterle

The Board of Directors meets on the first and third Tuesday of the month, 6:00 pm at NMWD Administrative office, 999 Rush Creek Place, Novato, CA 94945.

On June 26, 2018, the Board will meet at 6:00 pm in Point Reyes Station to review the Point Reyes budget and Point Reyes water issues.



10

MEMORANDUM

To: Board of Directors

From: Nancy Williamson, Senior Accountant
Julie Blue, Auditor-Controller 

Subject: FY19 Insurance Purchase
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June 15, 2018

RECOMMENDED ACTION: Approve**FINANCIAL IMPACT:** \$142,472 - Included in FY2018/19 Operations Budget

The District requested proposals for insurance coverage for the coming fiscal year from two brokers: 1) Gallagher Insurance Services in San Francisco, who has been the District's brokerage firm the past six years; and 2) ISU Insurance Services of San Francisco.

This year Gallagher Insurance Association, which is fully reinsured by an A.M. Best rated carrier, received two proposals, one from incumbent carrier Argonaut and another from Allied World Insurance Company (JPRIMA).

The District has self-insured the first \$1 million of its general and auto liability since 1989, which is also known as a Self-Insured Retention (SIR). A benefit of the District's \$1M SIR, in addition to the lower premium, is that the District controls the claims handling process. Over the years the District has followed a policy of settling quickly and fairly with claimants when we are at fault, which generally avoids attorneys joining into the settlement process. Conversely, the District contests when it is not at fault, thereby maintaining a reputation in the community of not being an easy mark. Consequently the District's average annual claims cost over the past 36 years is \$19,000, which is low for a public agency of the District's size and scope of responsibility.

A review of the District's claims history over the past 36 years (since we began tracking claims) shows that only one general liability claim exceeded \$100,000. In 1997 a claim for business interruption was filed by three oyster companies on Tomales Bay and settled cumulatively for \$100,500. Approximately \$9,000 was expended on legal and risk management fees to negotiate the settlement, bringing the total claim cost to just under \$110,000. Other than that one instance, no general or auto liability claim has approached \$100,000. Given the District's history, Staff recommends that the District continue with the \$1 million SIR for general and auto liability policy offered by the incumbent Argonaut.

A supplementary coverage under the general liability package is Employment Practices Liability. The District has experienced two employment practices claims over the past decade. The Employment Practices deductible for Argonaut is \$100,000. The Argonaut deductible will increase to \$250,000 in FY20 due to changes in underwriting guidelines.

Approved by GM Date 6.15.18

The recommended purchase package presented for your consideration reflects a cost increase of \$4,121 (3%) from the current year premium.

PROPOSAL SUMMARY

Insurance Proposal	FY17/18	FY18/19	% Δ
Property	\$61,283	\$64,845	6%
Liability ¹	\$21,827	\$23,494	8%
Excess Workers' Comp	\$49,989	\$50,054	0%
Cyber Liability	\$5,252	\$4,079	(22%)
	\$138,351	\$142,472	3%

MARKETING RECAP

Gallagher solicited ten carriers to underwrite the property and liability coverage, which is generally sold as a package. Due to the existing very broad coverage and aggressive pricing eight carriers declined to quote. The other two, incumbent Argonaut and JPRIMA submitted quotes. Six carriers were approached for Cyber Liability coverage, and two provided quotes with varying amounts of coverage and deductibles. Gallagher approached nine carriers for Excess Workers' Compensation coverage and of those four provided various options.

JPRIMA's proposal for property and liability coverage was \$123,078. This proposal is for a pooled type deductible plan. Although this type of plan was considered, the costs and benefits need further evaluation. The proposal for a 1st dollar worker's compensation coverage plan came in at \$102,752.

ISU provided a proposal which included a deductible plan through Philadelphia Indemnity Insurance Company for \$145,371 and five cyber liability quotes. They were unable to provide a worker's compensation proposal.

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. Equipment coverage is provided on an agreed value basis. In December 2015 the District obtained a certified appraisal of its buildings, pump stations and water storage tanks to minimize negotiation in the event of a property loss. The insured value of the District's property, excluding fleet vehicles increased 3.7% from the prior year, to \$62.5 million.

¹ Liability amounts shown are NMWD's net cost after MCWCFCFCD's contribution (\$12,565 in FY18 & \$13,524 in FY19).

2017-18 Actual

<u>CARRIER</u>	<u>TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>	<u>PREMIUM</u>	<u>RATE/\$1,000</u>
Argonaut	Property	\$60,275,000	\$25,000	\$61,283	\$1.02

2018-19 Proposal

Argonaut	Property	\$62,492,000	\$25,000	\$64,845	\$1.04 ⇐
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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 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 Liability 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 has self-insured the first \$1 million in liability since 1986. The Argonaut package insures the next \$9 million, rendering total coverage of \$10 million. Under Argonaut's proposed policy, MCFCWCD's share of the cost will be \$13,524 next fiscal year for the \$5 million in additional coverage required under the agreement.

2017-18 Actual

<u>CARRIER</u>	<u>COVERAGE</u>	<u>SIR</u>	<u>PREMIUM</u>
Argonaut	\$10,000,000	\$1,000,000	\$21,827 ²

2018-19 Proposal

Argonaut	\$10,000,000	\$1,000,000	\$23,494³
⇐			

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 vehicle fleet increased 7% to \$614,000.

2017-18 Actual

<u>CARRIER</u>	<u>TYPE</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>	<u>PREMIUM</u>	<u>RATE/\$1,000</u>
Argonaut	Auto PD	\$572,000	\$3,000	Included	-

² Net cost shown. FY18 total premium is \$34,392. MCFCWCD will pay \$12,565 for the incremental \$5M coverage.

³ Net cost shown. FY19 total premium is \$37,018. MCFCWCD will pay \$13,524 for the incremental \$5M coverage.

2018-19 Proposal

Argonaut	Auto PD	\$614,000	\$3,000	Included	-	↔
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PUBLIC OFFICIALS ERRORS & OMISSIONS AND EMPLOYEMENT 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.

2017-18 Actual

<u>CARRIER</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>	<u>PREMIUM</u>
Argonaut	\$1,000,000	\$50,000	Included

2018-19 Proposal

Argonaut	\$1,000,000	\$100,000	Included	↔
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EMPLOYEE FIDELITY (CRIME) INSURANCE

The employee blanket fidelity bond insures the District against loss occurring through dishonesty (fraud) on the part of District employees. Crime coverage includes employee theft and electronic funds transfer fraud. Losses are covered up to \$500,000.

2017-18 Actual

<u>CARRIER</u>	<u>COVERAGE</u>	<u>DEDUCTIBLE</u>	<u>PREMIUM</u>
Argonaut	\$500,000	\$25,000	Included

2018-19 Proposal

Argonaut	\$500,000	\$25,000	Included	↔
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EXCESS WORKERS' COMPENSATION INSURANCE

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 \$1,000,000, which is the SIR. The current year cost for the TPA and excess insurance is \$61,989. Below is a chart showing a 10-year history of annual claims cost (average \$68,000 per year). This amounts to an average annual cost of \$129,989 (\$61,989 + \$68,000).

Zenith Insurance Company's proposal for 1st dollar workers' comp coverage is \$102,752. This type of plan is a pooled plan that would require a 3 year commitment and would change the current coverage type for the District. This option will be further evaluated throughout the fiscal year and will be considered for FY20.

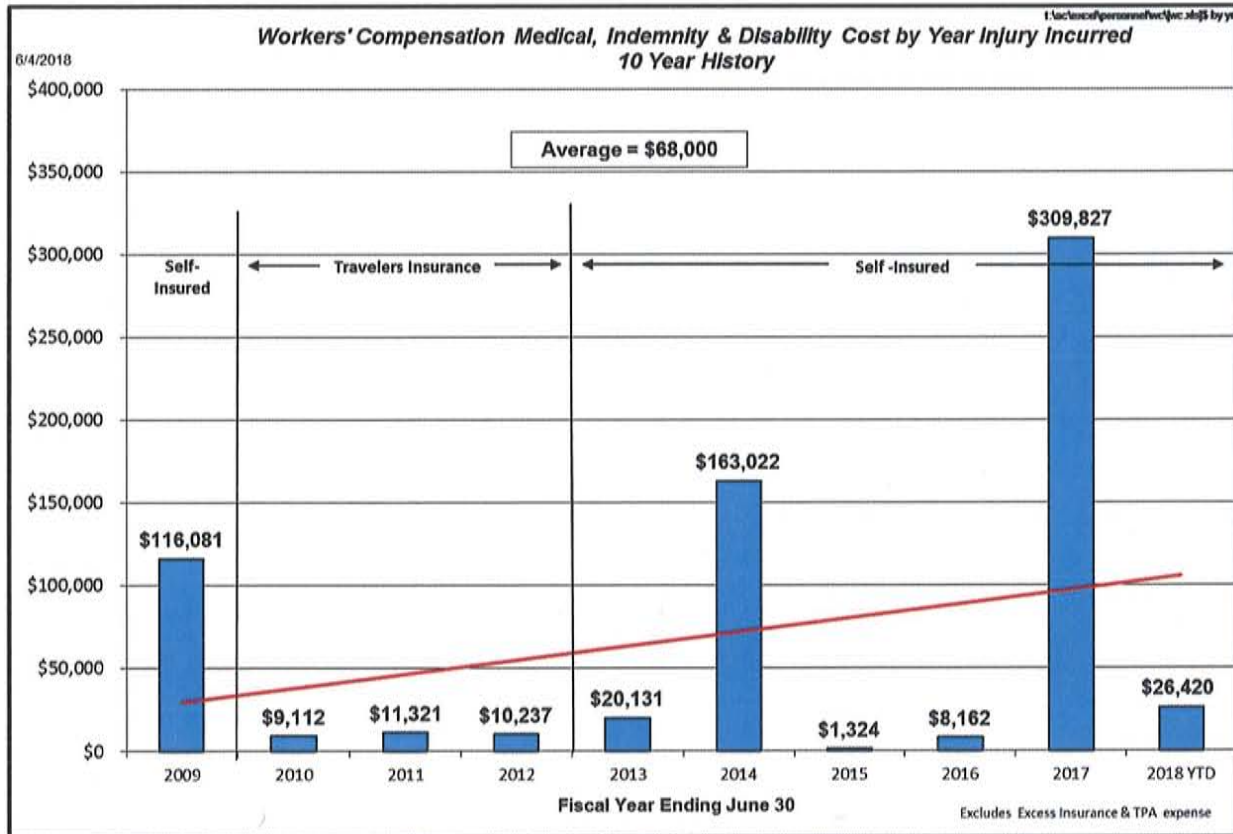
Staff recommends the District continue to self-insure its Workers' Compensation liability.

2017-18 Actual

<u>CARRIER</u>	<u>COVERAGE</u>	<u>SIR</u>	<u>PAYROLL</u>	<u>PREMIUM</u>	<u>RATE/\$1,000</u>
MidWest	Statutory (unlimited)	\$1,000,000	\$4,956,300	\$49,989	\$10.09

2018-19 Proposal

NY	Statutory	\$1,000,000	\$5,288,368	\$50,054	\$9.46	↩
MidWest	Statutory	\$1,000,000	\$5,288,368	\$53,445	\$10.10	



CYBER LIABILITY INSURANCE

The District first purchased a Cyber Liability policy in FY15. Cyber Liability coverage insures against loss of sensitive or personally identifiable information (such as social security numbers, credit card numbers, etc.) and third-party claims.

A major benefit of Cyber Liability insurance is coverage for the costs associated with notification & data breach response. The amount of sensitive information being stored and transmitted electronically continues to increase. The District holds a significant volume of private customer and employee information. In addition to hacking, theft or loss of laptops, flash drives or smart phones can render any business vulnerable to a data breach. There are substantial financial costs involved in finding and remedying a breach, including the cost of notifying

customers, now legally mandated in California, as well as possible fines and legal expenses. A data breach would harm the District's reputation and could interrupt its ability to render bills. A Cyber Liability policy provides funds to employ experts to mitigate losses.

2017-18 Actual

<u>CARRIER</u>	<u>COVERAGE</u>	<u>SIR</u>	<u>PREMIUM</u>
BCS	\$1,000,000	\$5,000	\$5,252

2018-19 Proposal

Great American	\$1,000,000	\$5,000	\$4,079 ⇐
BCS	\$1,000,000	\$5,000	\$5,240

RECOMMENDATION

<u>TYPE</u>	<u>CARRIER</u>	<u>RATING</u>	<u>COVERAGE</u>	<u>PREMIUM</u>
Property Damage	Argonaut	A XIII	\$62,492,000	\$64,845
General & Auto Liability	Argonaut	A XIII	\$10,000,000	\$23,494 ³
Excess Worker's Comp	New York Marine	A- IX	Unlimited	\$50,054
Cyber Liability	Great American	A+ XIV	\$1,000,000	\$4,079
				<u>\$142,472</u>

11

MEMORANDUM

To: Board of Directors
From: Robert Clark, Operations / Maintenance Superintendent
Subj: Authorization to Solicit Bid Proposals for Granular Activate Carbon
x:\maint sup\2018\bod\bod gac bid.doc

June 15, 2018

RECOMMENDED ACTION: Authorize staff to solicit proposals to provide Granular Activate Carbon for Stafford Treatment Plant

FINANCIAL IMPACT: \$175,000 identified in the 2018/19 Novato operations budget

The original design of the 2006 Stafford Treatment Plant rehabilitation modified the old treatment plant to be used as a finish water polishing filter. The idea was to use the granular activated carbon (GAC) to help remove the periodic taste and odor compounds created by various algae in the lake. Historically taste and odor issues were not seen annually and the idea was that the polishing filter was not going to be required all of the time. The Plant was also designed to use ferrous chloride to quench any unreacted oxidant (chlorine dioxide) and its byproduct chlorite; however the ferrous chloride never worked due to other chemistry taking place in the system. Because the GAC is so efficient at reducing chlorite and total organic compounds (TOC) it was decided to pass the plant water over the GAC 100% of the time.

Over the twelve year operating history of the plant, staff and various consultants have determined that the annual replacement of the carbon was necessary to support the multiple uses of the GAC. The GAC's ability to remove the chlorite and reduce TOC's can last several years, however the ability to remove the taste and odor compounds diminishes after 650 million gallons of production.

Staff has also reviewed operating the plant outside of the harmful algae bloom period June through September. This was determined to be impractical due to waste discharge restrictions from the Novato Sanitary District in the winter months of November through April. There is just not enough time to treat 650 to 750 million gallons of water from October to May with these discharge restrictions.

In 2016 staff requested cost proposals from five vendors for the GAC and received only two responses. As part of the proposed FY 2018/19 fiscal year budget, the annual replacement of 4900 cubic feet of GAC is identified. The attached specification and request for proposal (RFP) has been developed and will be sent to the companies identified below. The RFP will also be available on the District's website to enable other interested companies to review and submit proposals. Vendors will include Calgon Carbon of Township, PA, Jacobi the Carbon Co. of Columbus, OH, Evoqua of Pittsburgh, PA and General Carbon of Paterson, NJ.

RECOMMENDATION

Authorize staff to advertise Request for Proposal to purchase 4900 cubic feet of granular activated carbon.

SECTION 13222 GRANULAR ACTIVATED CARBON EXCHANGE

1. SCOPE OF WORK

This specification section is for the purchase of 4,900 cubic feet of new virgin Granular Activated Carbon (GAC).

- a. Furnish materials for the supply of virgin GAC in 2,000 lb. super sacks to Stafford Treatment Plant, 3015 Novato Blvd., Novato, CA 94947.
- b. Vendor may have the used carbon that will be loaded into 2,000 lb. super sacks. Please identify if you are interested in taking the used carbon.

Whenever a brand name is mentioned in the bid request, the naming of the item is intended to establish the type, function, performance and quality required.

2. BID CHECKLIST

- a. All bids must include the following:
 - i. Pre-Bid GAC samples (Section 3, submitted under separate cover)
 - ii. Affidavit of Compliance: 15 Year virgin GAC manufacturing experience (Section 4.b)
 - iii. Confirmation of comprehensive general liability insurance (Section 4.d)
 - iv. Ten (10) references for GAC to be supplied (Section 5.c) (Current supplier is exempt from this requirement)
 - v. Source of coal, carbon manufacturing location, description of the reagglomeration/thermal process, and capacity of the manufacturing facility (Section 5.j)
 - vi. Affidavit of Compliance: GAC is 100% virgin, 100% bituminous coal-based reagglomerated material (Section 5.m)
 - vii. Pricing Sheet

3. PRE-BID AND PRE-SHIPMENT SAMPLES

- a. Pre-bid samples:
 - i. Samples shall be submitted to the (District) prior to the bid date. One (1) sample shall be submitted for each activated carbon type to be supplied. Samples shall be no less than 2 lb. and shall be accompanied with a Certificate of Analysis. The Certificate of Analysis shall clearly state the name of the company which manufactured the GAC, the name and location (city, state/province, country) of the manufacturing facility where the sample GAC was manufactured, and shall include the numeric values for all technical parameters as listed in Section 5.k. of this specification:
 - ii. Failure to comply with the pre-bid sample requirement shall be considered non-responsive and bid shall be rejected.

- b. Pre-shipment samples:
 - i. After award but prior to GAC delivery to site, pre-shipment samples of the actual lots to be supplied shall be submitted to the District.
 - ii. The samples shall be accompanied with a Certificate of Analysis and shall meet all requirements as previously set forth for pre-bid samples (Section 3.a.i.).
 - iii. The number of samples to be submitted shall be in accordance with AWWA B604, latest edition. Based on the project size, the manufacturer shall determine the lot size and in turn shall provide the appropriate number of samples to be considered representative per AWWA B604, latest edition.
 - iv. The District may elect, at their cost, to independently test any or all submitted pre-shipment samples at a mutually agreed upon independent testing laboratory to confirm conformance with the specifications. These samples shall be in addition to the samples referenced in section 3.b.1. and shall also be submitted in accordance with AWWA B604, latest edition.
 - v. Failure of the pre-shipment samples to meet specifications shall be cause for the District to refuse shipment of GAC.
 - vi. Manufacturer shall not be given approval to ship GAC until pre-shipment samples meet specification.

4. BIDDER'S QUALIFICATIONS

- a. Bids shall only be accepted from manufacturers of bituminous coal based reagglomerated activated carbon.
- b. Bidders shall have a minimum of 15 years' experience manufacturing virgin granular activated carbon and shall submit proof via a Manufacturer's Certificate and/or an Affidavit of Compliance.
- c. Bidder shall furnish evidence of comprehensive general liability insurance in the minimum amount of \$2,000,000 to provide protection from any and all claims that may arise from the supplier's supply, shipping, installation, removal and reactivation of the spent carbon.
- d. Failure to comply with any of the above qualification requirements shall be considered non-responsive and bid will be rejected.

5. PRODUCT SPECIFICATION – VIRGIN GAC

The bidder shall supply 100% virgin GAC for the replacement of spent GAC in the filters. The virgin GAC shall meet the following specifications:

- a. Virgin GAC shall be one of the following:
 - i. Filtrasorb 300M as manufactured by Calgon Carbon Corporation
 - ii. Cabot Norit GAC as manufactured by Cabot Corporation, which meets all requirements of Section 5.b through 5.m of this specification.
 - iii. Approved equal
 - 1. Approved equal products must be pre-approved by the District prior to the bid. Supplier must submit a sample for

testing, including rapid small scale column testing (RSSCT) by a third party testing facility, at least thirty (30) days prior to the bid to confirm product conformance with all specifications in this section. Supplier shall pay for all testing and analytical costs.

- b. The coal shall be mined and the corresponding GAC manufactured in the United States of America.
- c. The GAC product designated by the Bidder as the material to be supplied for this bid shall have five (5) years of history of use in municipal drinking water facilities in North America with a minimum of ten (10) installations. Bidder shall submit references per the attached Reference List form. Current supplier is exempt from this requirement.
- d. The GAC shall be manufactured in a facility certified to conform to the Management System Standard: ISO 9001:2000 or later quality standards and at the specific plant or site holding such certification. A copy of the valid certificate must be submitted with bid, with the understanding by all parties that ANSI/NSF assures the GAC against toxicological hazards only. ISO 9001:2000 or later certification assures the GAC of consistent conformance to stated product quality and standards listed in the specifications.
- e. The GAC shall comply with AWWA B604, latest edition.
- f. The GAC shall conform to the requirements of the NSF/ANSI 61 Drinking Water System Components – Health Effects standard.
- g. The GAC shall comply with the requirements for activated carbon as defined by the Food Chemical Codex (FCC) latest edition, as published by the U.S. Pharmacopeia.
- h. The GAC must be a 100% reagglomerated bituminous coal based product, sized to a granular form prior to thermal activation. The following materials shall not be accepted if submitted in lieu of the required product, nor may any amount of these materials be blended into a mix with the required reagglomerated, bituminous coal-based product:
 - i Broken pellets, regardless of base material
 - ii Direct activated GAC, regardless of base material
 - iii Lignite-based GAC
 - iv Peat-based GAC
 - v Wood-based GAC
 - vi Coconut-based GAC
 - vii Sub-bituminous based GAC
 - viii Anthracite based GAC
- i. The GAC shall be capable of removing color, tastes, odors and other organic contaminants from water.
- j. Bidder shall indicate the source of coal, carbon manufacturing location, a description of the reagglomeration/thermal process and capacity of the manufacturing facility. The (District) reserves the right to inspect the GAC manufacturing and thermal processing facility.
- k. Product as packaged (confirmed by pre-shipment sample testing) shall meet the following specifications:

Section 5.k. Product Specification:	Value	Test Method
Iodine Number (mg/g), min.	900	ASTM D4607
Moisture, weight %, max.	2	ASTM D2867
Effective size, mm	0.8 – 1.0	ASTM D2862
Uniformity Coefficient, max.	2.1	ASTM D2862
Abrasion No., min.	78	AWWA B604
Trace Capacity Number, (mg/cc), min.	10	TM-79, TM-85 (converted to TCN)
Screen Size (US Sieve), weight %		
* Larger than No. 8, max.	15	ASTM D2862
* Smaller than No. 30, max.	4	ASTM D2862
Ash, max.	10%	ASTM D2866
Typical Property	Value	
Apparent Density, g/cc, min.	0.48	ASTM D2854
Water Extractables	<1%	AWWA B604
Non-Wettable	<1%	AWWA B604

- l. The Certificate of Analysis shall certify that the GAC sample shipped to the site is 100% virgin carbon and in full compliance with the specifications stated herein. Failure to comply shall be considered non-responsive and the GAC shall be rejected.
- m. The successful bidder must provide a signed Affidavit of Compliance stating that the GAC they are supplying is:
 - i 100% virgin, with no reactivated carbon content whatsoever, and
 - ii 100% bituminous coal based, reagglomerated material

6. FILTER DATA

Filter Design	Gravity
Number of Filters	4
Filter Dimensions (LxWxD)	170" x 148" x 84"
Number of Cells/Filter	1
Cell Dimension (LxWxD)	Same as filter
Backwash and Drain Volume (cu. Ft.)	1572 cu. ft. per filter
Drain to Waste (dia.)	16"
Total Existing GAC Volume (cu. Ft.)	4900 cu. Ft.

REFERENCE LIST (Specification Section 5.c)

- a. Bidder must provide ten (10) references for which the bidder has provided services as noted above. All information requested must be filled in. Failure to provide the information requested will be considered non-responsive and the bid rejected.

Account #1: _____
City/State: _____
Contact: _____
Phone No.: _____
GAC Supplied: _____

Account #2: _____
City/State: _____
Contact: _____
Phone No.: _____
GAC Supplied: _____

Account #3: _____
City/State: _____
Contact: _____
Phone No.: _____
GAC Supplied: _____

Account #4: _____
City/State: _____
Contact: _____
Phone No.: _____
GAC Supplied: _____

Account #5: _____
City/State: _____
Contact: _____
Phone No.: _____
GAC Supplied: _____

PRICING

Bidder is to provide a simple unit price including product cost and delivery cost. No installation or removal from contact basins is required.

All unit prices and all lump sum prices in the bid proposal shall include all applicable fees, cost and taxes (if any) related to the project. The successful bidder will not be responsible for real property tax on the property, including the site of the project in addition to local taxes assessed

By submitting a unit price and entering into a contract, the bidder agrees to abide by all the criteria set forth in this bid for a period of time as set forth in the contract. Failure to do so will result in the original contract being voided and an award will be made to the next lowest responsible bidder.

Lump Sum Pricing:

Product Name	
Price per pound in place	
Total lump sum	

Interested in used carbon Yes ____ No ____

Account #6: _____
City/State: _____
Contact: _____
Phone No.: _____
GAC Supplied: _____

Account #7: _____
City/State: _____
Contact: _____
Phone No.: _____
GAC Supplied: _____

Account #8: _____
City/State: _____
Contact: _____
Phone No.: _____
GAC Supplied: _____

Account #9: _____
City/State: _____
Contact: _____
Phone No.: _____
GAC Supplied: _____

Account #10: _____
City/State: _____
Contact: _____
Phone No.: _____
GAC Supplied: _____

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MEMORANDUM

To: Board of Directors
 From: Drew McIntyre, General Manager
 Subject: 2018 Strategic Plan – Final



June 15, 2018

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Recommended Action: Approve 2018 Strategic Plan

Financial Impact: None at this time

At the May 1, 2018 meeting, a draft version of the 2018 Strategic Plan was presented to the Board by Martin Rauch, Rauch Communication Consultants. At that time the Board was informed that staff would finalize the Plan after receipt of any additional comments on or before May 15. No additional comments were received and the Plan is now ready to be approved in its final form (as presented in Attachment 1).

A summary of the key milestones during development of the 2018 Strategic Plan is tabulated as follows:

Item	Activity	Meeting Date	Status
1	Board Interviews	Tuesday, January 23	Complete
2	Strategic Planning Workshop #1	Tuesday, February 13, Special Meeting	Complete
3	Strategic Planning Workshop #2	Tuesday, February 27, Special Meeting	Complete
4	Draft 2018 Strategic Plan Development Review and Presentation	Tuesday, May 1, Regular Meeting	Complete
5	Approve Final 2018 Strategic Plan	Tuesday, June 19, Regular Meeting	In progress

Once approved by the Board, the implementation plan will include:

- Posting the 2018 Strategic Plan on the website and including a brief summary that is visible without download.
- Updating Board Policy 22 to reflect revised Mission and Vision Statements
- Actively implementing the Work Plan by the management team.
- Evaluating the General Managers performance in part based on implementation of the Strategic Plan Goals and Objectives.
- Annual updates to the Board reporting on progress in implementing the Strategic Plan.
- The Board, with staff support, will review and update the Strategic Plan every five years.

RECOMMENDATION:

Approve the final 2018 Strategic Plan.



**NORTH MARIN
WATER DISTRICT**

North Marin County Water District 2018 Strategic Plan

NMWD Job No. 1.4069.00

Prepared by: Rauch Communication Consultants, Inc.



BOARD OF DIRECTORS

Rick Fraites (President)
Jack Baker (Vice-President)
James Grossi
Michael Joly
Stephen Petterle

DISTRICT MANAGEMENT STAFF

Drew McIntyre - General Manager
David L. Bentley and Julie Blue
Administration / Finance
Rocky Vogler, Engineering
Tony Arendell, Construction / Maintenance
Robert Clark, Operations / Maintenance

PARTICIPANTS:

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Robert Clark, Operations / Maintenance

CONSULTANT

Martin Rauch, Managing Consultant

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1. INTRODUCTION: Purpose of the Plan

Planning is strategic when it helps move an organization forward from its current situation to its desired future.

This Strategic Plan is the District's highest-level planning document. It represents the Board's direction for the future and the staff's work plan for implementing it.

It was developed through a step-by-step process that included recognizing the District's operating environment, the strengths and weaknesses of the organization, and anticipated opportunities and challenges.

It identifies the agency's mission, vision, and values, while providing a set of goals and objectives that becomes a framework for all decision-making.

The Plan is also a practical working tool that provides clear direction to the staff about the Board's goals and objectives, and includes a work plan developed by the staff to meet those goals and objectives. As such, it is referred to regularly as a guide to District actions during the period covered.

To keep it fresh, it should be updated every five years and rolled forward so that there is always a five-year guide to the future.

1. INTRODUCTION: Strategic Planning Process

The strategic planning process was carried out in the series of steps outlined below.

Background Research. The consultant began by holding discussions with the General Manager.

Confidential Interviews. Next, the consultant carried out a series of confidential interviews. The goal was for the interviewees to candidly express their interests and perspectives on the District and its priorities.

The interviewees included the Board of Directors as well as the senior management team, consisting of the General Manager, Auditor-Controller, Chief Engineer, Construction/Maintenance Superintendent, and Operations/Maintenance Superintendent.

Two Board Planning Workshops. The Board of Directors and senior management staff participated in two strategic planning workshops (February 13th and 27th). At these workshops, the group reviewed the results of the interviews, undertook a number of exercises to examine the current state of the District, and identified critical issues and opportunities expected to confront the District in the future. Ultimately a plan was developed from this work that included an updated mission statement, vision, values, and strategic goals and objectives.

Staff Implementation Plan. Once the policy level portions of the plan were completed in the Board workshops, the management team worked with the consultant to develop a staff implementation plan designed to meet the mission of the District and strategic goals and objectives.

1. INTRODUCTION: Strategic Framework

The Strategic Plan is built from a series of logical components, described below and shown in the graphic.

Mission. The mission statement explains why the organization exists. It articulates the organization's essential work in a brief sentence or two.

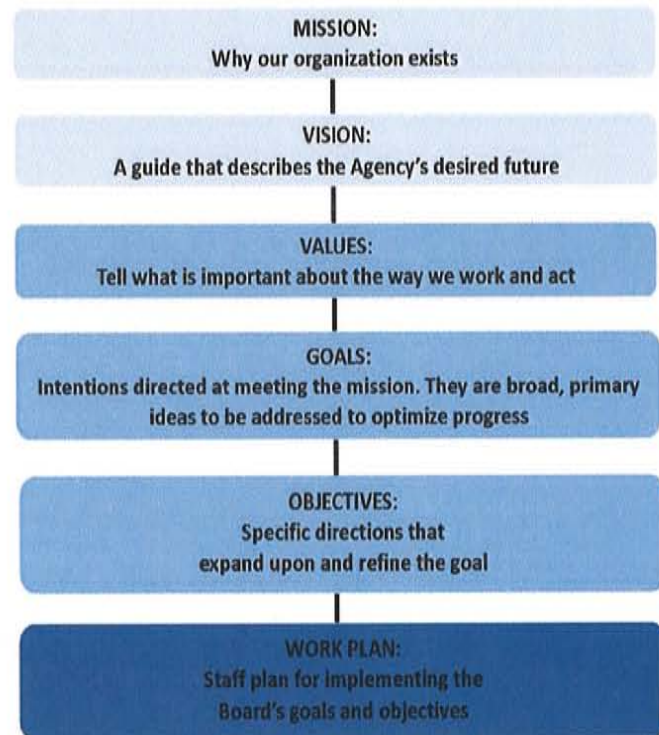
Vision. The vision articulates what the agency will become at a given time in the future. It is the strategic target which, when achieved, is the fulfillment of the agency's mission. As such, it is at the heart of the strategic planning process.

Values provide guidance when an agency is faced with challenging decisions that require tradeoffs, options, and alternatives. Values are set by the Board, govern attitudes and behaviors, and generally remain constant over time.

Goals describe broad, primary areas of management, operations, and planning that need to be addressed in accomplishing the mission. Goals are not connected to timelines.

Objectives are more specific directions that expand upon the goals. They are set by the Board. There may be multiple objectives for each goal. Objectives are SMART: Specific, Measurable, Attainable, Related to Goals, Time Certain.

Strategic Work Plan contains measurable, precise timetables and actions to accomplish the mission, goals, and objectives. They are assigned to individuals or departments. There may be multiple tasks for each objective that can be crossed off as finished.



2: PLAN DEVELOPMENT: Rating the District Today

Before considering where the District wants to go in the future, it is important to understand where it is today. Each participant selected aspects of the District to rate, graded them on a scale of 1 to 10 (10 being excellent), and included words to explain the reason for the rating. The results were averaged and summarized.

BELOW ARE SUMMARIES OF THE CATEGORIES AND RATINGS FROM THE PARTICIPANTS

Avg. 9 9	Water Quality is excellent and is well supported by the District lab.
Avg. 8 7, 9	Customer Service and Satisfaction. The district has a dedicated Board and Staff who are responsive to customers. While service is limited to the district side of the meter, the District does assist in identifying problems on the customer side of the meter.
Avg. 7.5 5, 7, 8, 10	Finance. The district has excellent financial reporting and planning procedures. The rates – near the median – are reasonable, which may be a proxy for overall efficiency. Future financial sustainability with respect to employee pensions and retirement is an ongoing concern.
Avg. 6 6	Improve Staff Benefits and Conditions. The district has excellent staff, but has limited time to address the ever-increasing number of responsibilities. The district needs to focus more on succession for an aging workforce and employee retention. Getting feedback from staff, such as from exit interviews, could provide insight into how to maintain employee satisfaction. Worker safety must remain a priority.
Avg. 5 5	Water Supply Resiliency. Long-term resiliency is potentially an existential threat to the District's core mission. Cutbacks in availability of adequate water could come about due to climate change, extreme drought, dependence on SCWA, a large earthquake, etc. The question is: how can the District increase long-term supply and reliability?
Avg. 4.8 3, 4, 5, 5, 6, 6	Asset Management: Infrastructure, Operations and Technology. Staff needs better technological tools to increase productivity and to cost-effectively respond to challenges of an aging system, limited staff, increased regulations, etc. It can also help reduce travel time and help retain institutional knowledge. Advance Metering Infrastructure (AMI) is a good example of needed technology. The District will require a more robust advanced asset management system to cost effectively assess and determine what infrastructure to repair, replace, upgrade and when.
Avg. 4 3, 3, 6	Stakeholder Understanding & Customer Outreach. There is a need to increase the frequency of communication with customers and the channels (e.g. social media) used to share our positive story and obtain greater input from customers. AMI is an opportunity for outreach. Some people may only see our bills – how do they look? Clear answers from the lab help customer service.
Avg. None	Emergency Response. Does the District have adequate plans in place to deal with high potential for fire, earthquakes, and other emergencies?
Avg. None	Focus on Core Skills. Do we need to be in sewer business? Should a sanitary district take over sanitary services to free NMWD staff to focus on our core water supply skills?

2.2 PLAN DEVELOPMENT: Challenges & Opportunities Facing the District

Below is a list of key issues and challenges identified in the process which the District is expected to face. Each participant was asked to predict what challenges and opportunities the District would confront in the future. That list follows:

WATER SUPPLY RESILIENCE

Opportunities

- Evaluate all supplies, potable reuse, interconnections with MMWD (Soulajule)
- Recycled water is drought proof and expanding to car washes. Equals 20% of peak demand.

Challenges

- Need more redundancy of supply – 80% dependent on SCWA.
- Climate change effects on supply and infrastructure stability.
- Drought impacts – need to continue to expand water supply resiliency. We are at the end of the SCWA aqueduct pipeline and could be restricted during a critical shortage.

EMERGENCY RESILIENCE

Challenges

- Prepare for aging district, changing politics, seismic and drought impacts, and competition for limited water

CUSTOMER SERVICE

Opportunities

- AMI can help customers.
- Full service to tap? (this has liabilities)
- Some customers concerned about AMI meter radio radiation – allow opt-outs and install when a new customer moves in.

ASSET MANAGEMENT – TECHNOLOGY

Opportunities

- Look into Staff productivity tools (e.g. AMI).
- Make real time information available in the field (forms, mapping).

Challenges

- Need innovative technology to improve efficiency.
- Need up-to-date technology to support mission.

ASSET MANAGEMENT – INFRASTRUCTURE

Challenges

- Create asset management plan, identify priorities, cost-effectively replace aging infrastructure.

- Repair and replacement costs are becoming more significant.

Opportunities

- Continue to implement on-call contractor program to support staff.

WATER RATES AND CHARGES

Opportunities

- Compare district rates with peer agencies.
- Study rates and charges; they are proxy for the effectiveness & efficiency in fulfilling our mission.

STAFF

Opportunities

- Better analyze exit interviews to understand staff and improve environment to retain employees.

Challenges

- Need to recruit and retain to address aging workforce.
- Compare compensations/benefits. May need to increase salary for those job classifications that are below comparable agencies.
- Ensure funding for retirement; funding of post-employment benefits.

FINANCE

Opportunities

- Can we derive revenue for meeting fire department requirements?
- Interest rates may rise, consider borrowing now.
- Consider having a financial plan beyond 5-years
- Find new revenue sources: fees for service, transfer fire services for cost savings.
- Seek more grant funding opportunities, develop joint projects with others to spread funding.

Challenges

- How to fund future CIP projects identified in the Master Plan update.
- Need clear understanding of needs and 5-year plan: capital expenditures, old pipes, regulatory
- Prepare public for future rate increases – build trust. Identify how much revenue goes to the

community. Consider disparity in economic class and affordability to raise rates.

- May need more money and more people in the future to update infrastructure.
- Continued concern regarding cost of recycled water.

REGULATORY

Challenges

- Regulations and fees keep increasing at the State and Federal level putting increased strain on District staffing and finances. May be forced to eliminate chlorine gas at a significant capital cost.
- Continued pressure to limit accessory dwelling unit connection fees.
- Potential for a statewide water tax.
- State mandate increase housing density and associated impacts to water supply.

2. PLAN DEVELOPMENT: Priority Issues

The group was asked to identify the most important issues that NMWD must resolve in the coming years. The participants then voted on them, as shown in the results below. Priorities are important since it is not possible to accomplish everything at once due to constraints on time, money and personnel. As a result, while all issues contained in the Goals and Objectives are important, a few are identified as being especially important and will take precedence.

8 high votes 1, 1, 2, 2, 2, 2, 2, 2	New Technology for Cost Efficiency and Staff Productivity (1, 1, 2, 2). <i>Ensure all assets are managed proactively and cost effectively. (2, 2, 2, 2). These are from Goal 4.</i>
6 high votes 1, 2, 2, 2, 2, 2	Water supply, quality and reliability. <i>Planning for long-term water supplies. Investigate opportunities with MMWD to better utilize excess water storage in Soulajule reservoir. Work cooperatively with Potter Valley Project stakeholders to promote sustainability This is from Goal 1. It was noted that while water supply and quality are the District's highest overall priorities, it recently completed major recycled water projects and has adequate supplies for the foreseeable future, so it is not the highest priority in the near term.</i>
3 high votes 1, 1, 2	Stakeholder Outreach. <i>Engagement, Satisfaction of customers, staff and vendors 1, 2. Public understanding and support of District policies 1</i>
2 high votes 2, 2	Financial Security. <i>This is from Goal 5.</i>
1 high vote 1	Plan for Climate Change.

3. STRATEGIC PLAN: Mission

A good mission statement should accurately explain why your organization exists and what it hopes to achieve in the future. It articulates the organization's essential work. The Board drafted and approved the following mission statement. Below is the District's mission statement as updated during the Strategic Planning process:

Our mission is to meet the expectations of our customers in providing potable and recycled water and sewer services that are reliable, high-quality, environmentally responsible, and reasonably priced.

3. STRATEGIC PLAN: Vision for the Future

A critical responsibility of the Board of Directors is to identify a vision for the District's future and then set goals and objectives to achieve it. This is the heart of the governance role, and starts with creation of a vision statement. Below is the District's vision statement as updated during the Strategic Planning process:

We strive to optimize the value of services we provide to our customers and continually seek new ways to enhance efficiency and promote worker and customer engagement and satisfaction

3. STRATEGIC PLAN: Values

VALUES are what the District considers important—what we believe is right and wrong. The Board is responsible for identifying values and being the guardian of values. Effective organizations identify and develop a clear, concise and shared meaning of values/beliefs, priorities, and direction so that every employee understands and can contribute in the right way. If well-defined, disseminated, and followed, values will impact every aspect of the organization.

The following values emerged from the workshop discussion.

The values can be written as simple statements or posed as questions to help make difficult decisions.

Accountability. *We work transparently and in full view of customers and take responsibility for our work.*

Integrity. *Customers can count on quality and fair service from our staff and the District.*

Teamwork. *We work cooperatively to accomplish our goals.*

Honesty. *We always seek the truth in what we do.*

Respect. *We value our customers and co-workers.*

3. STRATEGIC PLAN: Strategic Goals and Objectives and Implementation Plan

The goals and objectives are presented on the following pages. They, along with the mission, vision and values, represent the core strategic direction provided in this plan.

In addition, implementation actions are incorporated along with the objectives. These are a linked series of actions developed by staff that, when accomplished, will meet the mission, vision, goals and objectives identified by the Board of Directors. The work plan is organized in a table format with the following features:

Note on Timing. Goals and objectives marked 'annually' or 'ongoing' will be reported on at least once each year when the General Manager will provide a report on progress of the Strategic Plan.

GOAL 1. Water Supply, Quality, and Reliability. Increase local control and the long-term reliability of the water supply.

Strategic Challenge Facing the District. Water supply reliability and quality are vulnerable to climate change impacts such as variable water supplies caused by cycles of drought and flood, and warmer temperatures. Additionally, a growing economy and environmental enhancement increases competition for already limited water supplies. Another issue impacting supply is the relicensing of PGE's Potter Valley Hydroelectric Project (PVP).

The objectives below must be consistently carried out into the future to achieve the goal above.

1.1.0	Extend water supply planning and preparation to ensure reliability over the long-term. Take into account climate change, and other factors. (Timing: 2022)
1.1.1	Continue involvement with SCWA's and PG&E's Potter Valley Project Relicensing process. Existing PG&E PVP license expires in 2022. (Timing: 2022)
1.1.2	Participate in SCWA's Regional Water Supply Resiliency Project to make the region more resilient to future water shortages. (Timing: 2019)
1.1.3	Consider participation in a North Bay Drought Contingency Plan (Marin/Sonoma/Napa). (Timing: 2020)
1.1.4	Update the Urban Water Management Plan. (Timing: 2020)
1.1.5	Keep the Water Conservation Program (including incentives/rebates) current with market and plumbing code trends. (Timing: ongoing)
1.2.0	Maximize local control and redundancy of the water supply to ensure reliability over the long-term. (Timing: ongoing)
1.2.1	Conduct a Local Water Supply Enhancement Study to identify new sources of local water supply. The timing of this Study is impacted by initial work on the SCWA Regional Water Supply Resiliency Project. (Timing: 2019)
1.2.2	Continue to work with Novato Sanitary and Las Gallinas Valley Sanitary Districts to explore additional recycled water opportunities. (Timing: ongoing)
1.3.0	Maintain and seek to increase reductions in water demand (conservation). (Timing: ongoing)
1.3.1	Complete the District's Advanced Meter Infrastructure (AMI) project. (Timing: 2018)
1.3.3	Update the District's Water Conservation Plan. (Timing: 2020)
1.4.0	Ensure the maintenance of high-quality water. Account for both customer priorities and legal requirements. (Timing: ongoing)
1.4.1	Meet or exceed all regulatory standards. (Timing: ongoing)
1.4.2	Work to control undesirable taste and odors. (Timing: ongoing)
1.4.3	Conduct all required water quality monitoring. (Timing: ongoing)
1.4.4	Monitor proposed new water quality regulations and plan in advance for necessary changes to District procedures. (Timing: ongoing)

Goal 2. Customer Engagement and Service. Increase communication with customers and ensure quality service.

Strategic Challenge. Providing reliable and high-quality water will be more challenging and cost more over time. The public deserves an opportunity to understand the issues and provide input on water policies. Consequently, the District needs to be more effective at educating and engaging its customers.

The objectives below must be consistently carried out into the future to achieve the goal above.

2.1.0	Conduct outreach to increase public understanding and support for District policies and to facilitate customer input and engagement. Note there is a desire to communicate positive news through multiple forms of outreach, including more extensive use of social media. Consider using social media formats such as Flash Vote or NextDoor for improved engagement. (Timing: 2019)
2.1.1	Develop an annual public outreach plan and program, including a strategy for more effective social media outreach and information about how District spending supports the local community. (Timing: 2018 and beyond)
2.1.2	Continue to use third-party support for preparing public outreach materials as required. (Timing: 2018)
2.2.0	Increase the staff's and the Board's understanding of customer needs and preferences. (Timing: ongoing)
2.2.1	(Also see 2.1.1) update the outreach plan and program to provide information to the Board and staff summarizing customer needs and preferences. (Timing: April 2019 and beyond)
2.3.0	Continue to provide outstanding service that meets customer needs and preferences. (Timing: ongoing)
2.3.1	Support customers on the new website portal for tracking water use when using AMI meters (Timing: 2018)
2.3.2	Continue to monitor and track customer feedback through ongoing survey questionnaires. (Timing: ongoing)

Goal 3. Operations, Asset Management, and Infrastructure. Provide proactive and cost-efficient asset management and operations.

Strategic Challenge. Over the years, the number of customers has increased along with regulatory and other challenges of providing District services to customers. At the same time, District infrastructure is aging, thereby increasing maintenance, upgrade, and replacement costs. Yet the staff has been kept purposely lean. Continued progress must be made to meet the growing challenges of an aging system by increasing use of technology to leverage the capabilities of the limited staff to more proactively target maintenance, upgrade, and replacement for the lowest long-term cost and reliability.

The objectives below must be consistently carried out into the future to achieve the goal above.

3.1.0	Evaluate, plan, fund, and implement infrastructure repair, upgrade, and replacement using an extended planning horizon. (Timing: every 5 or 10 years depending on service area)
3.1.1	Consider using an extended CIP planning horizon beyond 5 years after completion of the Novato Water Master Plan. Maintain cost control, avoid rate shocks, solve problems before they occur, and ensure long-term reliability and stability of service. (Timing: 2019)
3.1.2	Update West Marin Master Plan every 10 years. (Timing: 2024)
3.1.3	Update the Oceana Marin Master Plan every 10 years. (Timing: 2025)
3.2.0	Ensure all assets are managed proactively and cost effectively. (Timing: ongoing)
3.2.1	Develop and implement a comprehensive Novato Asset Management Plan. (Timing: 2019)
3.3.0	Consider all practical and cost-effective options to providing high quality and customer-focused operations, asset management, and infrastructure updates. For example, this could include focusing more on core skills, or providing a more cost-effective balance of staff work and contractor support in the maintenance, upgrade, and replacement of infrastructure. (Timing: ongoing)
3.3.1	Continue to utilize On-Call Services contracts for select local contractors to improve District's ability to respond to emergencies and improve small contract efficiency. (Timing ongoing)
3.3.2	Evaluate the feasibility of implementing a Sewer Lateral Replacement program for Oceana Marin. (Timing: 2020)

Goal 4. People, Technology and Equipment. Retain a high quality, motivated, and efficient workforce with excellent workforce programs and investments in equipment, technology and training.

Strategic staffing challenges facing the District. It has become increasingly difficult to hire and retain workers. This is partly due to the high cost of living, a shortage of certified operators, and competition in general for qualified staff.

Strategic Technology and Company Cultural Challenges Face the District. Seek to increase use of technology to improve productivity and lower long-term costs, and retain a lean staff to minimize staffing and pension costs.

The objectives below must be consistently carried out into the future to achieve the goal above.

4.1.0	Seek to utilize new technologies and organization wherever they can improve cost efficiency and allow the District's lean workforce to be more effective. (Timing: ongoing)
4.1.1	Continue to support staff's involvement in local, regional, and national water industry organizations including payment of subscription dues and attendance at conferences. (Timing: ongoing)
4.1.2	Evaluate if staff is structured correctly for future challenges, for example in technology, asset management, and emergency management. (Timing: 2020)
4.1.3	Evaluate and implement replacement of proprietary software systems. (Timing: 2019)
4.2.0	Ensure that working conditions – including the office building, tools and technology – are up to date and promote efficiency and retention of employees. (Timing: ongoing)
4.2.1	Move forward with the design phase of the Office Remodel Project. (Timing: 2019)
4.2.2	Expand participation in supervisor training classes offered by Sonoma County. (Timing: 2018)
4.2.3	Conduct an Employee Engagement Survey and implement recommendations as appropriate to improve employee satisfaction. (Timing: 2019)
4.2.4	Update the District's Employee Safety Manual. (Timing: 2019)
4.3.0	Ensure pay and benefits are competitive and support the hiring and retention of a highly qualified workforce. (Timing: ongoing)
4.3.1	Conduct a Compensation Survey in advance of negotiation of a new MOU with the Employees Association. (Timing: 2018)

Goal 5. Rates and Finance. Extend the budgeting and financial planning horizon to ensure long-term stability, financial security and ratepayer value.

Strategic Challenges. Infrastructure maintenance, upgrade, and replacement costs are expected to rise over time as the system ages. Increasing regulations, costs of technology, and other factors, such as pension and health insurance, also are pushing up costs. The District will be challenged to fund quality service over time while maintaining affordability and value to customers.

The objectives below must be consistently carried out into the future to achieve the goal above.

5.1.0	Maintain a multi-year budget and long-range financial plans to make it easier to provide long-term financial stability. (Timing: ongoing)
5.1.1	Prepare a Cost of Service Study with peer review. (Timing: 2018)
5.2.0	Seek ways to lower costs without compromising quality and reliability. (Timing: ongoing)
5.2.1	Evaluate benefits of transferring District-owned fire services to commercial customers. (Timing: 2019)
5.3.0	Seek new sources of revenue beyond rates and/or methods for decreasing liabilities. (Timing: ongoing)
5.3.1	Increase income from lease fees. (e.g., grazing, cellular towers). (Timing: ongoing)
5.3.2	Consider fee-for-service options, such as identifying and fixing leaks, promoting a third-party insurance program for water lines, and transferring commercial fire service and backflow testing to customers, etc. (Timing: 2019)
5.3.3	Consider cooperative agreements for additional solar projects on District-owned land. (Timing: 2019)
5.3.4	Sell District surplus property that no longer serves District needs. (Timing: 2020)
5.4.0	Ensure that pay/go, financing, reserves, and other key financial plans and policies are reviewed at least annually. (Timing: ongoing)
5.4.1	Continue to hire an outside auditor for preparing annual Comprehensive Financial Reports. (Timing: ongoing)
5.4.2	Continue to apply for the Certificate of Achievement for Excellence in Reporting Award. (Timing: ongoing)
5.5.0	Maintain appropriate levels of reserves and establish rates and budgets to maintain reserves. (Timing: ongoing)
5.5.1	Re-evaluate, report on, and update as appropriate reserve goals for Novato, West Marin, and Oceana Marin. (Timing: yearly)

Goal 6. EMERGENCY PLANNING AND RESILIENCE. Increase preparedness for emergencies as well as long-term challenges such as drought and climate change.

Strategic Challenges Facing the District. Fire, drought, flood, earthquake, climate change, increased regulations, statewide growth, a variety of other potential natural and man-made disasters and long-term challenges, emergencies, and crises potentially affect all California water providers, including North Marin Water District.

The objectives below must be consistently carried out into the future to achieve the goal above.

6.1.0	The District will periodically review and update emergency and risk management plans to ensure continuity of quality service and minimize disruption and costs following unexpected emergencies. (Timing: ongoing)
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6.1.1	Participate in Marin County Multi-Jurisdictional Local Hazard Mitigation Plan. (Timing: 2018-19)
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6.1.2	Hire third-party consultant(s) experienced in developing and implementing Tabletop emergency training exercises. (Timing: 2019)
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6.1.3	Update the District's Emergency Operations Plan. (Timing 2020)
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6.2.0	The District will undertake resiliency planning and prepare for longer-term challenges such as climate change, increased regulations, etc. to ensure continuity of quality service and minimize disruption and costs. (Timing: 2019)
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6.2.1	This goal is fulfilled by initiatives 1.1.2 (Participate in SCWA's Regional Water Supply Resiliency Project) and 1.1.3 (Consider participation in a North Bay Drought Contingency Plan).
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5. PLAN OVERSIGHT: Monitoring and Implementation

In order to ensure that the plan is implemented, and results are achieved, the District plans to take the following steps:

- Publish the Mission, Vision, Values Goals and Objectives on posters and handouts, and display them around the District.
- Incorporate the Mission, Vision, Values, Goals and Objectives into the employee handbook, as well as orientation and training materials for new employees.
- Present the Strategic Plan to the entire staff so they are familiar with it and can better undertake their individual roles in fulfilling it.
- Post the Strategic Plan on the website and include a brief summary that is visible without download.
- Actively implement the Work Plan by the management team.
- Evaluate the General Manager and Management Team performance in part based on their implementation of the Strategic Plan Goals and Objectives.
- Staff will provide an annual report to the entire Board on progress in implementing the Strategic Plan.
- The Board, with staff support, will review and update the Strategic Plan every five years.

Appendix

APPENDIX 1: Achieving Expectations

At the beginning of the first workshop, participants were each asked to share their expectations for the process—the expectations of individual participants are listed below. One goal of this process was to meet these expectations and we believe that we did.

- Clarity.
- We have a debt policy. There is a limit. Need to plan how to operate within the policy. Concerted retirement and pension issues.
- Cost for second units – affordable housing.
- Update on goals and objectives as the District matures in age and is essentially done growing due to limited growth of the community, and transitions in to more of a maintenance phase.
- Facilitate board's understanding of key issues and support for solutions. Learn more about how the District operates.
- Explore new ideas for water – understand future needs for water.
- Understand how we compare in compensation with other similar agencies.
- Capital Replacement Plan, timing and costs.
- Limited on staffing flexibility; emergencies limit planned execution. Impacts liability.
- How to maintain excellent customer service.
- How to get ahead of issues before an issue.
- Strong Public Presence (communication).
- Like to see how 2016 Plan is implemented.
- Clear delineation of Board Issues and feedback from staff.
- How to understand regionalization.
- Understand environmental and financial risk liabilities – fish, water, water, waste – people are sensitive, could take legal action; pension liability, “regulatory = 2x.

APPENDIX 2: Original Priority Issues

Below are the initial priority issues for the coming years, identified during the first workshop of the strategic planning process. Priorities were reviewed at the second workshop and those priorities are presented above.

INITIAL PASS AT IDENTIFYING HIGHEST PRIORITY ISSUES	
10 votes	Secure Water Supply Reliability. Ensure the District has needed supplies, maximum local control (e.g. recycled), redundancy and secure water rights.
10 votes	Competent Staff. Ensure there is adequate recruitment and retention of excellent employees. Ensure they are highly trained. Adapt to changing needs and motivations of newer generations of employees. The District should have a process in place to identify when staff are not satisfied and to learn why so we can adjust.
8 votes	Satisfied and Engaged Customers. The District needs to work actively to educate and engage its customers, so they understand and can support the District, and so that the District understands their preferences and needs and can serve them well. This will be increasingly important during future long-term droughts and with pressure on rising costs.
6 votes	Detailed 20-year CIP. Improve asset management and overall infrastructure maintenance, upgrade, and replacement with a much longer and proactive view.
3 votes	Excellent Water Quality. The District has great water quality and must maintain it over time, along with customer perception of quality. If the public doesn't trust the District's water, they won't trust the District or want its product and services.
3 votes	Reasonable Rates. There are pressures pushing up costs and rates over time: increasing regulations, an aging infrastructure, competition for qualified workers, and more. The District needs to control costs as much as possible, but always provide quality service.
3 votes	Finance-Alternative Strategies. The District needs to seek ways of minimizing rates through smart revenue and financing strategies. It should look at the best balance of pay-go versus financing, develop alternative revenue streams, ensure long-range planning gives time to manage costs, etc.
2 votes	Implement Appropriate Technology. The District needs to leverage technology to maximize productivity and its ability to plan proactively.
2 votes	Appropriate Risk Management. The District needs to continue to identify and plan to mitigate risk from potential earthquakes, drought, climate change, and other factors such as chlorine gas releases at the Stafford Treatment Plant.

APPENDIX 3: Summary of the Vision Statements

Below is a summary of all the vision statements made during workshop

1 INCREASE LOCAL CONTROL, REDUNDANCY, AND RELIABILITY OF THE WATER SUPPLY.

- 100% control of water supply. 100% control of local supply. Additional reuse. Has a reliable water supply (increase RW, increase Stafford, Lack Storage Cap.).
- Prepared for more long-term droughts. Permanent drought controls: prohibit swimming pools and mandated allocations.
- Provide top quality water. Eliminate taste and odor issues. High quality and safe.
- Reliable supply with no outages. Redundant supplies.

INCREASE ENGAGEMENT WITH OUR CUSTOMERS AND MAINTAIN HIGH SERVICE LEVELS WITH THE GOAL OF INCREASING PUBLIC UNDERSTANDING AND SUPPORT.

- Community engagement, full communication with users. Redundant communication with users
- Public fully understands our long-term plan and programs. Community is fully vested in the District. Engaged and satisfied stakeholders – customers, staff, and contractors. Customers understand costs and are willing to pay what is needed. Customers share vision of district priorities. Stakeholder confidence.
- Good service. Great customer service

TECHNOLOGY

- Advanced technology.

A HIGHLY SKILLED, AND STABLE WORKFORCE IS CRITICAL TO OUR LONG-TERM SUCCESS.

- Partnership culture with staff.
- Staff has pride and respect for the organization.
- Small staff of highly compensated employees overseeing private

contractors providing quality/reliable reasonably priced water. Competitive salary and benefits.

- Local staffing.
- Good working environment (new building). Good working environment.
- Low turnover, the place to work. Stable staffing.
- District remains independent.
- Employee sense of security and value.

EXPLICITLY BALANCE COSTS, BENEFITS, AND RISKS FOR MAXIMUM CUSTOMER VALUE.

- Stable rates and adequate reserves. Stable financial position. Affordable price
- Profitable and financially sustainable business model.
- Good value.
- Balance risk versus cost well. Solid understanding of risk of failure vs. cost of failure as related to infrastructure. Cost effective service (good balance between rate increase and infrastructure repairs/replacements).

INFRASTRUCTURE: LONG-TERM PLANNING AND PROACTIVE ASSET MANAGEMENT.

- Planned and consistent asset replacement program.
- Automated treatment plant operating 24/7/365. Automated.

CONSIDER INCREASED FOCUS ON CORE COMPETENCIES.

- Small staff of highly compensated (skilled and efficient) employees overseeing private contractors providing quality/reliable reasonably priced water. Competent. Well trained.
- Compensated fairly. Appreciated. Motivated.
- Recurring service managed by contractor. Focus more on core. More use of

contractors.

- Proactive

VISION ACHIEVED BY

- Stable financial position
- Community supported

BENEFITS EXPERIENCED

- Employee sense of security and value.
- Customers shared vision of district priorities.
- Stakeholder confidence.



**NORTH MARIN
WATER DISTRICT**



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13

MEMORANDUM

To: Board of Directors

June 15, 2018

From: Julie Blue, Auditor-Controller *JB*Subj: Oceana Marin Sewer Service Charge Increase Ordinance – First Reading
(Introduction of Ordinance and Waive Reading of Ordinance)

t:\aclword\budget\wm\19\om ordinance 1st reading.docx

RECOMMENDED ACTION: Approve Reading of Proposed Ordinance – (Read title only)**FINANCIAL IMPACT:** None at this time

Pursuant to Health and Safety Code Section 5471(a), collecting the Oceana Marin Sewer Service Charge on the property tax roll requires action by ordinance rather than resolution. The ordinance must be read at two consecutive Board meetings (Attachment 1).

To provide adequate time for the County to post the sewer service charge on the property tax bills before they are mailed in October, the first reading of the Ordinance should occur at the Board's June 19 meeting. The second reading authorizing enactment of the proposed charge would then be adopted at the conclusion of the public hearing in Point Reyes Station at the June 26 meeting, and the Board will be asked to approve changes to Regulation 109c, Oceana Marin Sewer Service – Rates and Charges, at that time (draft revisions to Regulation 109 are shown on Attachment 2).

The sewer service fee increase to \$90 per month is proposed to be effective July 1, 2018. The fiscal year 2018/2019 fee would total \$1,080 (\$90 x 12) per dwelling unit.

Recommended Action:

Approve reading of proposed Ordinance No. 36– (read title only).

**DRAFT
ORDINANCE NO. 36**

**ORDINANCE OF THE BOARD OF DIRECTORS OF
NORTH MARIN WATER DISTRICT
ELECTING TO HAVE OCEANA MARIN SEWER CHARGES BE COLLECTED ON THE TAX
ROLL OF THE COUNTY OF MARIN, STATE OF CALIFORNIA
COMMENCING FISCAL YEAR 2018-19**

Section 1. The Board of Directors hereby finds, determines and declares as follows:

- a. The District has previously developed and instituted a Sewer Service Charge Program to finance the services and facilities furnished by the District in its Improvement Districts No. OM-1 and OM-3 which are herein referred to as Oceana Marin; and
- b. The Board of Directors has reviewed the present sewer service charge and has determined that the sewer service rate should be \$1,080 per equivalent dwelling unit for fiscal year 2018-19;

Section 2. In adopting this Ordinance, the Board of Directors finds that:

- a. Written notices of the proposed increase in the sewer service charge were sent by first class U.S. mail to every customer in Improvement Districts No. OM-1 and OM-3 prior to the Public Hearing conducted on June 26, 2018 to consider said report and rate increase effective July 1, 2018.
- b. The District prepared and filed a sewer service charge report with the District Secretary.
- c. On June 7, 2018 and June 21, 2018, the District Secretary published a notice of Public Hearing and of the filing of said report in the Point Reyes Light, a newspaper of general circulation printed and published in the County.
- d. At the Public Hearing conducted on June 26, 2018, all written protests against the proposed increase in the sewer service charge, including those provided in person, by facsimile, email and U.S. mail, were considered and tallied, and the District was not presented with protests by a majority of the owners of the identified parcels affected by this change.
- e. The amount of the charge imposed does not exceed the proportional cost of the service attributable to the properties receiving service and the charge is only

imposed on those properties actually receiving service or for those which service is immediately available.

- f. This action is categorically exempt from the California Environmental Quality Act (CEQA) pursuant to Section 15273 (a) (1-4) of the District CEQA Guidelines.

Section 3. Section c. of that certain Regulation entitled "Regulation 109 – Oceana Marin Sewer Service – Rates and Charges," passed by the Board of Directors of the North Marin Water District on June 21, 1977, as amended, and attached as Exhibit 1 hereto, is hereby amended to read as follows and is hereby adopted:

"c. Sewer Service Rate

For Fiscal Year 2018-19, a sewer service rate of \$1,080 per equivalent unit per year shall be paid by the owner of the land served. In the case of new construction, said rate shall commence when connection is made to the District sewage facility. Upon written notice by the owner in the event a structure is demolished by fire or otherwise removed from the land, an appropriate adjustment shall be made taking into account the reduced use but excluding any adjustment for infiltration inflow. An appropriate portion of the charges collected during the period that no structure existed shall be refunded. The refund period, however, shall not be greater than one year and shall be measured from the date that the District receives written notice from the owner."

Section 4. The District does hereby elect, pursuant to Section 5473 of the Health and Safety Code of the State of California, to have the sewer service charge, pursuant to its Regulation 109, passed and adopted by the Board of Directors of the North Marin Water District on June 21, 1977, as amended, collected on the tax roll of the County of Marin, State of California, in the manner pursuant to Sections 5471 through 5473.11 of the Health and Safety Code of the State of California.

Section 5. The Secretary shall cause this ordinance to be published in the manner described in Section 31105 of the Water Code.

Section 6. The Secretary of North Marin Water District is hereby directed to file a copy of said report with the Treasurer-Tax Collector of Marin County on or before July 15, 2018, upon which shall be endorsed, over the Secretary's signature, a statement that the report has been adopted by the Board of Directors of the North Marin Water District.

Section 7. The Treasurer-Tax Collector of Marin County shall, upon receipt of said report,

enter the amounts of the charges against the respective lots or parcels as they appear on the assessment roll for the fiscal year 2018-2019.

* * * * *

I hereby certify that the foregoing is a true and complete copy of an ordinance duly and regularly adopted by the Board of Directors of NORTH MARIN WATER DISTRICT at a regular meeting of said Board held on the 26th day of June 2018 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

Theresa Kehoe, Secretary
North Marin Water District

(SEAL)

DRAFT

**REVISION OF NORTH MARIN WATER DISTRICT
REGULATION 109
OCEANA MARIN SEWER SERVICE - RATES AND CHARGES**

BE IT RESOLVED by the Board of Directors of North Marin Water District that Regulation 109c of the North Marin Water District is adopted as follows, effective forthwith:

c. Sewer Service Rate

For Fiscal Year 2018-19, a sewer service rate of \$1,080 per equivalent unit per year shall be paid by the owner of the land served. In the case of new construction, said rate shall commence when connection is made to the District sewage facility. Upon written notice by the owner in the event a structure is demolished by fire or otherwise removed from the land, an appropriate adjustment shall be made taking into account the reduced use but excluding any adjustment for infiltration inflow. An appropriate portion of the charges collected during the period that no structure existed shall be refunded. The refund period, however, shall not be greater than one year and shall be measured from the date that the District receives written notice from the owner.

* * * * *

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 twenty-sixth day of June, 2018, by the following vote:

AYES:
NOES:
ABSENT:
ABSTAINED:

Theresa Kehoe, District Secretary
North Marin Water District


(SEAL)

14

MEMORANDUM

To: Board of Directors

June 15, 2018

From: Julie Blue, Auditor-Controller Subj: Second Review – FY19 West Marin Water and Oceana Marin Sewer Budgets
t:\aclword\budget\wm\19wm19 2nd review.docx**RECOMMENDED ACTION:** Additional Review & Provide Direction to Staff**FINANCIAL IMPACT:** None at this time. Upon adoption, the FY19 Budgets would see:

West Marin Water System Rate Increase	\$37,000
West Marin Water System Expenditure Plan	\$1,962,000
Oceana Marin Sewer System Rate Increase	\$11,000
Oceana Marin Sewer System Expenditure Plan	\$760,000

Following for your second review are the budgets for the West Marin Water System and the Oceana Marin Sewer System proposed for FY 2018/19 (FY19). Proposed for the West Marin Water System customers is a 4.5% rate increase. Proposed for the Oceana Marin Sewer System customers is a 5% rate increase.

There were no changes to the West Marin Water and Oceana Marin Sewer Budgets since the Board last review on June 5.

INCREASE PROPOSAL DETAIL**Water Rates**

A 4.5% increase is recommended in both the commodity rate and the bimonthly service charge, which would increase to \$33.00 bimonthly for the typical customer with a 5/8" meter. The proposed West Marin Water increase would total \$30 annually (\$2.50 per month) for the typical residential customer. If enacted, the proposed increase is expected to generate \$37,000 in additional revenue next fiscal year.

Annual 4.5% increases are included in the 5-year financial plan for FY20 and beyond (see page 4) to help pay for \$3.5 million in Capital Improvement Projects scheduled over the next five years as the District moves forward with the initial stages of construction of a Solids Handling Facility pilot project at the Point Reyes Treatment Plant (\$1,250,000), completion of the replacement of PRE Tank #4A (\$625,000), replacement of PRE Tank #1 & #2 (\$450,000) and the relocation of the Olema PS Out of the Flood Plain (\$500,000). The financial plan anticipates borrowing \$500,000 to construct these projects over the coming five years.

Sewer Rates

The Oceana Marin Sewer System held a cash balance of \$529,000 at April 30, 2018. A 5% (\$4/month) increase is proposed for FY19, which will generate an additional \$11,000 per year. The increase will help fund the CIP program for the next five years totaling \$2.8 million dollars which includes the Pond Dredging and Solids Disposal (\$400,000), the Treatment Pond Rehab (\$1,200,000), the ACP Sewer Reline Project (\$300,000), and the Parallel Force Main Project (\$500,000). Annual 5% increases are included in the 5-year financial plan for FY20 and beyond to partially fund the CIP program. Grant and loan funds will fund the remaining project costs.

The Sewer Service Charge is collected on the Property Tax roll and must be adopted by ordinance, which requires presentation at two Board meetings and publication twice. The Oceana Marin letter noticing and inviting customers to the public hearing was mailed on May 11, 2018.

Connection Fees

The West Marin Water connection fee was last increased in August 2009. In November 2014 the Board reviewed this charge based on the updated West Marin Water Master Plan, and found the existing connection fee adequate.

The Oceana Marin Sewer connection fee was increased in FY17 with a 2-phased approach. The fee increased from \$15,200 to \$22,600 effective September 1, 2016, and increased to \$30,000 effective July 1, 2017, all in an effort to help finance the capital improvements.

One new connection is budgeted for both West Marin Water and Oceana Marin Sewer next fiscal year.

BUDGETED SYSTEM IMPROVEMENT PROJECTS

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

Water

- \$625,000 to complete the replacement of PRE Tank #4A.
- \$550,000 to commence the TP Solids Handling Project for solids removal from the treatment plant filtrate system.
- \$90,000 to commence the New Gallaher Well #2 project which totals \$300,000 and will be completed in FY 20.
- \$50,000 to replace PB services in Sync with County Paving (25 replacements).
- \$10,000 to Relocate the Production Meter to improve read accuracy.

Sewer

- \$400,000 for the project to dredge the treatment and storage ponds.
- \$125,000 is included for pond repairs related to the 16/17 storm damage.
- \$40,000 is included for continued infiltration repair work to reduce the amount of rainwater from infiltrating into the collection system.

Future Projects

The West Marin Water 5-Year Financial Plan includes a \$1.3 million Treatment Plant Solids Handling Facility to be constructed over a two-year period commencing in FY19. The PRE Tank #1 and #2 Replacement project is scheduled in FY21 totaling \$450,000. Relocating Olema PS out of the Flood Plan is scheduled for FY23 totaling \$500,000.

For Oceana Marin Sewer, \$40,000 is budgeted each year into the future to continue infiltration repair work. \$1,200,000 is included commencing in FY20 to Rehab the OM Treatment Pond.

WEST MARIN WATER SYSTEM OPERATING BUDGET

You will note from page 3 of the budget that the proposed West Marin Water System Budget projects a cash deficit next fiscal year of \$991,000. This deficit assumes 100% of the \$1,325,000 Capital Improvement Project Budget is expended, which does not typically occur. The proposed budget projects one new service to be added to the system each year into the future, in line with the slow growth we have seen recently.

FY19 water sales volume is budgeted at 64 million gallons which is an increase of approximately 3% compared to the prior year budget of 62 million gallons. Average annual consumption over the past decade is 72MG. The current water use reflects a conservative estimate and is based on the average of the past five years of use. The forecast assumes water sales volume will remain at 64MG in FY20 and remain static into the future as conservation programs (including water rate increases) continue to induce more efficient use of water. Historical consumption data is shown on page 6.

Operating expenditures, before depreciation, are budgeted to increase 3% from the FY18 adopted budget, an increase of \$16,000. A graphical history of operating expenditures is included on page 7.

OCEANA MARIN SEWER OPERATING BUDGET

The proposed Oceana Marin Sewer budget shown on page 8 includes a \$4/month (5% - to \$90/month) increase in the sewer service charge. One new connection is budgeted for next fiscal year, which is Oceana Marin's average over the past five years. Operating expenditures are budgeted to decrease 2% from the FY18 adopted budget.

A public hearing to consider the proposed water rate increases and to adopt the water and sewer budgets is scheduled for the June 26 in Point Reyes Station.

Proposed
BUDGET

Second Review

**West Marin Water
&
Oceana Marin Sewer**
FISCAL YEAR
2018-19

NORTH MARIN WATER DISTRICT

999 RUSH CREEK PLACE, NOVATO, CA

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&
OCEANA MARIN SEWER**

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CAPITAL IMPROVEMENT PROJECTS

5/24/18

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		FY18 Budget	FY18 Est Actual	FY19	FY20	FY21	FY22	FY23
6.	WEST MARIN WATER SYSTEM							
2.6263.20	a. Replace PRE Tank #4A (25K gal w/82K gal)	\$550,000	\$150,000	\$625,000				
2.7160.00	b. Green Sand Filter Media Replace-FY18	\$75,000	\$25,000					
2.6609.20	c. New Gallagher Well #2		\$10,000	\$90,000	\$200,000			
2.8829.00	d. PB Replace in Sync w/ County Paving	\$50,000	\$0	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
2.6601.32	e. TP Solids Handling (Note 4)		\$50,000	\$550,000	\$700,000			
	f. Abandon Downey Well					\$25,000	\$125,000	
	g. Relocation of Production Meter			\$10,000				
	h. PRE Tank #1 & #2 Replacement					\$450,000		
	i. Relocate Olema PS Out of Flood Plain							\$500,000
	j. Other West Marin Water System Expenditures		\$15,000					
		\$675,000	\$250,000	\$1,325,000	\$950,000	\$525,000	\$175,000	\$550,000
7.	OCEANA MARIN SEWER SYSTEM							
8.8672.28	a. Infiltration Repair	\$40,000		\$40,000	\$40,000	\$40,000	\$40,000	\$40,000
8.7163.00	b. Design/Install 8th Disposal Trench (300')	\$80,000						
8.7085.02	c. Tahiti Way Lift Pumps Rebuild (2) (every 5 yrs)	\$20,000					\$20,000	\$20,000
8.7164.00	d. Tahiti Way Power Relocation	\$20,000						
8.7166.00	e. ACP Sewer Reline (6"@ 3,000')						\$50,000	\$250,000
8.7171.00	f. Pond Dredging & Solids Disposal	\$50,000		\$400,000				
8.7173.00	g. OM Treatment Pond Rehab-(Note 9)		\$6,000		\$150,000	\$1,050,000		
86607-22	h. OM Treatment Pond-Storm Damage (Note 10)		\$35,000	\$125,000				
	i. Parallel Force Main (1st of 3 Segments) (Note 11)						\$100,000	\$400,000
		\$210,000	\$41,000	\$565,000	\$190,000	\$1,090,000	\$210,000	\$710,000

CAPITAL IMPROVEMENT PROJECTS

5/24/18

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	FY18 Budget	FY18 Est Actual	FY19	FY20	FY21	FY22	FY23
LESS FUNDED BY LOANS/GRANTS/OTHER							
a. WM Treatment Plant Solids Handling (Note 4)				(\$500,000)			
b. WM TP Modific Design/Construct (Note 6)							
c. OM Treatment Pond Rehab (Note 9)		(\$26,000)		(\$113,000)	(\$1,038,000)		
d. OM Treatment Pond-Storm Damage (Note 10)			(\$69,000)				
e. OM Parallel Force Main (Note 11)							(\$400,000)
TOTAL LOAN/GRANT FUNDS	\$0	(\$26,000)	(\$69,000)	(\$613,000)	(\$1,038,000)	\$0	(\$400,000)
<u>SUMMARY - NET PROJECT OUTLAY</u>							
West Marin Water	\$675,000	\$250,000	\$1,325,000	\$450,000	\$525,000	\$175,000	\$550,000
Oceana Marin Sewer	\$210,000	\$15,000	\$496,000	\$77,000	\$52,000	\$210,000	\$310,000
NET PROJECT OUTLAY	\$885,000	\$265,000	\$1,821,000	\$527,000	\$577,000	\$385,000	\$860,000
STUDIES & SPECIAL PROJECTS							
2.4061.00 a. Digitize West Marin Water Facility Maps	\$10,000	\$0					
8.4062.00 b. Oceana Marin Vulnerability Study	\$25,000	\$0					
	\$35,000	\$0	\$0	\$0	\$0	\$0	\$0
WEST MARIN WATER DEBT SERVICE							
a. EDA Loan	\$2,000	\$2,000	\$0	\$0	\$0	\$0	\$0
b. PRE-1 Revenue Bond	\$14,000	\$14,000	\$14,000	\$14,000	\$0	\$0	\$0
c. PR-6 Revenue Bond	\$13,000	\$13,000	\$12,000	\$12,000	\$13,000	\$12,000	\$0
d. TP Solids Handling Bank Loan	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000	\$71,000
e. TP Solids Handling Add'l Bank Loan (Note 4)			\$0	\$0	\$35,000	\$35,000	\$35,000
f. TP Modifications Loan (Note 6)							
	\$100,000	\$100,000	\$97,000	\$97,000	\$119,000	\$118,000	\$106,000
OCEANA MARIN SEWER DEBT SERVICE							
a. CIP Financing (Note 11)				\$0	\$18,000	\$17,000	\$46,000
NET PROJECT OUTLAY & DEBT SERVICE	\$985,000	\$365,000	\$1,918,000	\$624,000	\$696,000	\$503,000	\$966,000

Note 4 - \$1.25M WM Water Solids Handling Facility partially funded by bank loan (\$600,000 remaining). Additional \$500K to be borrowed in FY20 to complete project.

Note 6 - \$2.8M WM TP Project funded by debt and /or grant funds.

Note 9 - If CalOES grant application is successful NMWD cost share = 25% of total \$1.2M project cost. \$250K borrowed in FY21 at 3.5% for 20 years.

Note 10 - If CalOES grant application is successful \$69,000 of the \$125,000 project will be grant funded.

Note 11 - \$250K borrowed in FY21 at 3.5% for 20 years. \$400K borrowed in FY23 at 3.5% for 20 years to finance CIP. Assumes 5% annual sewer service rate increases.

WEST MARIN WATER
BUDGET SUMMARY
Fiscal Year 2018/19

	<i>Proposed Budget 2018/19</i>	<i>Estimated Actual 2017/18</i>	<i>Adopted Budget 2017/18</i>
OPERATING INCOME			
1 Water Sales	\$868,000	\$855,000	\$810,000
2 Misc Service Charges	7,000	7,000	7,000
3 Total Operating Income	\$875,000	\$862,000	\$817,000
OPERATING EXPENDITURES			
4 Source of Supply	\$15,000	\$16,000	\$15,000
5 Pumping	42,000	52,000	45,000
6 Operations	52,000	49,000	53,000
7 Water Treatment	159,000	164,000	147,000
8 Transmission & Distribution	139,000	129,000	131,000
9 Consumer Accounting	27,000	24,000	27,000
10 Water Conservation	10,000	6,000	10,000
11 General Administration	95,000	82,000	95,000
12 Depreciation Expense	197,000	193,000	195,000
13 Total Operating Expenditures	\$736,000	\$715,000	\$718,000
14 NET OPERATING INCOME (LOSS)	\$139,000	\$147,000	\$99,000
NON-OPERATING REVENUE/(EXPENSE)			
15 PR-2 County Tax Allocation	\$55,000	\$53,000	\$53,000
16 Miscellaneous Revenue	4,000	4,000	4,000
17 Interest Revenue	14,000	20,000	13,000
18 Bond & Loan Interest Expense	(29,000)	(31,000)	(31,000)
19 Total Non-Operating Income/(Expense)	\$44,000	\$46,000	\$39,000
20 NET INCOME/(LOSS)	\$183,000	\$193,000	\$138,000
OTHER SOURCES/(USES) OF FUNDS			
21 Add Depreciation Expense	\$197,000	\$193,000	\$195,000
22 Connection Fees	23,000	46,000	23,000
23 Capital Improvement Projects	(1,325,000)	(250,000)	(675,000)
24 Bond & Loan Principal Payments	(69,000)	(69,000)	(69,000)
25 Total Other Sources/(Uses)	(\$1,174,000)	(\$80,000)	(\$526,000)
26 CASH INCREASE/(DECREASE)	(\$991,000)	\$113,000	(\$388,000)

WEST MARIN WATER

5-Year Financial Forecast

#		Actual 2015/16	Actual 2016/17	Est Actual 2017/18	Budget 2018/19	Projected 2019/20	Projected 2020/21	Projected 2021/22	Projected 2022/23
BASIC DATA									
1	Active Meters	780	780	782	783	784	785	786	786
2	Avg Commodity Rate/1,000 Gal	\$9.62	\$9.70	\$10.21	\$10.67	\$11.16	\$11.68	\$12.21	\$12.77
3	Potable Consumption (MG)	56.6	61.6	66.4	64.0	64.0	64.0	64.0	64.0
OPERATING REVENUE									
4	Commodity Charge	\$544,743	\$597,855	\$678,000	\$683,000	\$714,000	\$747,000	\$782,000	\$817,000
5	Bimonthly Service Charge	168,775	168,775	177,000	185,000	193,000	202,000	211,000	220,000
6	Miscellaneous Service Charges	11,377	6,838	7,000	7,000	7,000	7,000	7,000	7,000
7	Total Operating Revenue	\$724,895	\$773,468	\$862,000	\$875,000	\$914,000	\$956,000	\$1,000,000	\$1,044,000
8	Operating Expenditures	\$462,242	\$527,780	\$522,000	\$539,000	\$555,000	\$572,000	\$589,000	\$607,000
9	Depreciation Expense	189,039	192,151	193,000	197,000	219,000	235,000	244,000	247,000
10	Total Operating Expense	\$651,281	\$719,931	\$715,000	\$736,000	\$774,000	\$807,000	\$833,000	\$854,000
11	NET OPERATING INCOME	\$73,614	\$53,537	\$147,000	\$139,000	\$140,000	\$149,000	\$167,000	\$190,000
NON-OPERATING REVENUE/(EXPENSE)									
12	Interest Revenue	\$10,025	\$20,564	\$20,000	\$14,000	\$4,000	\$3,000	\$2,000	\$4,000
13	Interest Expense	(23,232)	(33,407)	(31,000)	(29,000)	(27,000)	(40,000)	(37,000)	(34,000)
14	PR-2 County Tax Allocation	49,365	51,841	53,000	55,000	57,000	59,000	61,000	63,000
15	Miscellaneous	596	(13,330)	4,000	4,000	4,000	4,000	4,000	4,000
16	Total Non-Op Revenue/(Expense)	36,754	25,668	46,000	44,000	38,000	26,000	30,000	37,000
17	Net Income	\$110,368	\$79,205	\$193,000	\$183,000	\$178,000	\$175,000	\$197,000	\$227,000
OTHER SOURCES/(USES)									
18	Add Depreciation Expense	\$189,039	\$192,151	\$193,000	\$197,000	\$219,000	\$235,000	\$244,000	\$247,000
19	Connection Fees	0	30,800	46,000	23,000	23,000	23,000	23,000	0
20	Capital Improvement Projects	(\$215,749)	(79,064)	(250,000)	(1,325,000)	(950,000)	(525,000)	(175,000)	(550,000)
21	Loan Proceeds	-	-	-	-	500,000	-	-	-
22	Debt Principal Payments	(63,455)	(67,081)	(69,000)	(69,000)	(70,000)	(79,000)	(81,000)	(72,000)
23	Net Change in Working Capital	(9,894)	10,290	-	-	-	-	-	-
24	Total Other Sources/(Uses)	(\$100,059)	\$87,096	(\$80,000)	(\$1,174,000)	(\$278,000)	(\$346,000)	\$11,000	(\$375,000)
25	Cash Increase/(Decrease)	\$10,309	\$166,301	\$113,000	(\$991,000)	(\$100,000)	(\$171,000)	\$208,000	(\$148,000)
26	Operating Reserve	\$245,289	\$401,012	\$718,000	\$296,000	\$196,000	\$40,000	\$263,000	\$115,000
27	System Expansion Reserve	762,422	773,000	569,000	-	-	-	-	-
28	Liability Contingency Reserve	99,000	99,000	99,000	99,000	99,000	99,000	99,000	99,000
29	Bond Redemption Reserve	30,000	30,000	30,000	30,000	30,000	15,000	-	-
30	ENDING CASH BALANCE	\$1,136,711	\$1,303,012	\$1,416,000	\$425,000	\$325,000	\$154,000	\$362,000	\$214,000

WEST MARIN WATER NOTES

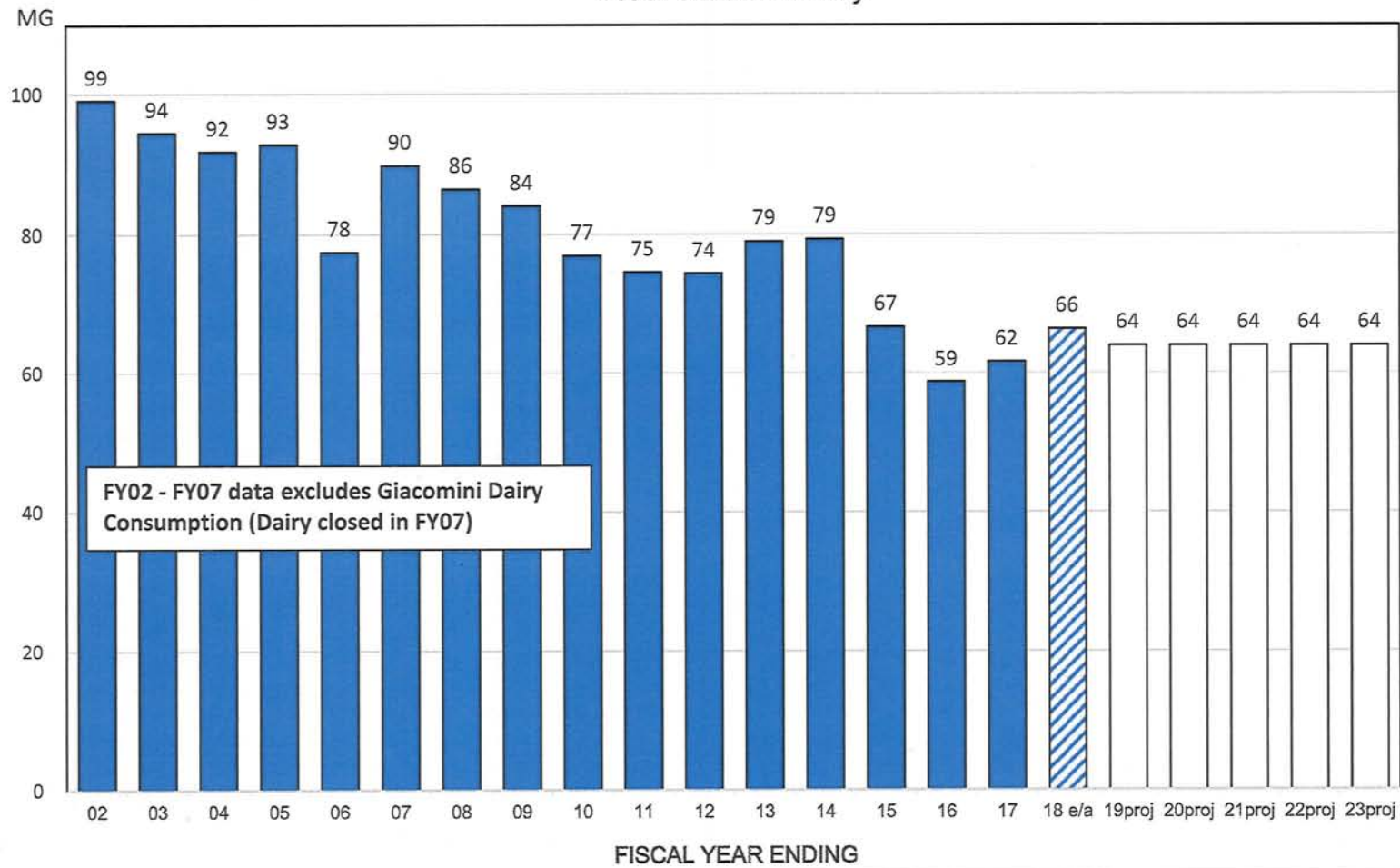
KEY

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 1 connection per year.
- 2 Commodity rate and Bimonthly Service Charge increased 4.5% 7/1/18. Annual 4.5% increases shown thereafter for financial forecasting purposes only not yet - considered by the Board of Directors. Note that the FY2015/16 Average Commodity Rate included a drought surcharge.
- 3 Consumption projection assumes 64MG in FY19 and 64MG annually thereafter.
- 4 Average Commodity Rate multiplied by Potable Consumption.
- 5 Bimonthly service charge shown to increase 4.5% annually after FY19. Details of the rate increase structure to be determined at annual budget hearings.
- 8 Operating Expense projected to increase 3% per year.
- 12 Projected available funds invested at 1.00%
- 14/22 Interest and principal payments comprised of two 40-year 5% bonds all purchased by the Farmers Home Administration:
 - 1) 1980 PRE-1 \$240,000 revenue bond fully amortized in 2020; 2) 1981 PR-6 \$217,800 revenue bond fully amortized in 2021; plus an Economic Development Administration \$46,000 5% 40-year loan paid off in 2017.FY20 includes debt service on \$500K loan to finance completion of Solids Handling Facility.
- 19 The connection fee was set at \$22,800 per equivalent dwelling unit effective August 1, 2010.
- 20 Capital Improvement Projects. See 5-year Capital Improvement Projects Plan.
FY20 \$500,000 loan to complete the Solids Handling and PRE Storage projects.
- 26 Operating Reserve should be comprised of a minimum of 4 months of operating expenditures as recommended by the District's financial advisors.
- 27 System Expansion Reserve is composed of connection fee revenue and unexpended Bank of Marin loan funds.
- 28 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. \$8,885 was added in Dec 2006 from sale of 2 surplus parcels in Inverness Park.
- 29 Bond Redemption Reserve is comprised of one year of Revenue Bond debt service (\$30K) for PR-6 & PRE-1 bonds as required by bond covenant plus tax receipts held in the Marin County treasury.

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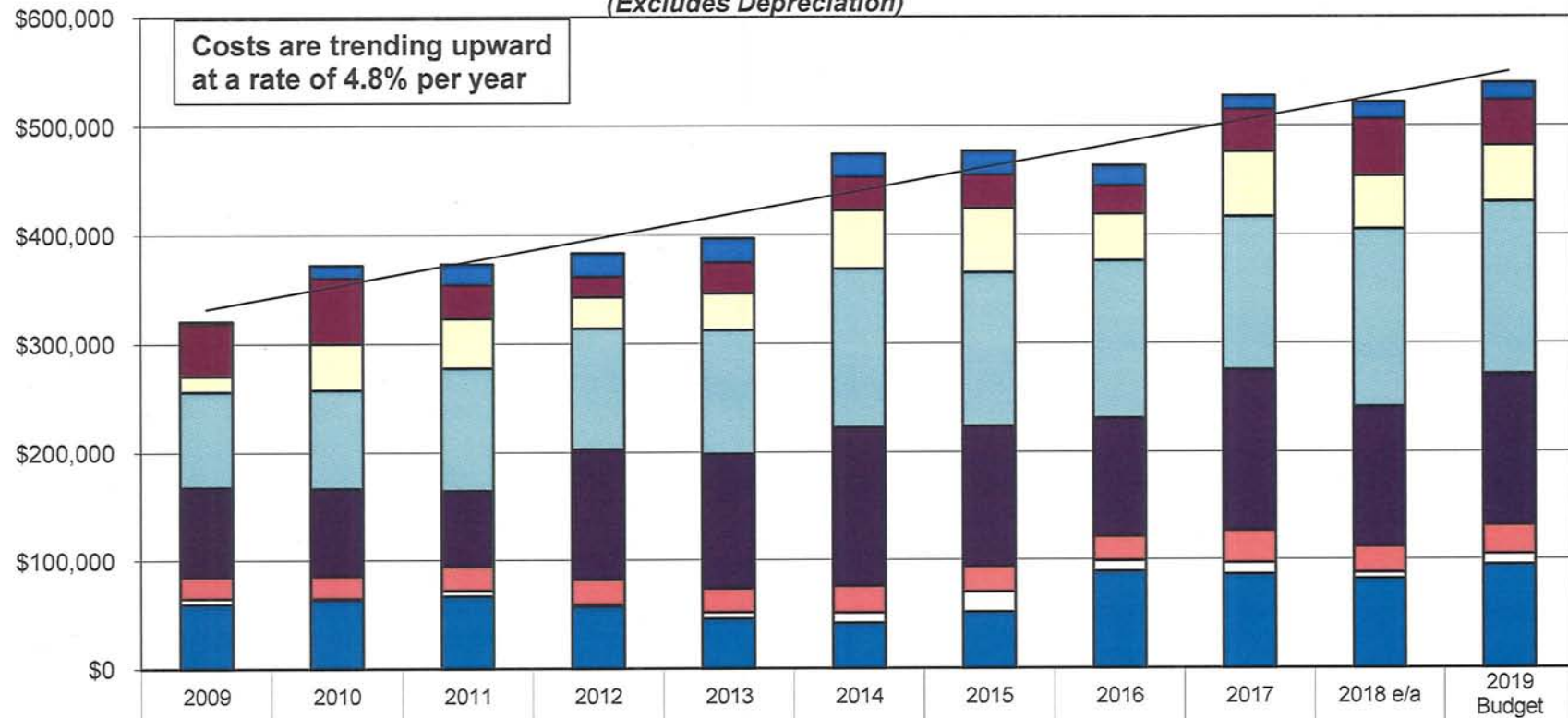
West Marin Potable Water Billed Consumption Net of Giacomini Dairy



5/24/2018

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West Marin Water Operating Expenditures (Excludes Depreciation)



OCEANA MARIN SEWER
BUDGET SUMMARY
Fiscal Year 2018/19

	Proposed Budget 2018/19	Estimated Actual 2017/18	Adopted Budget 2017/18
OPERATING INCOME			
1 Monthly Sewer Service Charge	\$252,000	\$239,000	\$239,000
2 Misc Service Charges	-	500	-
3 Total Operating Income	\$252,000	\$239,500	\$239,000
OPERATING EXPENDITURES			
4 Sewage Collection	\$78,000	\$54,000	\$54,000
5 Sewage Treatment	47,000	61,000	57,000
6 Sewage Disposal	39,000	18,000	32,000
7 Consumer Accounting	2,000	2,000	2,000
8 General Administration	29,000	27,000	54,000
9 Depreciation Expense	37,000	37,450	51,000
10 Total Operating Expenditures	\$232,000	\$199,450	\$250,000
11 NET OPERATING INCOME (LOSS)	\$20,000	\$40,050	(\$11,000)
NON-OPERATING REVENUE/(EXPENSE)			
12 OM-1/OM-3 Tax Allocation	\$59,000	\$57,000	\$56,000
13 Interest Revenue	6,000	5,000	4,000
14 Miscellaneous Revenue	-	500	-
15 Miscellaneous Expense	-	400	-
16 Total Non-Op Income/(Expense)	\$65,000	\$62,900	\$60,000
NET INCOME/(LOSS)	\$85,000	\$102,950	\$49,000
OTHER SOURCES/(USES) OF FUNDS			
17 Add Depreciation Expense	\$37,000	\$37,450	\$51,000
18 Connection Fees	30,000	30,000	30,000
19 Grant/Loan Proceeds	69,000	26,000	-
20 Capital Improvement Projects	(565,000)	(41,000)	(210,000)
21 Total Other Souces/(Uses)	(\$429,000)	\$52,450	(\$129,000)
22 CASH INCREASE/(DECREASE)	(\$344,000)	\$155,400	(\$80,000)

OCEANA MARIN SEWER

5-Year Financial Forecast

	Actual	Actual	Est Actual	Budget	Projected	Projected	Projected	Projected
# BASIC DATA	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23
1 Number of Connections	230	231	232	233	234	235	236	237
2 Monthly Service Charge	\$71.00	\$78.00	\$86.00	\$90.00	\$95.00	\$100.00	\$105.00	\$110.00
OPERATING REVENUE								
3 Monthly Service Charge	\$195,461	\$215,989	\$239,000	\$252,000	\$267,000	\$282,000	\$297,000	\$313,000
4 Miscellaneous Service Charges	460	600	500	-	-	-	-	-
5 Total Operating Revenue	\$195,921	\$216,589	\$239,500	\$252,000	\$267,000	\$282,000	\$297,000	\$313,000
OPERATING EXPENSE								
6 Operating Expenditures	\$159,131	\$181,734	\$162,000	\$195,000	\$200,000	\$206,000	\$212,000	\$218,000
7 Depreciation Expense	48,193	41,616	37,450	37,000	37,000	37,000	37,000	40,000
8 Total Operating Expense	\$207,324	\$223,350	\$199,450	\$232,000	\$237,000	\$243,000	\$249,000	\$258,000
9 NET OPERATING INCOME	(\$11,403)	(\$6,761)	\$40,050	\$20,000	\$30,000	\$39,000	\$48,000	\$55,000
NON-OPERATING REVENUE/(EXPENSE)								
10 Interest Revenue	\$3,638	\$5,749	\$5,000	\$6,000	\$2,000	\$3,000	\$4,000	\$4,000
11 Interest Expense	-	-	-	-	-	(9,000)	(8,000)	(22,000)
12 OM-1/OM-3 Tax Allocation	52,609	55,247	57,000	59,000	61,000	63,000	65,000	67,000
13 Miscellaneous Revenue	9,054	500	500	-	-	-	-	-
14 Miscellaneous Expense	(636)	(789)	400	-	-	-	-	-
15 Total Non-Op Revenue/(Expense)	\$64,665	\$60,707	\$62,900	\$65,000	\$63,000	\$57,000	\$61,000	\$49,000
Net Income	\$53,262	\$53,946	\$102,950	\$85,000	\$93,000	\$96,000	\$109,000	\$104,000
OTHER SOURCES/(USES)								
16 Add Depreciation Expense	\$48,193	\$41,616	\$37,450	\$37,000	\$37,000	\$37,000	\$37,000	\$40,000
17 Connection Fees	23,690	30,400	30,000	30,000	30,000	30,000	30,000	30,000
18 Capital Improvement Projects	(7,547)	(154,815)	(\$41,000)	(\$565,000)	(\$190,000)	(\$1,090,000)	(\$210,000)	(\$710,000)
19 Grant/Loan Proceeds	-	-	26,000	69,000	113,000	1,038,000	-	\$400,000
20 Debt Principal Payments	-	-	-	-	-	(9,000)	(9,000)	(24,000)
21 Net Change in Working Capital	1,864	(10,630)	-	-	-	-	-	-
22 Total Other Sources/(Uses)	\$66,200	(\$93,429)	\$52,450	(\$429,000)	(\$10,000)	\$6,000	(\$152,000)	(\$264,000)
23 Cash Increase/(Decrease)	\$119,462	(\$39,483)	\$155,400	(\$344,000)	\$83,000	\$102,000	(\$43,000)	(\$160,000)
24 ENDING CASH BALANCE	\$463,664	\$424,181	\$580,000	\$236,000	\$319,000	\$421,000	\$378,000	\$218,000

OCEANA MARIN SEWER

NOTES

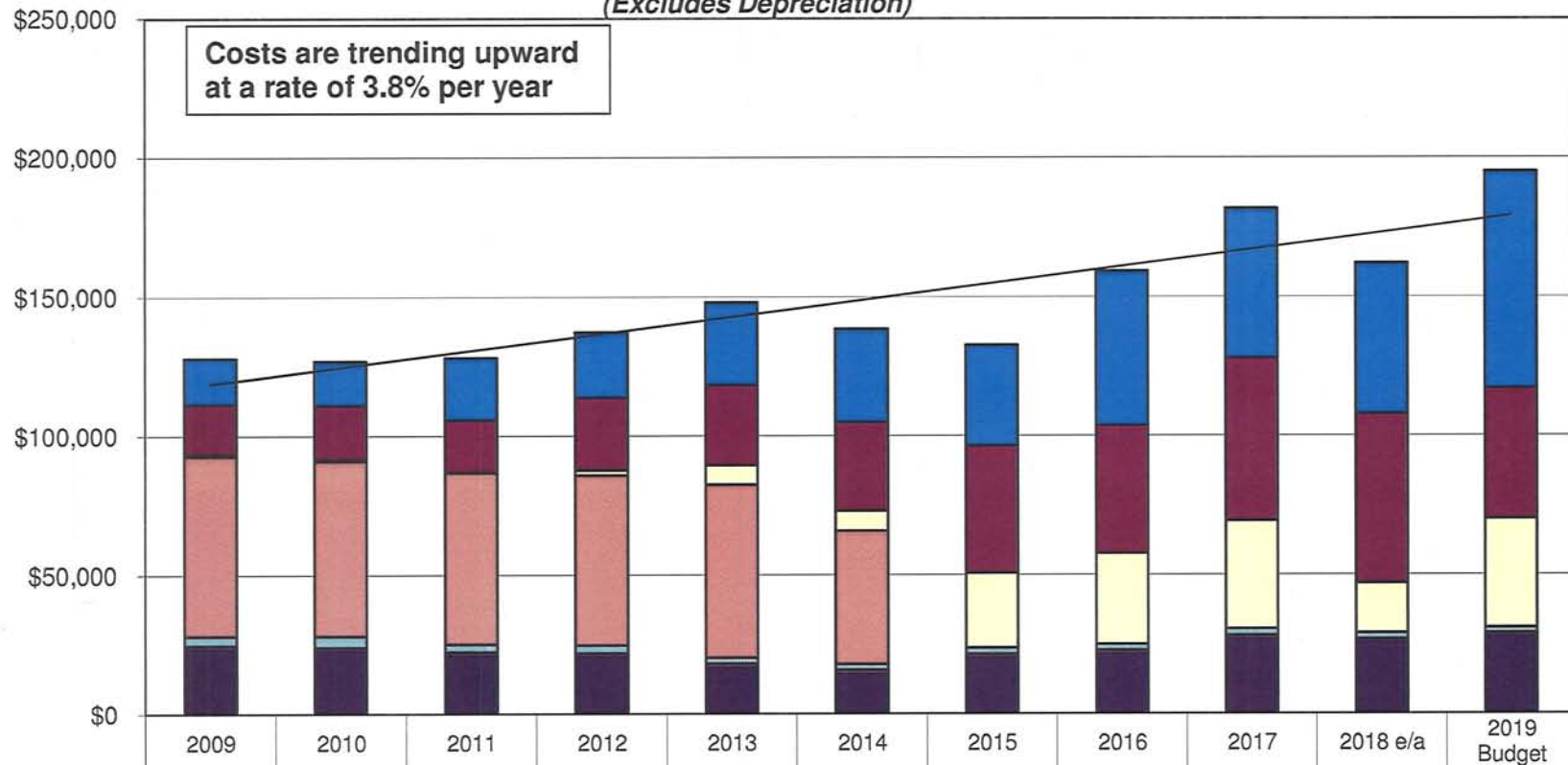
KEY

- 1 Assumes 1 connection per year, which is the average over the last 5 years. Capacity is estimated at 294 dwelling units.
- 2 Proposed 5% annual increases to build cash to fund the \$400,000 Pond Dredging and Solids Disposal project commencing in FY19 and phase 1 of the \$500,000 Parallel Force Main project commencing in FY22.
- 6 Operating expenditures projected to increase 3% annually after FY18. Excludes depreciation expense.
- 10 Projected available funds invested at 1.00%
- 12 County tax allocation enacted subsequent to Prop 13 to compensate for O&M tax revenue previously received. OM-1/IOM-3 County Tax allocation is projected to increase 3% per year.
- 17 Connection fee increased to \$30,000 on 7/1/17. Assumes connections occur in OM-3 Units 1 or 5 which are subject to the connection fee.
- 18 Capital Improvement Projects. See 5-year Capital Improvement Projects Plan.
- 19 Grant/Loan - Pond Treatment Rehab capital projects to be funded at 75% by grants. Includes loans for capital projects of \$250K in FY21 and \$400K in FY23. Loans are budgeted with an interest rate of 3.5% for 20 years.
- 24 Cash available for operation, maintenance and improvements.

5/24/2018

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Oceana Marin Operating Expenditures (Excludes Depreciation)



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 e/a	2019 Budget
Collection	\$16,309	\$15,748	\$22,503	\$23,687	\$29,703	\$33,587	\$36,189	\$55,475	\$53,664	\$54,000	\$78,000
Treatment	\$18,142	\$19,474	\$18,470	\$25,928	\$29,021	\$31,901	\$45,727	\$45,868	\$58,688	\$61,000	\$47,000
Disposal	\$797	\$719	\$489	\$1,972	\$6,895	\$7,257	\$27,022	\$32,850	\$38,854	\$18,000	\$39,000
Contract Ops	\$64,467	\$62,755	\$61,592	\$61,215	\$62,281	\$47,803	\$0	\$0	\$0	\$0	\$0
Cons Acctg	\$3,429	\$3,952	\$2,778	\$2,636	\$2,162	\$2,235	\$2,091	\$2,131	\$2,244	\$2,000	\$2,000
G & A	\$24,801	\$24,228	\$22,359	\$22,052	\$18,099	\$15,735	\$21,604	\$22,807	\$28,284	\$27,000	\$29,000
Total	\$127,945	\$126,876	\$128,191	\$137,490	\$148,161	\$138,518	\$132,633	\$159,131	\$181,734	\$162,000	\$195,000

15

MEMORANDUM

To: Board of Directors
From: Drew McIntyre, General Manager
Subject: Potter Valley Project Relicensing Update – Eel Russian River Commission Meeting – June 8, 2018

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RECOMMENDED ACTION: Information Only

FINANCIAL IMPACT: None

In 1978, the counties of Humboldt, Mendocino, Lake and Sonoma entered into a joint powers agreement (JPA) forming the Eel-Russian River Commission (ERRC) to provide a forum for addressing the issues arising out of the 1972 Potter Valley Relicensing Project. Since that time, the ERRC has generally met quarterly. It was at the February 23, 2018 ERRC meeting that David Moller, PG&E's Director for Power Generation, announced that PG&E was considering multiple options for the PVP (including selling the project) and would make a decision within the next several months. On May 10, 2018, a letter was written to the ERRC by Mr. Moller advising the Commission that PG&E has decided to "put the project up for auction this fall" (Attachment 1).

While not completely unexpected, the letter has generated more uncertainty to an already difficult and complex relicensing process. The June 8, 2018 ERRC meeting was the first opportunity for the Commission to discuss this new revelation by PG&E and I attended to be able to report, first hand, on their discussions. My summary of the meeting is provided as follows.

The Eel Russian River Commission supplemental information is provided as follows using item numbers referenced in the attached meeting agenda (Attachment 2). A complete agenda packet is available via <https://www.mendocinocounty.org/government/affiliated-agencies/water-agency/eel-russian-river-commission>

4. Potter Valley Project Fisheries Study Update and Update Regarding status of License Compliance Studies and Relicensing Studies

David Moller with PG&E presented for Paul Kubicek. He gave an update for two ongoing study efforts. One was related to current obligations under the existing FERC license and the other was related to the 2018 FERC approved Study Plan associated with the new relicensing process. Mr. Moller stated of the 21 studies, 11 center around aquatic issues.

David Keller, Friends of the Eel River (FOER), commented about Scott Dam safety. There seemed to be a consensus from the Commission in support of Mr. Keller's comments and David Moller responded that the Commission could make a written request to PG&E identifying

what their specific safety concerns are and PG&E will review and respond as appropriate. Mr. Moller added that some safety information can be released and other safety information must remain confidential.

5. PG&E Letter to the Commission regarding the Potter Valley Project FERC Relicensing

David Moller recapped his May 10th letter regarding notice of an auction in Fall of 2018 unless PG&E enters into meaningful negotiations with a local or regional governmental agency that is interested in taking over the PVP. Mr. Moller summarized factors driving PG&E's decision such as: (1) PG&E doesn't need as much power anymore in the state, (2) site is in a remote location and requires fulltime staffing, (3) power generation at PVP has decreased 50% due to the current operating strategy that was dictated by the most recent water release directives.

According to Mr. Moller, PG&E looked at five different options (e.g., decommissioning, continued operation, auction, etc.) and decided that auction was the most viable course of action. He stated that PG&E's position is that this project is a regional project and any solution must address all the regional issues related to continued PVP operation. He estimates that the auction process could take 1.5-2 years and that PG&E will still file the license application before the May 14, 2020 FERC deadline. All studies will continue with PG&E in the lead until the owner transfer process is fully completed.

Mr. Moller commented that the PVP auction process will mimic what was recently undertaken at PG&E's 26 MW DeSabra-Centerville (DeSabra) project along the Feather River in Butte County. He stated that PG&E has already received some interest on the PVP auction and he expects that there will be parties interested in responding to the Request for Offers (RFO). He believes there is value to a future buyer when considering both power generation and water supply. He also commented that PG&E will have the marketing material completed soon and that said material will be released in advance of the formal RFO solicitation.

Mr. Moller also stated that other PG&E facilities are being looked at for divestiture. Specifically, PG&E announced the sale of the Tule River and Kern Canyon facilities on April 27, 2018. The 6.4 MW Tule River facility was constructed in 1914, is 35 miles east of Porterville and has been non-operational since the power house was damaged by fire in 2017. The 11.5 MW Kern Canyon facility was built in 1921, is located east of Bakersfield and has been non-operational since last year due to a rockslide at the dam.

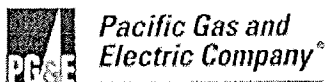
After Mr. Moller spoke the Commission had various questions and comments.

6. Humboldt County Policy Statement Regarding the Future of the Potter Valley Project

A Potter Valley Project position statement was adopted by the Humboldt County Board of Supervisors at their June 5 meeting (see Attachment 3). The position statement advocates for thorough consideration of a dam decommissioning alternative and also supports Congressman Huffman's call for a two-basin solution (i.e., Eel River and Russian River watersheds) which includes consideration of Russian Water users' interests.

7. Ad Hoc Committee Report on the Review of the ERRC Joint Powers Agreement

Commissioner's James Gore and Estelle Fennell are the two ad hoc members charged with review of the ERRC Joint Powers Agreement (JPA). During the discussion on this topic Commissioner Gore reaffirmed his position that the ERRC JPA is too limited and doesn't include critical stakeholders (tribes, upper RR agencies, etc.). It was agreed that the Ad Hoc members would meet again to develop key operating principals and future options for the JPA.



Power Generation

245 Market Street,
San Francisco, CA 94105

Mailing Address
Mail Code N11D
P.O. Box 770000
San Francisco, CA 94177

May 10, 2018

Eel-Russian River Commission
501 Low Gap Road, Suite 1010
Ukiah, CA 95482

Dear Eel-Russian River Commissioners:

During my February 23, 2018 presentation to the Eel-Russian River Commission, I informed you that Pacific Gas and Electric Company (PG&E) was evaluating several options for the Potter Valley Hydroelectric Project. I'm writing to let you know that after very careful consideration, PG&E has decided to put the project up for auction this fall.

This decision to begin the auction process ultimately reflects that continuing to operate the facility is not in the long-term best interests of PG&E's electric customers. However, PG&E fully realizes that the project has key environmental attributes and provides important regional benefits including recreation opportunities and a significant contribution to the Russian River water supply.

With this in mind, as we prepare for the auction PG&E is open to exploring with local, county and/or state governmental entities that have an interest in the continued operation of the project the possibility of transferring it to a local or regional entity as an alternative to the auction. PG&E will assess the progress of such transfer negotiations as they proceed, and based on meaningful progress, will either continue direct negotiations or proceed with the auction.

Participation in the auction will be open to any qualified entity. Qualifications will include being able to meet the Federal Energy Regulatory Commission's (FERC) requirements for a hydroelectric project licensee. We anticipate interest in acquiring the project by electric power interests, water supply interests, potential combinations of these two groups and possibly by others. Transfer of the project will require approval of both the FERC and the California Public Utilities Commission. The entire process could take one-and-a-half to two years to complete.

PG&E plans to continue the ongoing FERC relicensing proceeding throughout the auction process with the expectation that the new project owner will "step into PG&E's shoes" relative to the relicensing once regulatory approval of project transfer has been obtained.

Due to its relatively small electric generation capacity, divesting the Potter Valley Project will not impact PG&E's delivery of safe, clean, affordable and reliable electricity to our customers. The divestiture is expected to have a negligible impact on PG&E's overall portfolio of renewable power.

Throughout the divestiture process, PG&E will continue to operate the Potter Valley Project as a hydroelectric facility in full compliance with our FERC license and all applicable environmental laws and regulations.

Best regards,

A handwritten signature in black ink, appearing to read "David Moller". The signature is fluid and cursive, with the first name "David" and last name "Moller" clearly distinguishable.

David Moller
Director, Power Generation



E e l R u s s i a n R i v e r C o m m i s s i o n
501 Low Gap Rd., Rm 1010 ♦ Ukiah ♦ California 95482 ♦ (707)463-4441 ♦ fax (707)463-7237

HUMBOLDT COUNTY
 Estelle Fennell – Chair
 Rex Bohn

MENDOCINO COUNTY
 Carre Brown
 John McCowen

SONOMA COUNTY
 James Gore – Vice Chair
 Lynda Hopkins

Lake County
 Jim Steele

AGENDA

DATE: June 8, 2018

TIME: 10:00 A.M

PLACE: Mendocino County Board of Supervisors Chambers
 501 Low Gap Road, Room 1070
 Ukiah, California

1. **ROLL CALL**
2. **APPROVAL OF MEETING MINUTES – Action Item**
 2a) February 23, 2018, Regular Meeting
3. **PVP SPRING RELEASE STRATEGY RPAS B.3 AND D.1**
 Presenter/s: Joshua Fuller, Fishery Biologist, NOAA Fisheries West Coast Region,
 California Coastal Office
4. **POTTER VALLEY PROJECT FISHERIES STUDY UPDATE AND BRIEF UPDATE REGARDING STATUS OF LICENSE COMPLIANCE STUDIES AND RELICENSING STUDIES**
 Presenter/s: Paul F. Kubicek, Senior Consulting Scientist, Pacific Gas and Electric Company
5. **PG&E LETTER TO THE COMMISSION REGARDING THE POTTER VALLEY PROJECT FERC RELICENSING**
 Presenter/s: Mr. David Moller, Director, Power Generation, Pacific Gas and Electric Company
6. **INFORMATIONAL UPDATE REGARDING HUMBOLDT COUNTY BOARD OF SUPERVISORS DRAFT POLICY STATEMENT REGARDING THE FUTURE OF THE POTTER VALLEY PROJECT**
 Presenter/s: Chair Fennell
7. **AD HOC COMMITTEE REPORT ON THE REVIEW OF THE EEL RUSSIAN RIVER COMMISSION JOINT POWERS AGREEMENT – Action Item**
 Presenter/s: Commissioners Gore and Fennell
8. **COMMISSIONER REPORTS**
9. **OTHER BUSINESS**
 9a) Selection of the Lake County Alternate Seat
10. **PUBLIC EXPRESSION**
The Commission limits testimony on matters not on the agenda to 3 minutes per person and not more than 10 minutes for a particular subject at the discretion of the Chair of the Commission.

Any materials related to items on this agenda distributed to the Commissioners of the Eel Russian River Commission less than 72 hours before the public meeting, are available for public inspection at the Commission's office located at: 501 Low Gap Road, Room 1010, Ukiah. Upon request, these materials may be made available in an alternative format to persons with disabilities. An electronic copy of the agenda may be viewed online at: <https://www.mendocinocounty.org/>

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA

Certified copy of portion of proceedings, Meeting of June 5, 2018

RESOLUTION NO. 18-56

RESOLUTION ADOPTING THE COUNTY OF HUMBOLDT'S POSITION REGARDING THE FUTURE OF THE POTTER VALLEY PROJECT ON THE EEL RIVER

WHEREAS, the Potter Valley Project, currently owned by Pacific Gas & Electric (PG&E), was constructed on the main stem of the Eel River in Mendocino County between 1905 and 1922 to generate hydroelectric power, and through its operation serves as an inter-basin transfer of water from the Eel River basin to the Russian River basin; and

WHEREAS, the benefits of water diversions to the Russian River have come at the expense of substantial downstream impacts to the Eel River and its fisheries; and

WHEREAS, the main stem of the Eel River flows through Humboldt County for approximately 81 river miles before discharging into the Pacific Ocean; and

WHEREAS, the export of water from North Coast watersheds is one of Humboldt County's most significant water resource policy issues; and

WHEREAS, the ecosystem services and beneficial uses of the Eel River are a vital part of Humboldt County's core community values; and

WHEREAS, residents and communities within Humboldt County depend on the Eel River for water supply, fishing, recreation, and many other uses; and

WHEREAS, the County of Humboldt recognizes the importance of the Eel River to the Wiyot Tribe, Bear River Rancheria, Blue Lake Rancheria, Round Valley Indian Tribes, and other affected tribes for ceremonial, medicinal, practical, and subsistence uses; and

WHEREAS, the Potter Valley Project has contributed to habitat degradation, declining fish populations, economic losses, and loss of recreational opportunities within Humboldt County; and

WHEREAS, the Potter Valley Project has redistributed the natural wealth of the Eel River to the detriment of downstream communities in Humboldt County; and

WHEREAS, the Potter Valley Project has deprived the residents of Humboldt County from fully utilizing the resources of the Eel River; and

WHEREAS, PG&E's hydropower license for the Potter Valley Project expires on April 14, 2022; and

WHEREAS, Congressman Jared Huffman convened an ad hoc committee of interested parties in 2017 to work toward a two-basin solution that addresses issues and concerns in the Eel River and Russian River watersheds; and

BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA

Certified copy of portion of proceedings, Meeting of June 5, 2018

RESOLUTION NO. 18-56

WHEREAS, PG&E announced, on May 10, 2018, its intent to put the Potter Valley Project up for auction; and

WHEREAS, the County of Humboldt has a duty, as a political subdivision of the State of California, to protect and restore the natural resources within County boundaries.

NOW, THEREFORE, BE IT RESOLVED THAT THE HUMBOLDT COUNTY BOARD OF SUPERVISORS ADOPTS THE FOLLOWING POSITION STATEMENT REGARDING THE FUTURE OF THE POTTER VALLEY PROJECT:

- The County of Humboldt believes that decommissioning and full or partial removal of the Potter Valley Project is inevitable due to the aging infrastructure, low power production, and high cost of upgrading the facility to comply with current dam safety and environmental regulations.
- The County of Humboldt believes that restoration of fish populations in the Eel River will be best achieved through removal of Scott Dam to allow volitional fish passage to spawning and rearing habitat historically used by migrating salmonids.
- The County of Humboldt will actively participate in the hydropower re-licensing process administered by the Federal Energy Regulatory Commission, Congressman Jared Huffman's Potter Valley Project Ad Hoc Committee, and discussions exploring the potential transfer of the Potter Valley Project to a regional (multi-county) entity.
- The County of Humboldt recognizes that the Potter Valley Project provides tangible benefits to other counties and supports a collaborative approach to solving the regional issues and concerns.
- The County of Humboldt supports Congressman Huffman's call for a two-basin solution with co-equal goals and believes that consideration of Russian River water users' interests will be essential to achieving a comprehensive solution.
- The County of Humboldt will advocate strongly on behalf of the water users and natural resources within Humboldt County for water supply reliability, fish populations that support sustainable harvest opportunities, and full restoration of beneficial uses within the Eel River.
- The County of Humboldt will advocate for elimination of summer and fall water diversions and restoration of the Eel River's natural flow regime to restore and enhance fisheries, water quality, water supply, and recreational opportunities.
- The County of Humboldt will advocate for thorough consideration of the decommissioning alternative through the hydropower re-licensing process.

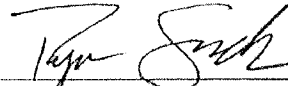
BOARD OF SUPERVISORS, COUNTY OF HUMBOLDT, STATE OF CALIFORNIA

Certified copy of portion of proceedings, Meeting of June 5, 2018

RESOLUTION NO. 18-56

- The County of Humboldt will advocate for PG&E (or its successor) to sponsor a participatory process involving all affected stakeholders prior to the submittal of a final re-licensing application.
- The County of Humboldt will advocate for technical studies that fully address the primary concerns for Eel River watershed health and sustainability, which include: fish passage necessary for access to spawning and rearing habitat above Scott Dam; fish passage survival at Cape Horn Dam (for both adults and juveniles); downstream geomorphic effects; effects on environmental cues (flow and temperature) for migrating salmonids and other fish species; effects on invasive species (such as the Sacramento pikeminnow); effects on tribal uses and resources; and effects on downstream municipal, domestic, and agricultural water supply.
- With regard to a potential regional entity assuming operation of the facility, the County of Humboldt will advocate for full recovery of the County's costs; protection from liability; fair and equitable representation in the governance structure; and assurances that the needs of the Eel River and downstream communities will be satisfied.

Dated: June 5, 2018



Ryan Sundberg, Chair

Humboldt County Board of Supervisors

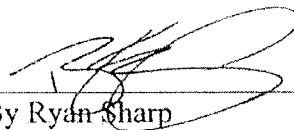
Adopted on motion by Supervisor Fennell, seconded by Supervisor Wilson, and the following vote:

AYES:	Supervisors	Bohn, Sundberg, Fennell, Wilson, Bass
NAYS:	Supervisors	--
ABSENT:	Supervisors	--
ABSTAIN:	Supervisors	--

STATE OF CALIFORNIA)
County of Humboldt)

I, KATHY HAYES, Clerk of the Board of Supervisors, County of Humboldt, State of California, do hereby certify the foregoing to be an original made in the above-entitled matter by said Board of Supervisors at a meeting held in Eureka, California.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Seal of said Board of Supervisors.



By Ryan Sharp

Deputy Clerk of the Board of Supervisors of the
County of Humboldt, State of California

16



North Bay Watershed Association

Board Meeting Notice

June 8th, 2018

9:30 a.m. – 11:30 a.m.

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

Next Meeting

July 13th, 2018

9:30 a.m. – 11:30 a.m.

Board Meeting Agenda

- | | |
|---|--------|
| 1. Call to Order | 9:30 |
| <i>Jack Gibson, Chair</i> | |
| 2. Public Comment | |
| 3. Approval of Agenda | 1 min. |
| <i>Approve</i> | |
| 4. Approval of Minutes | 5 min. |
| <i>Approve</i> | |
| 5. Treasurer's Report | 1 min. |
| <i>Accept</i> | |
| 6. Director's Report | |
| <i>NBWA Summer E-News</i> | |
| Sign up at www.nbwatershed.org/email-newsletter/ | |
| 7. Wrap-Up: 2018 NBWA Conference | 9:45 |
| <i>Judy Kelly, NBWA Executive Director</i> | |
| 8. Improving the Quality of North Bay Waters through Non-Point Source Regulations and Solutions | 10:00 |
| <i>Jim Ponton, Senior Engineering Geologist, Planning Division, SF Bay Regional Water Quality Control Board</i> | |
| <p>The Regional Water Board has developed limitations (Total Maximum Daily Loads or TMDLs) for certain pollutants – bacteria, sediment, and mercury – that impair North Bay waterbodies including Tomales Bay, Napa River, Sonoma Creek, and Lagunitas Creek.</p> <p>This presentation will cover the various permitting programs developed for grazing, confined animals, dairies, and vineyards to implement these TMDLs. The presentation will also cover the newest work on the implementation of the statewide cannabis Order.</p> | |
| 9. NBWA 2019 Budget Information | 10:50 |
| <i>Judy Kelly, NBWA Executive Director</i> | |
| 10. 2019 Proposed Board Meeting Dates | 11:20 |
| <i>Judy Kelly, NBWA Executive Director</i> | |
| 11. Items of Interest | 11:25 |

North Bay Watershed Association

Summary of the meeting of the North Bay Watershed Association (NBWA) Board of Directors

Date: Friday, May 4th, 2018 – 9:30 a.m.

Location: Novato Sanitary District, 500 Davidson Street, Novato, CA

Directors Present Included:

Board Member	Organization	Board Member	Organization
Michael Boorstein	Central Marin Sanitation Agency	Pam Drew	City of Novato
Mariam Aboudamous	City of American Canyon	Rick Fraites & Jack Baker	North Marin Water District
Judy Schriebman	Las Gallinas Valley Sanitation District	Pamela Meigs	Ross Valley Sanitary District
Leon Garcia	Napa County Flood Control & Water Conservation District		

Directors present represented 7 of the 19 agencies signatory to the Association MOU.

1. Board Actions - There were no Board Action Items. This was a Special Meeting of the NBWA Board focused on a tour of several of several North Bay wetland restoration sites completed or underway.
2. Introduction and Tour - After a 15 minute orientation by Beth Huning, Coordinator of the of the San Francisco Joint Venture, the Board members and public guests boarded a bus from the Novato Sanitary District office, and from there made a stop at the overview off Atherton Avenue to view/discuss the Bahia project. The group then drove East on Highway 37 toward Mare Island to view and discuss the numerous projects along this corridor, including Novato Creek, Carls Marsh, Hamilton/Bel Marin Keys, and Sears Point/Sonoma Baylands. The group made a final stop at the top of the Sonoma Raceway where they were able to view much of the complex. Don Brubaker, Wildlife Refuge Manager, S.F. Bay National Wildlife Refuge Complex, met with the group along the way and he and Beth provided details of each of the viewed and or visited sites.

For more information, please view the tour handout which can be found at www.nbwatershed.org/board_meeting/.

Next Meeting Information: June 8th, 2018, Marin Community Foundation, 5 Hamilton Landing, Novato, CA 94949

SUBMITTED BY:
Sophie Porcelli
NBWA Staff | Program Specialist
Sonoma County Water Agency
Sophie.Porcelli@scwa.ca.gov

**Northbay Watershed Association
Treasurer's Report
May 1 - May 31, 2018**

Revenues:

Billings-Stewardship - General Benefits - 2018	185,289.91
NBWA 2018 Conference Sponsorships	29,500.00
MNBWA 2018 Conference Registrations	12,055.00
Misc Revenue	
Total Revenues	<u>226,844.91</u>

Expenses:

Executive Director Professional Services:	94,000.00
<u>Admin Professional Fees & Expenses:</u>	
Administrative Support - SCWA	
Operating Expense - General Benefit - website, etc..	2,246.24
Sonoma Ecology Ctr - Climate Readiness	
EOA - BASMAA Trash Project	
ABAG - Water Trail Mapping Project	8,700.00
County of Marin - Game of Floods	
Marin RCD - CEQA Compliance	25,902.00
Sheraton Petaluma - NBWA 2018 Conference	13,578.38
Napa RCD - NBWA 2018 Conference Support	4,600.70
Total Expenses	<u>149,027.32</u>
Change this period	77,817.59
Fund Balance as of July 1, 2017	<u>\$ 108,711.50</u>
Fund Balance as of May 31, 2018	<u><u>\$ 186,529.09</u></u>

2019 Proposed Board Meeting Dates

North Bay Watershed Association

In an effort to set Board meeting dates that work well for the NBWA Board, please review the following proposed Board meeting dates to determine if there are any significant conflicts with large work events or holiday calendars. Please submit comments on the proposed dates by **Friday, June 15th, 2018 at 5:00 p.m.** to NBWA@scwa.ca.gov.

Board meetings are typically held on the first Friday of the month from 9:30 a.m. to 11:30 a.m. at rotating locations. Board meetings are open to the public.

- January 4th or 11th, 2019
- February 1st, 2019
- March 1st, 2019
- April 5th, 2019
- May 3rd, 2019
- June 7th, 2019
- July 12th, 2019 **Note later meeting date to avoid Independence Day Holiday*
- *No August Meeting*
- August 2nd, 2019
- September 6th, 2019
- October 4th, 2019
- November 1st, 2019
- December 6th, 2019

Questions? Please email NBWA@scwa.ca.gov.



17

MEMORANDUM

To: Board of Directors

June 15, 2018

From: Drew McIntyre, General Manager 

Subject: North Bay Water Reuse Authority Board Meeting – May 21, 2018

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RECOMMENDED ACTION: Information Only**FINANCIAL IMPACT:** None

Supplemental information is provided as follows using item numbers referenced in the attached meeting agenda and draft minutes. A complete agenda packet is available via www.nbwra.org.

2. Roll Call

NMWD Board was represented by Director Baker.

8. Could NBWRA be Integrated under NorthBay WATER

This issue was discussed at both the NBWRA meeting and the NorthBay WATER Workshop No. 5 which was held immediately after the NBWRA meeting. There is still significant uncertainty between the NBWRA Board members regarding how to address a future organization such as the proposed NorthBay WATER. The Board directed the consulting team to report back at the July 23, 2018 meeting regarding options for integrating the two programs.

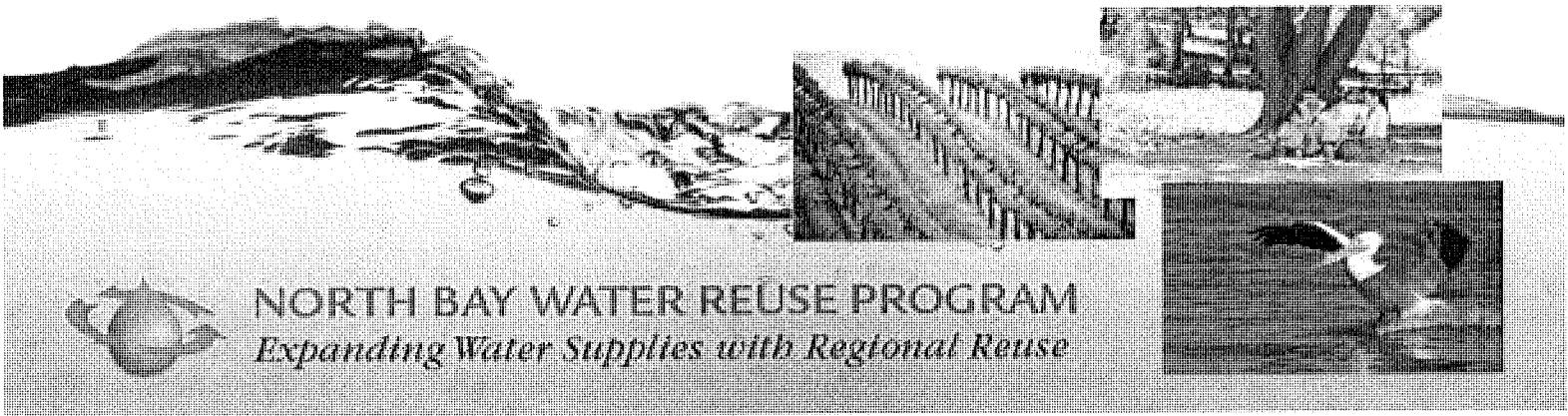
9. Approval of FY2018/19 Budget and Meeting Dates

The approved budget reflects a cost to NMWD of \$6,000 which is significantly below the FY18 budget of \$19,350. This reduction reflects the fact that costs are winding down for Phase 1 agency members (i.e., NMWD, LGVSD and Napa County). The approved future meeting dates are:

- July 23, 2018
- October 22, 2018
- January 28, 2019
- April 22, 2019

10. Phase 1: Status and Activities

SCWA, the administrative agency for NBWRA, has been granted a request to extend the Phase 1 program through 2020 (two more years). This extension is primarily to provide sufficient time for Las Gallinas Valley Sanitary District to complete their Phase 1 construction project.



BOARD OF DIRECTORS MEETING

AGENDA

**Monday, May 21, 2018
9:30 AM**

**Novato City Hall Council Chambers
901 Sherman Avenue, Novato, CA 94945**

Members and Consultants unable to attend in person may call in: 1 (602) 567-4030 (Local dial in), 1 (888)227-0011 (Toll Free), Access code: **1988**
<https://Conferencing2.brwncaid.com/conference/1988>

1. Call to Order (1 minute)

2. Roll Call (1 minute)

3. Public Comment (3 minutes)

(Any member of the public may address the Board at the commencement of the meeting on any matter within the jurisdiction of the Board. This should not relate to any item on the agenda. It is the policy of the Authority that each person addressing the Board limit their presentation to three minutes. Non-English speakers using a translator will have a time limit of six minutes. Any member of the public desiring to provide comments to the Board on an agenda item should do so at the time the item is considered. It is the policy of the Authority that oral comments be limited to three minutes per individual or ten minutes for an organization. Speaker's cards will be available in the Boardroom and are to be completed prior to speaking.)

4. Introductions (2 minutes)

5. Board Meeting Minutes of February 26, 2018 (2 minutes)

(The Board will consider approving the minutes from the February 26, 2018 Board meeting.)

6. Report from the Chair (10 minutes)

(The Chair will report on the following items.)

- 6.a Consultant Progress Reports
- 6.b Financial Reports

Action
Pages 6 – 9

Information and
Discussion
Pages 12 – 25
Pages 26 – 40

**North Bay Water Reuse Authority • c/o Sonoma County Water Agency, 404 Aviation Boulevard, Santa Rosa, CA 95403
707-235-8965 • NBWRA.org**

County of Marin • Las Gallinas Valley Sanitary District • Novato Sanitary District • Marin Municipal Water District • North Marin Water District • Sonoma County Water Agency
City of Petaluma • Sonoma Valley County Sanitation District • County of Napa • Napa Sanitation District • City of American Canyon

Information and
Discussion
Pages 41 – 42

7. **Board Information Requests (2 minutes)**
(The Board will be provided with a brief update on their information requests.)

Discussion
Pages 43 – 48

8. **Discussion and Direction: Could NBWRA be Integrated Under NorthBay WATER (20 minutes)**
(The Board will discuss and provide direction on the issue of whether NBWRA could be integrated with NorthBay WATER)

Action
Pages 49 – 53

9. **Approval of the FY2018/19 Budget and Meeting Dates (10 minutes)**
(The Board will consider the approval of the FY2018/19 Budget and meeting dates.)

Information
Pages 55 – 55

10. **Phase 1: Status and Activities (10 minutes)**
(The Board will be updated on Phase 1 status and activities.)

Information
Pages 56 – 82

11. **Phase 2: Status and Activities (10 minutes)**
(The Board will be updated Phase 2 status and activities.)

Discussion
Pages 83 – 84

12. **Items for Future Discussion and Action (5 minutes)**
(The Board will consider items for future discussion and action.)

Information
Page 85

13. **Comments from Chair and Board Members (5 minutes)**
(The Chair and Board members may make brief announcements or reports on his or her own activities, pose questions for clarification, and/or request that items be placed on a future agenda. Except as authorized by law, no other discussion or action may be taken.)

Page 86

14. **Adjournment (1 minute)**

Next Board Meeting
Monday, July 23, 2018, 9:30 A. M., Novato City Hall

(In compliance with the Americans with Disabilities Act of 1990, if you need special assistance to participate in a Board meeting, or you need a copy of the agenda, or the agenda packet, in an appropriate alternative format, please contact the Program Manager at (510) 410-5923. Notification of at least 48 hours prior to the meeting or time when services are needed will assist in assuring that reasonable arrangements can be made to provide accessibility to the meeting or service. A copy of all the documents constituting the agenda packet is available for public inspection prior to the meeting at 404 Aviation Boulevard, Santa Rosa, CA 95403. Any person may request that a copy of the agenda or the agenda packet be mailed to them for a fee of \$.10 per page plus actual mailing costs. If you wish to request such a mailing, please contact Chuck Weir, Weir Technical Services, 3026 Ferndale Court, Pleasanton, CA 94588, 510-410-5923, chuckweir@sbcglobal.net. The agenda for each meeting is also available on-line at www.nbwra.org and will be available at the meeting.)

North Bay Water Reuse Authority • c/o Sonoma County Water Agency, 404 Aviation Boulevard, Santa Rosa, CA 95403
707-235-8965 • NBWRA.org

County of Marin • Las Gallinas Valley Sanitary District • Novato Sanitary District • Marin Municipal Water District • North Marin Water District • Sonoma County Water Agency
City of Petaluma • Sonoma Valley County Sanitation District • County of Napa • Napa Sanitation District • City of American Canyon

**North Bay Water Reuse Authority
Board of Directors Meeting
Minutes
May 21, 2018**

1. Call to Order

Chair Rabbitt called the meeting to order at 9:42 a.m. on Monday, May 21, 2018 at the Novato City Hall Council Chambers, 901 Sherman Avenue, Novato, CA. Members, consultants, and others who were unable to attend participated via telephone, 1 (602) 567-4030 (Local dial in). 1-888-227-0011 (Toll Free), access code 1988; and the internet at:
<https://Conferencing2.brwnclld.com/conference/1980>

2. Roll Call

PRESENT:	David Rabbitt, Chair	Sonoma County Water Agency
	Jill Techel, Vice Chair	Napa Sanitation District
	Mariam Aboudamous	City of American Canyon
	Jack Baker	North Marin Water District
	Rabi Elias	Las Gallinas Valley Sanitary District
	Jack Gibson	Marin Municipal Water District
	David Glass	City of Petaluma
	Susan Gorin	Sonoma Valley County Sanitation District
	Bill Long	Novato Sanitary District
	Belia Ramos	Napa County
	Dennis Rodoni	Marin County

ABSENT: None

OTHERS

PRESENT:	Chuck Weir, Program Manager	Weir Technical Services
	Mike Ban	Marin Municipal Water District
	Don Berger	West Yost
	Kevin Booker	Sonoma County Water Agency
	Ginger Bryant	Bryant & Associates
	Phil Brun	City of Napa
	Samantha Cohen	Brown & Caldwell
	Lorenzo Corona	Marin County
	Anne Crealock	Sonoma County Water Agency
	Grant Davis	Sonoma County Water Agency
	Chris DeGabriele	Las Gallinas Valley Sanitary District
	Jim Graydon	Woodward & Curran
	Leon Garcia	City of American Canyon
	Rosey Jencks	Brown and Caldwell
	Steve Hartwig	City of American Canyon
	Sandeep Karkal	Novato Sanitary District
	Mike Kirn	City of Calistoga
	Craig Lichty	Kennedy Jenks

Drew McIntyre
Mark Millan
Phillip Miller
Jim O'Toole
Amy Rogers
Larry Russell
Mike Savage
Brad Sherwood
Jake Spaulding
Melanie Tan
Jeff Tucker
Rocky Vogler
Leah Walker

North Marin Water District
Data Instincts
Napa County
ESA
West Yost
Marin Municipal Water District
Brown and Caldwell
Sonoma County Water Agency
Sonoma County Water Agency
Kennedy Jenks
Napa Sanitation District
North Marin Water District
City of Petaluma

3. Public Comments

There were no comments from the public

4. Introductions

Introductions were made for the benefit of new attendees.

5. Board Meeting Minutes of February 26, 2018.

The minutes of the February 26, 2018 meeting were unanimously approved by the Board.

6. Report from the Chair

a. Consultant Progress Reports

The Board reviewed the consultant progress reports for February, March, and April 2018.

b. Financial Reports

The Board reviewed the Financial Reports for Fiscal Year 2017/18 through April 30, 2018.

7. Board Information Requests

A request to consider integrating North Bay WATER and NBWRA was discussed under Item No. 8.

8. Discussion and Direction: Could NBWRA be Integrated Under NorthBay WATER

There have been requests from Board members and others to reduce the number of meetings in an effort to be more efficient and reduce costs. Ginger Bryant presented information as to how NBWRA could be integrated under NorthBay WATER. Board members expressed support for the concepts of NorthBay WATER but were concerned as to how it could be made to work. Chair Rabbitt felt it was premature and that he didn't see how you could fold an existing program into something that does not yet exist. Some board members wondered about integrating NorthBay WATER under NBWRA. Vice Chair Techel asked about the role of the TAC and requested a chart of agencies and their participation. Director Gibson asked how the costs for NorthBay WATER would be impacted by the number of participants. Following discussion, the Board directed the team to report back at the next meeting with actual cost savings and options for integrating the two programs.

9. Approval of the FY2018/19 Budget and Meeting Dates

Mike Savage reviewed the Budget and noted that it was the same as was presented at the February 26, 2018 meeting. The Board unanimously approved the FY2018/19 Budget and meeting dates.

10. Phase 1: Status and Activities

Jake Spaulding gave a report on the status of Phase 1. He noted that USBR has granted a two-year extension for Phase 1. He also noted that at the next meeting he will present a proposal to true up all Phase 1 costs through June 30, 2018. Phase 1 agencies that still have projects to complete would be responsible for the remaining administrative costs, which are minimal at this point.

11. Phase 2: Status and Activities

Ginger Bryant reported on the Phase 2 Title XVI Program. There are \$72.4 M in projects and they are seeking \$18.1 M for the 25% federal matching share. The federal 2018 Budget includes \$54 M for various Title XVI projects. It is anticipated that a Funding Opportunity Announcement will be issued in July, August, or September. She discussed possible changes in the Title XVI program including changes in USBR administration. There is disagreement as to whether or not Phase 2 is covered in the original legislation. The Board unanimously approved the report on Program Development and Federal Advocacy. In the absence of Pilar Onate Quintana she also briefly covered state advocacy activities.

Mike Savage an update on the status of the Phase 2 Feasibility Report. Files are available on the SharePoint website. They are repackaging individual agency projects for future grant applications. The engineering team continues to provide support for the EIR/EIS.

Jim O'Toole provided a summary of the EIR/EIS public review process. Four public hearings were held and only one member of the public signed in. They anticipate only a few written comments. His team continues with Section 106 consultation and U.S. Fish and Wildlife Section 7 consultation. He provided a summary of key items for completion in the next three months, including response to comments, local agency certification, and issuance of the Record of Decision by USBR in August or September. He also noted that due to the scale of the program they may need a budget amendment in FY18/19. Mike Savage said that they would try to use remaining funds from other tasks.

Mark Millan discussed public outreach and communication issues. His team continually updates the website and coordinated with ESA on the public hearings for the EIR/EIS. He also noted positive comments from Marin County Club on receipt of recycled water from Novato Sanitary District and North Marin Water District.

12. Items for Future Discussion and Action

Items for the next meeting include the following: regular business reports, Phase 1 and 2 Status and Activities, Phase 2 Construction Grant Application and a report on the possible integration of NorthBay WATER and NBWRA.

13. Comments from Chair and Board Members

There were no additional comments.

14. Adjournment

Chair Rabbitt adjourned the meeting at 10:47 a.m. The next meeting will be Monday, July 23, 2018 at 9:30 a.m. at Novato City Hall.


Minutes approved by the Board _____

Charles V. Weir
Program Manager

C:\Users\Chuck\Documents\Weir Technical Services\NBWRA\Agendas\2018\2018-05\2018-05-21_NBWRA_Board_Minutes.docx

18

MEMORANDUM

To: Board of Directors
From: Drew McIntyre, General Manager 
Subject: NorthBay Water Workshop No. 5 – May 21, 2018
t:\gm\northbay water\northbay water update 06_15_18.doc

June 15, 2018

RECOMMENDED ACTION: Information Only
FINANCIAL IMPACT: None

Workshop No. 5 was attended by Director Baker, Rocky Vogler and me. As reported in earlier updates, each workshop generally featured a discussion on one or more of the following topics: (1) Building the organization, (2) Regional initiatives, State and Federal Policy and (3) Preliminary tasks for the North Bay Drought Contingency Plan. Key information for Workshop No. 5 is provided as follows using item numbers referenced in the attached meeting agenda. A copy of the Agenda and meeting minutes are attached. A complete agenda packet and more background information is available at www.northbaywater.org.

1. North Bay Drought Contingency Plan

Initial efforts for pre-DCP activities have been funded by SCWA. To-date, completed tasks include: (1) Development of a detailed Work Plan and (2) Development of a Communication and Outreach Plan. The next step was to develop a Task Force to gauge member interest and funding commitments. During previous workshops it was estimated that each DCP participating agency would need to budget ~\$12,000 per year for two years (assuming ~ 10 members). This cost was in addition to potential NorthBay WATER membership costs. After a review of potential DCP participants (including NMWD), it became apparent that there was concern about the combined cost of the DCP and NorthBay WATER. In addition, many local agencies, including NMWD, felt that the DCP was being rushed and needed to be delayed. With this input in mind, there was a consensus to not proceed with the DCP at this time.

2. Building NorthBay WATER

The stated goal of NorthBay WATER is to create a regional organization that supports the policy and funding needed to implement storm water, groundwater and surface water projects in the North Bay. The first two workshops focused on opportunities and proposed organizational structure. Workshop No. 3 focused on federal advocacy and Workshop No. 4 focused on developing a two-year work plan and budget. Membership cost throughout the Workshop process was estimated at \$15,000 to \$20,000 per year assuming ten member agencies.

After completion of the five workshops, it was hoped that a decision could be made as to whether there was enough interest to move forward with NorthBay WATER. It is now apparent that more work needs to be done to ensure the development of an efficient and cost effective organization. This effort includes additional investigation on the merits of integrating NBWRA and NorthBay WATER.

Drew McIntyre

From: Mark Millan <millan@datainstincts.com>
Sent: Friday, May 11, 2018 11:21 AM
To: Undisclosed Recipients
Subject: Reminder: Workshop for NorthBay WATER program May 21



NorthBayWATER

Regional Water Supply Reliability

Hello perspective members and interested parties,

We look forward to seeing you at our final Workshop for the new NorthBay WATER program.

Monday, May 21, 2018 – 10:45-12:00 following the NBWRA meeting

Novato City Hall Council Chambers, 901 Sherman Avenue, Novato, CA 94945

Agenda Highlights:

1. Workshops will be summarized and final recommendations discussed for proceeding with NorthBay WATER.
2. Recommendations regarding the North Bay Drought Contingency Plan (DCP) will be presented.

Thanks to all of you who have been providing us such valuable perspectives on how NorthBay WATER could help your community.

Many of you have asked about information that could be used in your board reports regarding joining NorthBay WATER. We are close to finalizing costs and will be able to send you a membership proposal very soon.

Thanks again for your interest and see you all on May 21st after the NBWRA meeting.

Questions?

Please contact: Ginger Bryant, Program Manager at 916.442.5877

NorthBay WATER
Regional Water Supply Reliability
Minutes to Workshop #5
May 21, 2018

Novato City Hall Council Chambers, 901 Sherman Avenue, Novato, CA 94945

1. Ginger Bryant of Bryant & Associates called the meeting to order at 10:55 a.m.
2. In attendance:

Susan Gorin	Sonoma County & Sonoma Valley County Sanitation District
Kevin Booker	Sonoma County Water Agency
Jay Jasperse	Sonoma County Water Agency
Brad Sherwood	Sonoma County Water Agency
Jake Spaulding	Sonoma County Water Agency
Pam Jeane	Sonoma County Water Agency
Anne Crealock	Sonoma County Water Agency
Mike Kirn	City of Calistoga
Sandeep Karkal	Novato Sanitary District
Bill Long	Novato Sanitary District
Drew McIntyre	North Marin Water District
Rocky Vogler	North Marin Water District
Jack Baker	North Marin Water District
Mariam Aboudamous	City of American Canyon
Steve Hartwig	City of American Canyon
Leon Garcia	City of American Canyon
Larry Russell	Marin Municipal Water District
Jack Gibson	Marin Municipal Water District
Mike Ban	Marin Municipal Water District
Phillip Miller	Napa County
Belia Ramos	Napa County
Phil Brun	City of Napa
Jill Techel	City of Napa & Napa Sanitation District
Rabi Elias	Las Gallinas Valley Sanitary District
Chris DeGabriele	Las Gallinas Valley Sanitary District
Lorenzo Cordova	Marin County
Dennis Rodoni	Marin County
David Glass	City of Petaluma
Dan St. John	City of Petaluma
Leah Walker	City of Petaluma
Ann Thomas	Marin Conservation League
Jim O'Toole	ESA
Chuck Weir	Weir Technical Services
Don Berger	West Yost
Andy Rogers	West Yost
Craig Lichty	Kennedy Jenks
Melanie Tan	Kennedy Jenks
Jim Graydon	Woodward & Curran
Ginger Bryant	Bryant & Associates
Mike Savage	Brown and Caldwell
Samantha Cohen	Brown and Caldwell
Rosey Jenks	Brown and Caldwell

Mark Millan
Chris Landwehr

Data Instincts
Data Instincts

3. Part 1 - Mike Savage of Brown and Caldwell opened the meeting by discussing the Drought Contingency Plan (DCP). Prior to the meeting, we had a candid and open conversation with all of the participating agencies and learned a lot about what all of the parties are interested in:
 - Napa County
 - Priority is on watershed issues
 - Interested in participating in a Basin Study
 - DCP is the purview of the water supply agencies
 - Has an interest in participating in NorthBay WATER
 - Cities of Napa and American Canyon
 - Interested in DCP; could support update of 2050 Napa Valley Water Resources Study
 - Concerned with costs; need small communities up valley to participate
 - Has interest and see's benefit in participating in NorthBay WATER
 - Napa County, Cities of Napa and American Canyon
 - Indicated Solano County WA should be engaged due to shared SWP water supply activities
 - Likely other agencies in the NorthBay drainage would be interested in learning about NorthBay WATER
 - Sonoma Co Water Agency
 - Interested in participating in a DCP after Resiliency Study is completed
 - Has an interest in participating in NorthBay WATER
 - Petaluma
 - Has an interest in participating in NorthBay WATER
 - Marin County
 - Has an interest in participating in NorthBay WATER
 - DCP is the purview of the water supply agencies
 - Marin County
 - Has an interest in participating in NorthBay WATER
 - DCP is the purview of the water supply agencies
 - LGVSD and Novato SD
 - Has an interest in participating in NorthBay WATER
 - DCP is the purview of the water supply agencies
 - Marin Municipal WD and North Marin WD
 - Agencies are concerned with interface with upcoming Resiliency Study
 - Suggest information from Resiliency Study support a future DCP and project implementation
 - Has an interest in participating in NorthBay WATER
 - Solano Co Water Agency
 - Has an interest in participating in NorthBay WATER
 - All Agencies
 - Expressed concerns of combined cost of DCP and NorthBay WATER

Mike discussed the possibility of delaying the start of the DCP until a later date and he made it clear that it would not be possible to do this, as we have requested 2 extensions and Reclamation has said either start or release the grant.

Based on agency responses, the recommendation is to not proceed with a DCP at this time.

Mike asked the audience if this was everyone's general understanding and if anyone had additional comments or questions.

David Glass from the City of Petaluma commented that he was in agreement with Mike's comments.

Phil Brun from the City of Napa commented that they were ready to proceed with a DCP on a smaller scale. Phil questioned whether some of the grant money would be available for something like this? Ginger Bryant answered by stating that it is possible that Reclamation would consider it, but we would need to act quickly and suggested having a conversation outside of the meeting as soon as possible.

4. Part 2 – Ginger Bryant started the conversation of "Building NorthBay Water". She discussed the stakeholder feedback received regarding priorities of the new agency, which include:
 - Integrate NBWRA with NorthBay WATER and reduce number of meetings
 - Build an efficient, cost-effective Organization
 - Process to have stakeholder input to Strategic Plan and Legislative Agenda
 - Studies are good and should be done but, advocacy and funding are highest priority

She indicated that several agencies had expressed interest in continuing to work on developing NorthBay WATER and in support of this effort, Sonoma County Water Agency had agreed to act as fiscal agent and manage financial contributions from participating agencies.

Ginger then went on to discuss possible integration of NBWRA with North Bay WATER, which would include:

- Identifying potential cost-savings in Meeting, Outreach and Advocacy Tasks
- Targeting mid-year NBWRA budget adjustments where cost-savings could be realized

Ginger highlighted a power point slide which showed the proposed NBW Organization and Project Administration structure as follows:

- I. **Organization**
 - Meetings, Worksessions, Membership Development and Communications
 - Develop Strategic Plan and Supporting Organizational Structure
 - Develop State and Federal Legislative Agendas
- II. **Project Administration – Jake Spaulding**
 - NBWRA – Phase 1
 - NBWRA – Phase 2

Ginger then addressed the question; "what's next"? She explained that a workplan is being finalized and future activities will be posted on the website. The next steps would be to develop the Strategic Plan, Legislative Agenda and Organizational structure and the content from the NorthBay WATER and Member Agency Workshops will provide the basis and inform the future direction of these activities.

In addition, an invitation letter to join NorthBay WATER will be sent out and include;

- Benefits and cost for first year
- Costs may be subject to mid-year budget adjustment due to NBWRA integration and implementing tasks identified during Strategic Plan and Legislative Agenda development.

Ginger finished her presentation by listing the priorities of NBW, which include the following topics:

- Legislation and/or policy
- Public law and/or funding vehicle
- Program formation and grant criteria formation

Ginger then asked the audience if there were any questions:

- Rabi Elias with Las Gallinas Valley Sanitary District asked a question about the \$40 million restoration grant funds, and whether they would be administered through NBWRA or NBW? Ginger answered by stating that because the restoration funds do not include recycled water, it would have to be administered through NBW or other local agency agreement.

Ginger adjourned the meeting at 11:25 a.m.

19

DISBURSEMENTS - DATED JUNE 7, 2018

Date Prepared 6/5/18

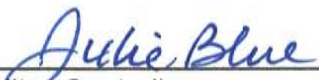
The following demands made against the District are listed for approval and authorization for payment in accordance with Section 31302 of the California Water Code, being a part of the California Water District Law:


Seq	Payable To	For	Amount
P/R*	Employees	Final Payroll Check 5/25/18	\$1,088.61
EFT*	Internal Revenue Service	Federal & FICA Taxes - Final Payroll Check 5/25/18	375.56
EFT*	State of California	State Taxes & SDI - Final Payroll Check 5/25/18	47.48
1	Amazon/Genuine-Hardware	Label Printer for Lab (\$507), Hands Free Phone System (\$72), Connectors for Multiple Vehicles (\$46), Wireless Mouse (\$24), Red Markers (5) (\$30) & Sound Insulation for Utility Van (\$227)	906.05
2	Aqua-Aerobic Systems	Replacement Mechanical North Aerator Motor for OM Ponds	1,535.20
3	Athens Administrators	June Worker's Comp Admin Fee	1,000.00
4	AT&T	May Internet Connection	85.00
5	AT&T	Telephone (\$60), Fax (\$73), Data (\$269) & Leased Lines (\$189)	591.91
6	Backflow Distributors	New Backflow Assembly Tester Kit	807.06
7	Badger Meter	Cellular Meters (18)	15.84
8	Bakhshi, Javid	Novato "Toilet Rebate" Program	100.00
9	Blue, Julie	Exp Reimb: Health Insurance Premium (June)	570.13
10	CDW-Government	Battery Backup for San Andreas & Inverness Park P/S	213.83
11	Coronel, Wayne	Novato "Toilet Rebate" Program	200.00
12	CT Promotions	Water Awareness - 70 Year Anniversary 16oz Glasses (360)	1,216.12
13	Davenport, Colin	Exp Reimb: Water Distribution System & Operator & Maintenance	50.00
14	Ferguson Waterworks	5/8" Meters (75)	15,016.59

Seq	Payable To	For	Amount
15	Gaya, DB	Prog Pymt #8: Perform Tank Coating Inspection San Mateo Tank Project (Balance Remaining on Contract \$4,028)	438.40
16	GHD	Prog Pymt#4: San Mateo Tank Pipeline Design (Balance Remaining on Contract \$35,580)	2,800.00
17	Golden Gate Petroleum	Gas (\$3.25/gal) & Diesel (\$3.37/gal)	2,944.57
18	Grainger	Emergency Light for Construction Office (\$119), 3/4" Caps (15), 55 gal Black Trash Bags (50) (\$136), Fluorescent Bulbs for Front Office (36), Tarps (4), Bungee Cords (12), Velcro Strip (15'), Filters for Shop Vac & Sump Pump (\$240)	936.14
19	Hach	Phosphoric Acid & Lamp Assembly (\$300)	596.36
20	Irish & Son Welding	Welding Services (86 Hamilton Dr)	540.00
21	Jones, Jill	Novato "Toilet Rebate" Program	100.00
22	Kehoe, Theresa	Exp Reimb: Resolution Frames	38.90
23	Lincoln Life	Deferred Compensation PPE 5/31/18	11,995.14
24	McLellan, WK	Misc Paving	5,110.63
25	Mutual of Omaha	June Group Life Ins Premium	846.58
26	Nationwide Retirement Solution	Deferred Compensation PPE 5/31/18	2,150.00
27	Neopost USA	June Postal Meter Rental	108.20
28	New Pig	Absorbent Mat (\$237) (600) & HazMat Pads (400)	497.60
29	Novato Sanitary District	December 2017 RW Operating Expense	10,659.46
30	NSI Solutions	QC Sample (Lab)	51.25
31	Office Depot	Office Chair (\$141), Laminating Sheets (25) & Wireless Keyboard	238.53
32	Office Furniture World	Desk & Office Furniture for Auditor Controller	2,004.79
33	Pace Supply	Meter Box Lids (20)	616.71
34	Point Reyes Light	Display Ad: Notice of Public Hearing-PRE Tank	472.50

Seq	Payable To	For	Amount
35	Quincy Compressor	Air Compressor Head Rebuild Kit for Shop, Oil Filter, Oil Analysis Kit & Oil for Compressors @ STP (\$276)	648.74
36	Rauch Communication Consultant	Consulting Services: Preparation for NMWD's 2018 Strategic (Long-Range) Plan Workshop (Balance Remaining on Contract \$6,049)	2,025.00
37	Raymond, Scott & Lisa	Refund of Deposit/New Development/WC Restriction-Novato	1,000.00
38	Sayler, Tarane	Novato "Cash for Grass" Rebate Program	400.00
39	Scarpa, Stephen J.	Refund Overpayment on Open Account	1,973.16
40	Soiland	Asphalt Recycling (15.20 tons)	76.00
41	State Water Resources Control	Wastewater Operator Certification (Garrett)	125.00
42	State Water Resources Control	RWF SRF Loan Principal & Interest (Pymt #11)	273,366.91
43	Thatcher of California	Ferric Chloride (9 tons) (STP)	4,395.64
44	Thomas Scientific	Safety Gloves (Lab)	183.98
45	Verizon Wireless	CIMIS Station	15.04
46	Wildcat Engineering	Prog Pymt#5: Onsite Retrofit for RW Central Area (Balance Remaining on Contract \$205,970)	45,237.59
47	Wiley Price & Radulovich	April Legal Services	1,290.00
TOTAL DISBURSEMENTS			<u>\$397,702.20</u>

The foregoing payroll and accounts payable vouchers totaling \$397,702.20 are hereby approved and authorized for payment.


6/5/18
 Auditor-Controller Date


6/5/18
 General Manager Date

DISBURSEMENTS - DATED JUNE 14, 2018

Date Prepared 6/12/18

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

Seq	Payable To	For	Amount
P/R*	Employees	Net Payroll PPE 5/31/18 & Final Payout	\$157,471.76
EFT*	Internal Revenue Service	Federal & FICA Taxes PPE 5/31/18 & Final	68,664.82
EFT*	State of California	State Taxes & SDI PPE 5/31/18 & Final Payout	14,558.36
EFT*	CalPERS	Pension Contribution PPE 5/31/18 & Final	35,052.78
1	Able Tire & Brake	Tires (9) (\$2,034) & Alignment	2,142.22
2	Alpha Analytical Labs	Lab Testing	441.25
3	Alphagraphics Marin	Water Storage Brochures for Outreach Events (500)	403.84
4	Anvil Builders	Replacement Payment - Original Lost in Mail	757.16
5	Athens Administrators	May Replenishment for Checks Written	2,269.28
6	Bay Area Barricade Service	Purple Marking Paint (24-17 oz cans)	74.14
7	Bold & Polisner	Potter Valley Project	189.00
8	Bridge, Vicki	Novato "Smart Irrigation Controller" Program	227.06
9	Buck's Saw Service	Air Filter for Pressure Washer, Spare String Head & Poll Starter for Trash Pump (\$98)	168.05
10	Building Supply Center	Couplings (2)	1.49
11	CDW-Government	Microsoft Office	328.11
12	The Climate Registry	Annual Membership (Clark) (1/18-12/18) (Budget \$770)	750.00
13	Cummings Trucking	Sand (16 yds) (\$1,147), Rock (32 yds) (\$1,283) & Drain Rock (33 yds) (\$1,580)	3,909.77
14	Farr Construction	Prog Pymt# 8: San Mateo Recoat Project (Balance Remaining on Contract \$78,785)	19,769.50
15	Fast Blinds	Window Shades for Auditor's Office	621.00

Seq	Payable To	For	Amount
16	Garret Medeiros Construction	Mowing of Leach Field @ OM	1,450.00
17	Grainger	Ball Valves (6), Connectors (10), Calculators (2), 10X12 Tarp, Front Office Door Mat (4' x 8') (\$141) & Dust Masks (10)	342.34
18	Javier, Gabrielle	Novato "Toilet" Rebate UHET Program	450.00
19	Kaiser Foundation Health Plan	DMV/DOT Physical (LeBrun & Sjoblom)	230.00
20	Kaiser Permanente	Ergonomic Evaluations (3 Employees)	360.00
21	Kiernan, Edward	Refund Overpayment on Closed Account	45.76
22	Maltby Electric	Parts for Harbor Drive Power Drop & Couplings (40)	510.52
23	Marin Color Service	Paint for Front Office (2 gal)	89.15
24	Marin Landscape Materials	Soil (6 yds) (\$198), Crushed Rock (1 yd) & Mason Mix	268.54
25	Marin County Treasurer	Semi-Annual Bond Service - PR6 Revenue Bond	12,150.00
26	Marin, County of, Radio Shop	Install Radio for ('18 Ford Utility Van)	873.12
27	McLellan, WK	Misc Paving (\$1,363), Compaction Testing & Flagging	2,221.18
28	McIntyre, Drew	Exp Reimb: November Through May Mileage	433.82
29	Nissim, Sandra	Refund Overpayment on Closed Account	111.71
30	North Marin Auto Parts	Automotive Painting Supplies, Batteries (2) (\$345), Spark Plug, Driver Belt, Transitioner, Rear Brakes (\$197) ('07 Chevy Colorado), Wiper Blades, Fuel Filter, Gear Oil (\$195) ('02 Int'l Dump Truck-5 gal), Alarms (2) & Tailgate Retainer	1,025.45
31	North Marin Water District SRF	STP State Revolving Fund Semi Annual Loan Principal & Interest (Pymt 18 of 40)	574,460.90
32	Northern Safety	6-in-1 Screwdriver	20.28
33	Novato Builders Supply	Pipe Stickers (2-4' x 4' x 20') (\$98), Lumber & Magnetic Power Pack	141.16
34	Novato 4th of July Parade	Entry Fee for Parade	100.00

Seq	Payable To	For	Amount
35	Office Depot	Desk Sign	23.86
36	Olin	Sodium Hydroxide (12 dry tons) (STP)	6,732.76
37	Pace Supply	PVC Pipe (20')	13.83
38	Pini Hardware	Spray Paint, Vinegar, Mosquito Repellent, Foam Sealant, Hose Timer, Parts to Repair Tailgate, Baking Soda, Batteries Couplers (2), Ball Valve, Parts for Electrical Service, Key Stock for Motorized Valve, Trash Can, Template Material/Sound Deafening for Vehicles, Vents for IT Office, Mop, Magnet, Paining Supplies, Wire Channel & Connectors for Front Office, Hardware, Cable Clips, Drain De-Clogger, Masking Tape, PVC Pipe, Hole Saw, Hardware, Plumbing Supplies, Sawsall Blades, Bolts & B/G Shop Supplies	739.72
39	Novato Postmaster	Annual Post Office Box Fee	394.00
40	Premiata, LLC	Novato "Cash for Grass" Rebate Program (2) (60 & 70 Galli Drive)	2,000.00
41	Quincy Compressor	Air Filters (2), Oil Filters, Oil Analysis Kit & Oil (2 gal) (\$300) for STP Compressors	593.53
42	RGM and Associates	Prog Pymt #8: Perform Third Party Compliance Monitoring for San Mateo Tank Recoating Project (Balance Remaining on Contract \$1,852)	1,712.50
43		Cafeteria Plan: Uninsured Medical Reimbursements	545.93
44	State Water Resources Control	D3 Certification Renewal (Clark) (Budget \$0)	90.00
45	Univar	Sodium Hypochlorite (1,000 gal)	863.65
46	Verizon Wireless	Cellular Charges: Data (\$396), Airtime (\$178), Equipment (\$355) (Less Credit of \$70 for Erroneous Charges)	859.85
47	Verizon Wireless	AMI Gateways (26), O.M. SCADA, Novato & CIMIS Station	658.30



NORTH MARIN WATER DISTRICT
Director's Compensation Request
For Attendance at Meetings Other than District Board Meetings

BOARD MEMBER: JOHN BAKER

425 Corte Norte
Novato, CA 94949

DATE

4,30,18
(TODAY'S DATE)

I attended the

1. "Special WAC/TAC Meeting in Santa Rosa."
2. "NORTH BAY WATER" workshop in Novato Council Chambers
3.

on / /

(NAME OF MEETING OR WORKSHOP)

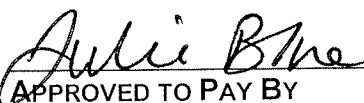
(DATE OF MEETING)

and wish to be compensated as provided under the Board Compensation Policy.



DIRECTOR SIGNATURE

FOR ACCOUNTING USE ONLY


APPROVED TO PAY BY

5/2/18
DATE

CHARGE TO: 56001-01-11

AMOUNT: \$ 450.00
(filled in by Accounting)

PAID PAY PERIOD ENDING 5,31,18



NORTH MARIN WATER DISTRICT
Director's Compensation Request
for Attendance at Meetings Other than District Board Meetings

BOARD MEMBER: RICK FRAITES

50 Forrest Road
Novato, CA 94947

DATE 5/15/2018
(TODAY'S DATE)

I attended the North Bay Watershed Association on 5/4/2018
(NAME OF MEETING OR WORKSHOP) (DATE OF MEETING)

and wish to be compensated as provided under the Board Compensation Policy.

Rick Fraites

DIRECTOR SIGNATURE

FOR ACCOUNTING USE ONLY

Amie Blue
APPROVED TO PAY BY

5-16-18
DATE

CHARGE TO: 56001-01-11

AMOUNT: \$ 225.00
(filled in by Accounting)

PAID PAY PERIOD ENDING 5/31/18

MEMORANDUM

To: Board of Directors

June 19, 2018

From: Julie Blue, Auditor-Controller *JB*

Subj: Single Audit FY18
t:\finance\memos\bod single audit fy18.docx

RECOMMENDED ACTION: Information

FINANCIAL IMPACT: \$3,192

Entities that receive more than \$750,000 of federal funds in a year are required to comply with the Single Audit Act (OMB Circular A-133). As of May 30, 2018, the District received \$1,686,218 in federal funds for the WaterSmart Grant for the Recycled Water Center Expansion Project and \$411,471 in federal funds for the SWRCB SRF Loan. Federal participation in the WaterSmart project is now closed. Another related federal installment for the SRF Loan has been presented for reimbursement, however, no amounts are anticipated to be received by June 30, 2018.

Fedak & Company, LLP will perform the audit for a cost of \$3,192.

	Received	Anticipated
SRF Loan	\$ 411,471	\$ -0-
WaterSmart Grant	\$ 1,686,218	\$ -0-
TOTAL	\$ 2,097,689	\$ -0-

LEGISLATION

Governor sets new standards for water use

Brown signs laws making conservation permanent

By Paul Rogers*Bay Area News Group*

Although he declared an end to California's historic five-year drought last year, Gov. Jerry Brown on Thursday signed two new laws that will require cities and water districts across the state to set permanent water conservation rules, even in non-drought years.

"In preparation for the next drought and our changing environment, we must use our precious resources wisely," Brown said in a statement. "We have efficiency goals for energy and cars – and now we have them for water."

Brown signed two bills, SB 606 by Sen. Robert Hertzberg, D-Van Nuys, and AB 1668 by Assemblywoman Laura Friedman, D-Glendale, that require cities, water districts and large agricultural water districts to set strict annual water budgets, potentially facing fines of \$1,000 per day if they don't meet them, and \$10,000 a day during drought emergencies.

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Under the bills, each urban water provider will be required to come up with a target for water use by 2022. Fines for agencies failing to meet their goals can begin in 2027.

The targets must be approved by the State Water Resources Control Board between now and then, and will vary by city and county.

Standards will be based on a formula that is made up of three main factors: an allowance of 55 gallons per person per day for indoor water use — dropping to 50 gallons by 2030; a yetto- be determined amount for residential outdoor use that will vary depending on regional climates; and a standard for water loss due to leak rates in water system pipes.

The new laws make it likely that water agencies will need to offer more rebates for home owners and business owners who replace lawns with droughttolerant plants and who purchase water efficient appliances. The agencies could also limit the hours and days of lawn watering, even when droughts are not occurring.

Some supporters

The laws are a response to complaints from some water agencies that the mandatory water targets the Brown administration put in place during the drought were too inflexible and didn't take into account local water supplies, population growth and other factors. Those limits ranged from an 8 percent reduction in water use to a 36 percent reduction, based on each community's percapita water use. The months-long debate over the new laws split the water community, environmental groups and business groups.

Organizations who supported the new laws say it makes sense to reduce demand as the state's population grows, and allow each local area the flexibility for devising their own plan while California continues to develop new supplies, from recycled water to storm water capture to new reservoirs.

Supporters included business groups such as the Bay Area Council and the Silicon Valley Leadership Group, along with water agencies like the Contra Costa Water District, East Bay Municipal Utility District, the Santa Clara Valley Water District, and the Metropolitan

Resources Defense Council.

"They are definitely a step in the right direction," said Tracy Quinn, water conservation director for the Natural Resources Defense Council, of the new laws. "The framework strikes the right balance between local control and necessary state oversight."

Quinn said that most cities and water districts in California already are close to, or under, a standard of 55 gallons per person per day for indoor use.

Efficient use

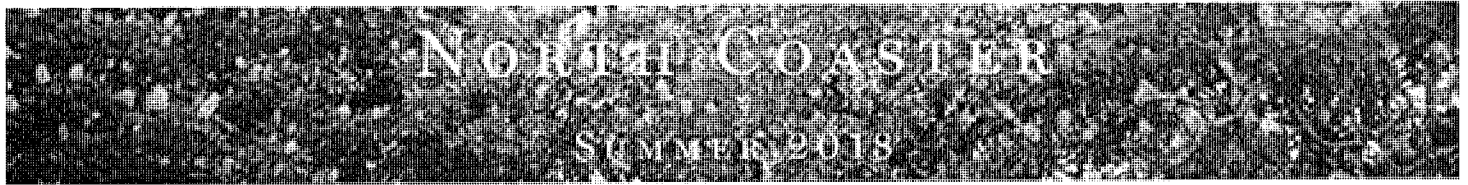
Last year, urban Californians used an average of 90 gallons of water per person per day for indoor and outdoor use combined, down from 109 gallons in 2013, according to the state water board. Most communities using more were located in hot places in Southern California and the Sacramento area, while cities with smaller yards and coastal areas with cooler climates used less. In the summer at least half of residential water use in most communities goes to watering lawns and landscaping.

Environmentalists like Sierra Club California said the rules didn't go far enough. Of particular concern was a compromise inserted in the bill that allowed cities and water districts to get 15 percent credit on their water use totals if they produce certain types of recycled water.

"A ll water should be valued," said Sara Aminzadeh, executive director of the California Coastkeeper Alliance, which opposed the bills. "With energy we wouldn't want to offer incentives for the wasteful use of solar or wind energy. Likewise, we want to make sure all water is used efficiently."

Some of the state's major water agencies also opposed it, many on the general argument that Sacramento shouldn't be telling local government what to do. Among the opponents were the Alameda County Water District, Kern County Water Agency, San Diego County Water Authority, and the Zone 7 Water Agency in Livermore.

"Every local water agency supports conservation and has a responsibility to make sure its water users use water efficiently," said Tim Quinn, executive director of the Association of California Water Agencies, which opposed the bill. "This was never about whether we should be pursuing conservation. It was about how."



POINT REYES LIGHT

Formal deal lets Nicasio buy water

By Matthew Pera
06/07/2018

Nicasio residents who rely primarily on wells for their homes' water sources now have a legal right to receive water from nearby reservoirs—a much-needed relief for those whose supplies occasionally run dry.

Marin Municipal Water District last month agreed to release a maximum of 20 acre-feet of surplus water annually into Lagunitas or Nicasio Creek so that North Marin Water District can hold that supply for Nicasio residents.

North Marin, which will continue to allow trucks to transport water from those creeks to tanks on Nicasio properties, as it has done in years past, approved its side of the water sharing agreement at a June 5 meeting of its board of directors, creating a legal contract for those deliveries.

Drew McIntyre, the district's general manager, said that the supply chain won't change; the agreement just puts the arrangement in writing.

Yet the contract only gives North Marin access to that water during normal or wet years. During dry years, Nicasio residents won't have legal access to water from Marin Municipal's supply.

Mr. McIntyre said those whose wells run dry during drought years will need to have water trucked in from other areas.

"That's up to them," he said. "I'm not involved with that, but I know private potable water trucks have a lot of potential sources for filling their tanks."

Only a small handful of the approximately 260 homes in Nicasio have issues with their water supply, according to Guy Phillips, vice president of the Nicasio Land Owners Association's board of directors. He said wells on those properties are supplied by small watersheds with limited supplies, occasionally creating problems for homeowners.

The association is glad the agreement between the two water districts doesn't allow delivery from Marin Municipal during dry years, which it fears would lead to a surge of development as a result of better access to water.

"We didn't want it to become the primary water supply in such a way that promotes growth," Mr. Phillips explained.

Nicasio isn't included in any water district's sphere of influence. For the most part, residents haven't historically needed access to municipal water due to the abundance of wells and springs in the area.

But during California's most recent drought, the community realized it needed to step up and help out the few whose wells were running dry, Mr. Phillips said.

Purchasing water delivered by trucks is expensive, and the price increases with the distance between supply and destination.

Buying water from North Marin is the most cost-effective solution for Nicasio residents who need deliveries because of the district's proximity to the community.

"This is kind of a unique agreement," Krishna Kumar, general manager of Marin Municipal Water District, said. "You have two water districts coming together to jointly meet the needs of a community."

California drinking water tax dies in budget compromise

BY DALE KASLER AND ADAM ASHTON
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A proposed tax on California's drinking water, designed to [clean up contaminated water](#) for thousands of Californians, was abandoned by Gov. Jerry Brown and legislative leaders Friday as part of the compromise on the state budget.

Lawmakers and Brown's office scrapped the "Safe and Affordable Drinking Water Act," which would have taxed residents 95 cents a month to raise millions for cleaning toxic wells. Instead, legislative leaders agreed to spend \$5 million from the general fund to deal with lead in drinking water at child care centers. They also plan to allocate \$23.5 million from the general fund for "safe drinking water actions later in this legislative session," according to a Legislative Budget Conference Committee report released Friday.

The tax would have raised an estimated \$140 million a year to address a massive statewide problem. About 360,000 Californians are served by water systems that violate state standards for nitrates, arsenic, uranium and other pollutants, according to a recent McClatchy investigation. The issue is concentrated in the San Joaquin Valley, although at least one supplier in 38 of the state's 58 counties is out of compliance.

The abandonment of the proposed tax was disclosed in the conference committee's report released soon after the Governor's Office announced that a deal had been reached with legislative leaders on a new budget.

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Brown's administration said it hasn't given up on passing a drinking water tax at some point. "The Legislature has indicated a commitment to continue discussions this summer," said H.D. Palmer, spokesman for Brown's Department

of Finance, in an email. "They recognize that this is a very important issue that will take some more time to work through."

Residents would have been taxed 95 cents a month, or \$11.40 a year, to raise about \$110 million a year for cleanup. Agriculture would have contributed another \$30 million a year through fees on fertilizer purchases and feedlot and dairy production.

The bill was opposed by the Association of California Water Agencies, which represents more than 400 urban and agricultural water suppliers, and it became clear that finding the two-thirds supermajority needed to impose the tax was proving difficult in an election year.

Many legislators have become wary of approving new taxes, fearing a backlash. Voters in Southern California on Tuesday recalled state Sen. Josh Newman, D-San Dimas, after opponents ran a campaign that highlighted his vote for a new gas tax last year.

In a budget conference committee meeting earlier this week, legislators expressed skepticism that voters would embrace the new tax.

Sen. Richard Roth, D-Riverside, for instance, noted that taxpayers in his district were coping with recently increased water rates. He believed they would oppose a new fee for safe drinking water that largely would help another part of the state.

"They're going to spend a dollar a month to (go) where, Eureka? Nothing against Eureka, but I doubt people know where that is," he said.

He argued water districts would be better off throwing in together and proposing regional fees to address their problems. "This really is not about giving a bunch of money to the state of California," he said. "It's more about mutual aid and helping your neighbor get clean water."

While disappointed, supporters of the water tax held out hope that lawmakers will approve the plan at some point. "We are confident the governor and Legislature will not walk away from creating a permanent source of funding," said Laurel Firestone of the Community Water Center, an advocacy group.

California voters on Tuesday approved Proposition 68, a parks-and-water bond that includes \$250 million to clean up unsafe drinking water systems. And a proposition on the November ballot would provide another \$500 million for addressing the issue.

But Brown's administration had argued that more money was needed, and the drinking water tax was the right solution. The tax was introduced a year ago as SB

623 but stalled. It was revived earlier this year by Brown as a budget trailer bill. It was the trailer bill that was abandoned Friday.



Addi Dankemeyer, 8, gets water at Shiloh Elementary School west of Modesto. Because of nitrate levels, the school has been using bottled water since January. **Joan Barnett**
Lee jlee@modbee.com

THE SACRAMENTO BEE

Public Works

Posted on: June 05, 2018 0

27% Increase in Water Main Breaks Over the Last Six Years

The most important indication of pipeline health is how often it fails. A 2012 survey is updated with feedback from 300 utilities in 48 states, representing 200,000 miles of installed water mains.

By [Stephanie Johnston](#)



Break rates for cast iron and asbestos cement pipes, which together represent almost half of the installed water mains in North America, have increased 46% and 43%, respectively, since 2012.

The oldest university-based water research facility in the U.S. presents "Water Main Break Rates In the USA and Canada: A Comprehensive Study," an update of a 2012 study by *Buried Pipe Design* author Steven Folkman, PE. Head of Utah State University's Buried Structures Laboratory, Folkman gathered information from 300 utilities with 200,000 miles of installed mains serving 52 million people, which represents 14.5% of the population of the U.S. and Canada. As one of the largest surveys on this topic, the report's results can help in revising pipe service life assumptions used in the past.

Here's how the 23,803 pipe failures that required repair break down:

- Break rates have increased 27% in the past six years.
- Break rates for cast iron and asbestos cement pipes, which together represent almost half of the installed water mains in North America, have increased 46% and 43%, respectively, since 2012. Together, CI and AC pipes are mostly responsible for the spike in pipe failures.
- Cast iron pipes represent the largest pipe material inventory and 82% are over 50 years old.

- Cast iron pipe in high-corrosion soil has 20 times the break rate than one in a low-corrosion environment. Ductile iron pipe in high-corrosion soil has 10 times the break rate.
- Polyvinyl chloride (PVC) pipe has the lowest overall break rate when compared to cast iron, ductile iron, concrete, steel, and asbestos cement.
- Construction-related failures were equivalent for both PVC and ductile iron pipes, pointing to the need to improve practices for installation, location services, and inspection.
- Smaller municipal utilities have twice the break rates as larger utilities.
- The percentage of water mains beyond their useful lives has doubled from 8% to 16%.
- The percentage of water mains over 50 years old has increased from 22% to 28% in the past six years.
- An average of 0.8% of pipe is replaced each year. This equates to a 125-year national pipe replacement schedule. Replacement rates should be between 1% and 1.6%, equivalent to 100-year and 60-year replacement schedules, respectively.
- Pipe material usage varies significantly over geographic regions, suggesting selection is based on historical preference vs. comparative cost analysis or environmental conditions.
- Average pressure fell to 69 psi from 77 psi in 2012, which is well below the maximum operating pressure of water mains, extending pipe life as well as reducing leaks and breaks.
- Estimated average water loss due to leakage is 10%.

To view the full report, [click here](#).

This study contributes to the continuing efforts of EPA's Aging Water Infrastructure research, Virginia Tech's Sustainable Water Infrastructure Management Program, U.S. Conference of Mayors' Water Council, and the asset management and water infrastructure condition assessment efforts of the American Water Works Association and American Society of Civil Engineers.

"This report provides greater insight into the drivers of the aging water infrastructure crisis and offers data utilities can use to benchmark pipe material performance. It will be a valuable asset management planning tool for water utilities," says Folkman.

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