



North Bay Water Reuse Authority

Las Gallinas Valley Sanitary District | Napa County | Napa Sanitation District | North Marin Water District
Novato Sanitary District | Sonoma County Water Agency | Sonoma Valley County Sanitation District

BOARD OF DIRECTORS MEETING

AGENDA – PHASE 2

Monday, February 27, 2012
9:30 A.M. (Immediately Following Phase 1 Meeting)

Novato Sanitary District
500 Davidson Street
Novato, CA 94945

- 1. Call to Order**
- 2. Roll Call**
- 3. Public Comment**
(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. 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**
- Action** **5. Board Meeting Minutes of November 14, 2011**
Pages 3 - 4 (The Board will consider approving the minutes from the November 14, 2011 Board meeting.)
- Information** **6. Report from the Program Manager**
Pages 5 - 8 **6.a Consultant Progress Reports**
(The Board will review the Report from the Program Manager and Consultant Progress Reports.)
- Information** **7. Program Schedule and Project Definition Study Update Report**
Pages 9 - 11 (The Board will be updated on the program schedule and the Project Definition Study.)
- Action** **8. Technical Advisory Committee Recommendation to the Board Regarding the Initiation Fee**
Pages 12 – 20 **for New Members**
(The Board will consider approving an Initiation Fee and process for potential new members.)

9. Federal and State Legislation and Funding Overview
(The Board will review Federal and State Legislation and Funding.)

10. Adjournment

Next Board Meeting
Monday, May 21, 2012, 9:30 A. M.

(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 500 Davidson Street, Novato, CA 94945. 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, RMC, 2001 N. Main Street, Suite 400, Walnut Creek, CA 94596, 510-410-5923, cweir@rmcwater.com. The agenda and the agenda packet for each meeting are also available on-line at www.nbwra.com and will be available at the meeting.)

**North Bay Water Reuse Authority
Board of Directors Meeting
Phase 2 Minutes
November 14, 2011**

1. Call to Order

Chair Long called the meeting to order at 10:01 a.m. on Monday, November 14, 2011 at the Novato Sanitary District Boardroom, 500 Davidson Street, Novato, CA 94945.

2. Roll Call

PRESENT: Bill Long, Chair, Novato Sanitary District
Keith Caldwell, Vice-Chair, Napa County
Valerie Brown, Sonoma Valley County Sanitation District
Larry Loder, Las Gallinas Valley Sanitary District
John Schoonover, North Marin Water District
David Rabbitt, Sonoma County Water Agency
Jill Techel, Napa Sanitation District

ABSENT: None

OTHERS

PRESENT: Chuck Weir, Program Manager	RMC
Marc Bautista	Sonoma County Water Agency
Kevin Booker	Sonoma County Water Agency
Ginger Bryant	Bryant & Associates
Tim Healy	Napa Sanitation District
Beverly James	Novato Sanitary District
Pam Jeane	Sonoma Valley County Sanitation District
Drew McIntyre	North Marin Water District
Phillip Miller	Napa County
Monica Oakley	RMC
Pilar Oñate-Quintana	KP Public Affairs
Jim O'Toole	ESA
Michael Savage	CDM
Renee Webber	Sonoma County Water Agency
Mark Williams	Las Gallinas Valley Sanitary District

3. Public Comment

No members of the public addressed the Board.

4. Introductions

As there were no new persons in attendance, introductions were not made.

5. Board Meeting Minutes of August 15, 2011

A motion by Director Caldwell, seconded by Director Brown to approve the August 15, 2011 minutes was unanimously approved.

6. Report from the Program Manager

6.a Consultant Progress Reports

The Program Manager noted that this month's report included the October 2011 Progress Reports from the consultant team.

7. Program Schedule and Project Definition Study Report

Michael Savage gave an update on the Project Definition Study. He noted that data from the agencies was still being received. There was discussion regarding potential new members for Phase 2.

8. Federal and State Legislation and Funding Overview

Ginger Bryant updated the Board on funding that may be available through the U.S. Army Corps of Engineers.

9. Adjournment

There being no further business, Chair Long adjourned the meeting at 10:15 a.m.

Minutes approved by the Board on _____.

Charles V. Weir
Program Manager

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Agenda Explanation
North Bay Water Reuse Authority
Board of Directors
February 27, 2012

ITEM NO. 6 REPORT FROM THE PROGRAM MANAGER

The February 2012 Report from the Program Manager includes the following items:

Item No. 6.a Consultant Progress Reports for January 2012

Note that only those consultants that have budget for Phase 2 have reports.

Program Management Services for North Bay Water Reuse Authority Phase 2
RMC Water and Environment
SCWA Order Number 7533A5, Account Number 391029-6570
RMC Job No. 0047-007.02

Phase 2 Progress Report

January 2012

Task 2.1 Board of Directors and Technical Advisory Committee (TAC) Meeting Management

- Planned for and participated in consultant conference call.
- Prepared Agenda Packet for January 23, 2012 Technical Advisory Committee (TAC) meeting.
- Attended January 23, 2012 TAC meeting at Novato Sanitary District.
- Drafted minutes for January 23, 2012 TAC meeting. Transmitted to TAC for review and comment.
- Prepared list of short-term action items discussed at the January 23, 2012 TAC meeting. Transmitted action items to meeting attendees. Tracked progress of action items from previous meetings. Revised list based on comments received.
- Updated distribution lists.

Task 2.2 Budget Preparation and Reporting

- Reviewed consultant costs for December 2011 and updated summary of costs for FY2011/12.
- Met with Agency staff to discuss budget preparation and financial reporting.
- Reviewed and commented on Agency budget spreadsheets.
- Contacted new Finance Committee members and scheduled first meeting for February 9, 2012.

Task 2.3 Project Support and Review

- Reviewed final version of Dual Storage Study and compared to comments previously submitted.

Task 2.4 Program Planning

- Prepared January 2012 Progress Report and January 2012 Invoice.

Task 2.5 Governance Issues

- Responded to various initiation fee questions from consultants and TAC members, including cost distribution and sharing based on the Memorandum of Understanding.
- Attended initiation fee Subcommittee meeting.



2110 G Street, #2
Sacramento CA 95816

Activity Summary

February 1, 2012

Ms Renee Webber
Sonoma County Water Agency
404 Aviation Boulevard
Santa Rosa CA 95403-1936

**Re: January 2012 Activity Summary
North Bay Water Reuse Program - Phase 2 Program Development Services**

**SCWA Order # 7534A6
SCWA Account # 391029-6570**

Activity Summary

- Prepared monthly reports and provided them to the Program Manager for inclusion in the TAC packet, attended the TAC Meeting
- Coordinated with Board and SCWA on proposed Washington DC travel
- Coordinated with Pilar Onate-Quintana on strategy and comments for 2012 Water Bond
- Met with USBR to discuss need for storage scoping study funding
- Participated in Program Management calls with Roger Gwinn and Renee Webber
- Continued activities in support of Reclamation creating regional-scale funding programs

North Bay Water Reuse Authority
Professional Services by CDM Smith

January 2012 Progress Report - Phase 2 Activities

Project Definition Study

- Developed information for NBWRA Technical Advisory Committee presentation.
- Communicated with NBWRA member agencies about definition of Phase 2 projects.
- Held project team meetings to review and revise initial layouts.
- Developed GIS maps of Phase 2 service areas and pipelines.
- Communicated with B&A staff about meetings with participating agencies about Phase 2 projects.
- Finalized initiation fee approval approach and material for NBWRA TAC presentation.
- Began preparing scope of work for Phase 2 feasibility study.

Phase 2 Support

- Prepared and revised Phase 2 feasibility study workplan and consultant budget spreadsheet for the Reclamation funding agreement.
- Participated on conference calls with SCWA staff and B&A regarding Phase 2 studies.
- Attended and presented Phase 2 materials for NBWRA Technical Advisory Committee meeting.
- Project management activities and invoicing.

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Board of Directors
November 14, 2011

ITEM NO. 7 PROGRAM SCHEDULE AND PROJECT DEFINITION STUDY REPORT

Action Requested: None at this time.

The consultant team will provide an update for the Board. The following items are attached for the Board's information:

Map showing the overall project area being studied for potential Phase 2 projects

Letter dated February 22, 2012 from Marin Municipal Water District requesting participation in the Project Definition Study






Recommendation

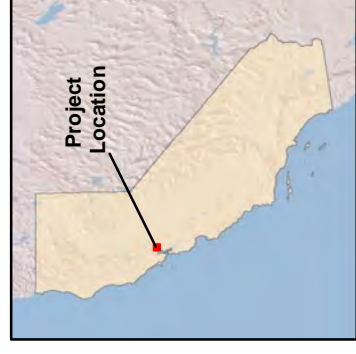
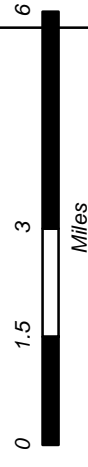
None at this time.

Overall Project Area

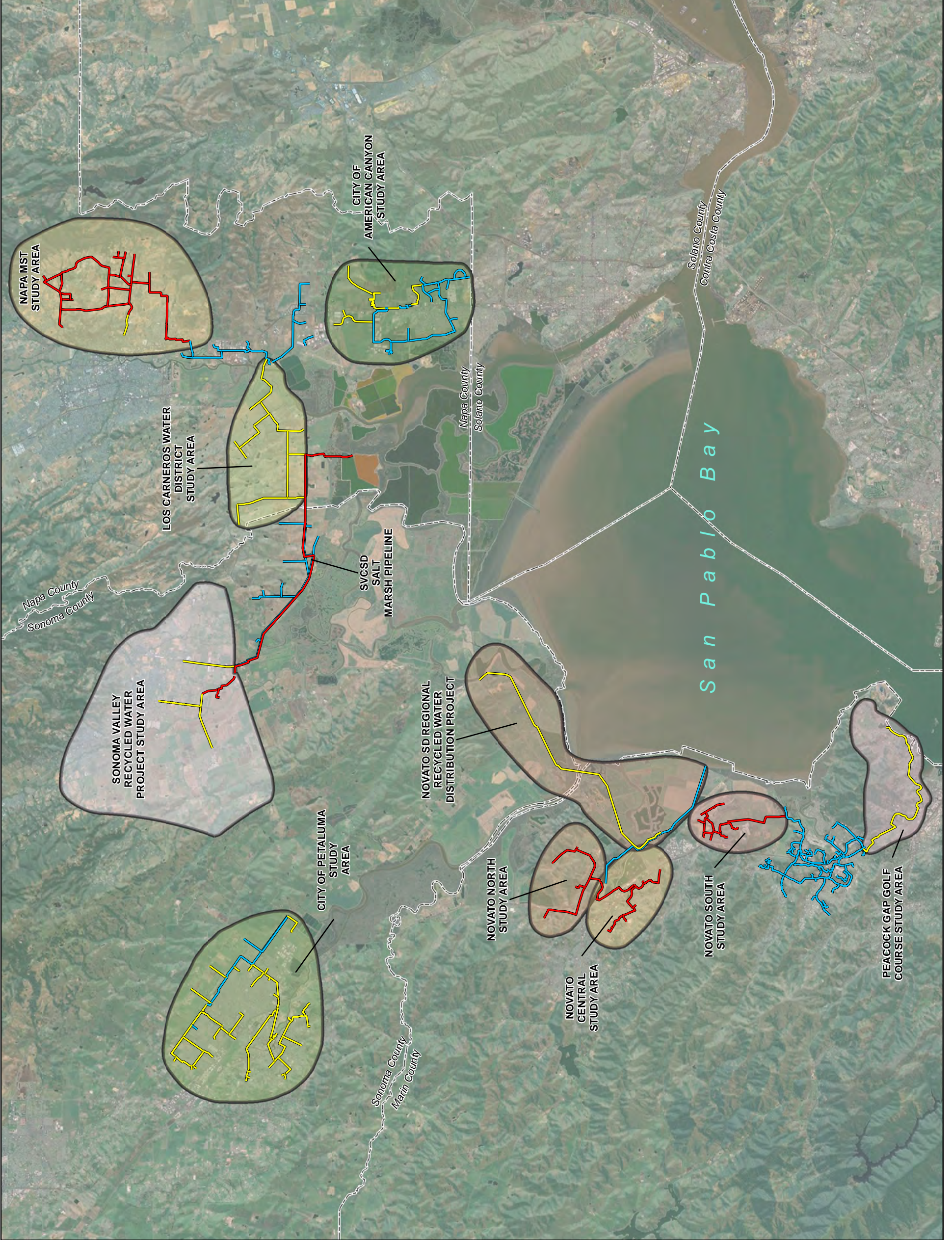
Conceptual Phase 2 Pipeline Alignments North Bay Water Reuse Program

Legend

-  Existing Pipeline
-  Phase 1
-  Phase 2
-  Study Area Boundary
-  County Boundary



Data Source(s):
Bing Maps Aerial Imagery,
CDM Smith, ESA



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**MARIN MUNICIPAL
WATER DISTRICT**

220 Nellen Avenue Corte Madera CA 94925-1169
www.marinwater.org

February 22, 2012

Bill Long, Chair
North Bay Water Reuse Authority
c/o Novato Sanitary District
500 Davidson St
Novato CA 94945-3399

Dear Mr. Long:

We support the goals of the North Bay Water Reuse Authority (NBWRA) and request to participate in the Project Definition study that will be conducted between August and February 2012-2013. We understand our share of the study costs will range between \$8,000-\$10,000 depending on the final number of participants and that the Sonoma County Water Agency is the fiscal agent for the NBWRA. Please send me an invoice for our participation.

Sincerely,

A handwritten signature in black ink that reads "Michael Ban".

Michael Ban, P.E., Manager
Environmental and Engineering Services Division

MB:mp

cc: Tom Cronin, Acting General Manager, MMWD

ITEM NO. 8 TECHNICAL ADVISORY COMMITTEE RECOMMENDATION TO THE BOARD REGARDING THE INITIATION FEE FOR NEW MEMBERS

Action Requested: The Technical Advisory Committee (TAC) recommends that the Board set the initiation fee for new members of NBWRA initially at 1.7% of the costs of their proposed Phase 2 projects and that this approach be presented to potential new members by the process described herein.

Background

The Memorandum of Understanding (MOU) Section 16, Initiation of Membership states *“If an eligible agency as defined in Section 5 requests to join the NBWRA as a new Member Agency, the Board of Directors shall establish a membership initiation fee to such agency as a condition of joining the NBWRA.”* Several local agencies including Los Carneros Water District, City of American Canyon, Marin County, and City of Petaluma have notified NBWRA of their interest in participating in Phase 2 studies and becoming members of NBWRA. Their ultimate interest is to obtain federal funding for projects that would become part of NBWRA’s Phase 2.

The initiation fee concept is to allow current Member Agencies the opportunity to recover some of their investment in establishing NBWRA and the North Bay Water Reuse Program (NBWRP) since the signing of the MOU in 2005. Since that time Phase 1 of the program has been authorized \$25 Million in federal funding.

NBWRA consultants have been working with the TAC over the last several months in an effort to establish an approach to define a fair and reasonable initiation fee for new members of NBWRA. The approach quantifies the costs directly associated with obtaining the federal funding authorization, which includes activities related to program development, engineering, and environmental analysis. The TAC also reviewed issues including timing, payment scheduling, and outreach to potential new members. The full recommendation from the TAC includes the following:

1. The initiation fee be set initially at 1.7% of proposed projects costs for the new agencies.
2. Final costs will be rectified when the final projects are defined.
3. Payment of the initiation fee shall be in two stages, with 50% due initially and 50% due at the start of the Feasibility Study which is currently assumed to start in July 2013.
4. Negotiating Teams be formed to meet with potential new members on a County basis and would include the following:

Napa County (Los Carneros Water District and City of American Canyon)

NBWRA Board President
Napa County Supervisor
Napa County Staff
NWWRA Technical Consultant
NBWRA Program Manager

Marin County

NBWRA Board President
Las Gallinas Valley Sanitary District Staff
NWWRA Technical Consultant
NBWRA Program Development Consultant
NBWRA Program Manager

Sonoma County

NBWRA Board President
Sonoma County Supervisor
Sonoma County Water Agency Staff
NWWRA Technical Consultant
NBWRA Program Development Consultant
NBWRA Program Manager

5. Meetings would begin as soon as practicable following approval by the Board.

Members of the consultant team will provide additional information to the Board at the meeting and will also be available to respond to questions.

Recommendation: It is recommended that the Board approve the recommendations that the initiation fee for new members of NBWRA be set initially at 1.7% of the costs of their proposed Phase 2 projects and that this approach be presented to potential new members by the process described herein.

North Bay Water Reuse Program

Discussion of Initiation Fee Approach for New Agencies

NBWRA Board Meeting
February 2012



What is the benefit of NBWRA membership for new agencies?

- A new agency receives value in joining NBWRA and pursuing Phase 2 funding because the NBWRP has an open Federal construction authorization
- The authorization provides a mechanism to obtain Federal funding through various methods or grant opportunities
- Other benefits
 - Strong working relationship with Reclamation
 - Planning/engineering tools & approaches proven acceptable to Reclamation
 - Programmatic environmental document & insights
 - Public Information/Involvement that grew & maintains public support
 - Successful, functioning and cooperative organization

Why Initiation Fee?

- Ratepayers in the original agencies provided revenues to obtain a Federal authorization - that authorization extends to other agencies where ratepayers did not contribute
- Assure ratepayers in the original agencies that their payments are not directly benefitting ratepayers in other agencies
- Mechanism to reimburse them for a proportionate share of the costs expended to obtain the Federal authorization
- The goal is to achieve parity among all agencies and their ratepayers ultimately gaining benefit from the Federal authorization.
- If new partners are gaining the benefits of work done by (and money spent by) the early participants, they must share in the costs and reimburse the original agencies.

Conceptual Approach

- Assume: definition of benefit of joining NBWRA is primarily the federal construction authorization
- Approach:
 - Define NBWRA costs since signing of MOU
 - Estimate “net” costs directly associated with obtaining the authorization
 - Discount consultant service costs
 - Early activities where agencies spent money discussing the rationale of chasing the funding
 - Activities towards forming the organization
 - Project specific activities in the planning/engineering and environmental
 - Net services costs/project construction costs (as a percentage)
 - Initiation Fee is a percentage of the new agencies’ project construction costs

Preliminary Estimate of Net Costs

Activity	Total Phase 1 Costs Since 2005 MOU (through June 2011)	Percent Attributable for Initiation Fee	Attributable Costs for Initiation Fee	Local Share of Original Costs ¹	Net Attributable Costs for Initiation Fee
Program Development	\$470,809	100%	\$470,809	100%	\$470,809
Federal Lobbyist	\$387,851	100%	\$387,851	100%	\$387,851
Engineering	\$997,700	70%	\$688,300	50%	\$344,150
Environmental	\$1,390,285	50%	\$695,143	50%	\$347,571
Public Involvement	\$362,107	75%	\$271,580	50%	\$135,790
Program Manager	\$246,637	0%	0	100%	0
State Lobbyist	\$126,065	100%	\$126,065	100%	\$126,065
Total	\$3,961,454		\$2,639,748		\$1,812,326

¹ Local share of costs after Bureau of Reclamation funding

Preliminary Estimate of Initiation Fee

Cost Summary	Total Phase 1 Since 2005 MOU (Through June 2011)	Percent of Estimated Construction Costs (\$104M)
Total Phase 1 Costs Since 2005 MOU	\$3,961,454	3.8%
Attributable Costs for Initiation Fee	\$2,639,748	2.5%
Net Attributable Costs for Initiation Fee	\$1,812,236	1.7%

Meeting Dates	Activities Preceding and at Meeting	Actions at the Meeting
<p>TAC Meeting 1/23/12</p>	<p>Preceding: TAC members discuss the initiation fee approach informally with agency management. Determine level of buy-in required at agency at this stage.</p> <p>During: Determine the process and format for opening discussions with new agencies. Discuss potential payment methods and schedules. Define negotiation team that will attend the negotiations with each new agency (e.g., local agency, Board Chair or Vice Chair, other agencies, consultants)</p>	<p>TAC develop recommendation for NBWRA Board to consider at 2/27/11 meeting:</p> <ul style="list-style-type: none"> • Initiation fee • Process for negotiating with agencies <ul style="list-style-type: none"> ○ Schedule of initial meetings ○ Makeup of the negotiations teams
<p>Board Meeting 2/27/12</p>	<p>Preceding: Board receive packet with TAC recommendation on approach and fee.</p> <p>During: Board discusses steps required for NBWRA to receive funds from new agencies (Is each NBWRA agency required to get their Board to approve?)</p>	<p>Board action approve preliminary initiation fee concepts to be used as basis for discussion with new agencies</p> <p>Board direct TAC to initiate discussions with new agencies</p>
<p>TAC Meeting 2/27/12</p>	<p>During: TAC discuss responsible party for new agency meetings and potential schedule of meetings</p>	<p>Assign TAC contact and deadline for contact</p>
<p>TAC Meeting 4/16/12</p>	<p>Preceding: Have initial meetings with new agencies</p> <p>During:</p> <ul style="list-style-type: none"> • Review findings from meetings • Discuss finding and develop recommendations to the Board 	<p>Recommendation to Board on initiation fees (may be different for each new member)</p>
<p>Board Meeting 5/21/12+</p>	<p>Preceding: Receive TAC recommendation</p> <p>During: Discuss issues and reach agreement</p>	<p>Board resolution defining initiation fees for new agencies</p> <p>Direct TAC to prepare documents for the new agencies and begin changes to MOU</p>

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North Bay Water Reuse Authority
Board of Directors
February 27, 2012

ITEM NO. 9 FEDERAL AND STATE LEGISLATION AND FUNDING OVERVIEW

Action Requested: None at this time.

Ginger Bryant and Pilar Oñate-Quintana will provide updates for the Board.

Recommendation

None at this time.