

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
May 16, 2006**

CALL TO ORDER

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

District employees Robert Clark (Facilities Maintenance Superintendent), Mike McMaster (Operations Superintendent), Doug Moore, (Construction Superintendent), Pablo Ramudo (Water Quality Supervisor), Michelle Leonard and Rich Huffman (Harris & Associates), Ann Hancock (Climate Protection Campaign), Norm Elloway, and Steve Glascock were in the audience.

MINUTES

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

GENERAL MANAGER'S REPORT

Employee Injury

Mr. DeGabriele reported that a Construction Department employee injured himself at home, and will be off work until end of the month.

ACWA Conference

The Manager reported that he attended the ACWA conference in Monterey on May 9 through 11 and had attended a very interesting workshop on the Endangered Species Act. He stated that there will not be any major reforms to the Act in the current Congress. He said that it was interesting to note the habitat conservation plans being undertaken by various agencies and that the District may want to consider developing a habitat conservation plan for Novato Creek.

Mr. DeGabriele said that he met with the Sonoma County Water Agency management while at the conference and that the Agency is reaching out to the water contractors for input into their water policy.

National Park Service

Mr. DeGabriele said that next week, he will be meeting with Don Neubacher of the Golden Gate National Seashore to discuss major West Marin issues, including the Gallagher Pipeline and the Pt. Reyes Treatment Plant and will explore ways to receive federal money for those projects.

OPEN TIME

City of Novato Permit Process

Mr. McIntyre reported that he has been participating with the City of Novato in streamlining their permit process. He said that the city is working with a consultant, special districts, developers and engineers in the community with the objective of improving permitting procedures.

Water Bottles

Renee Roberts reported that the delivery of the free water bottles as advertised in the Waterline is being delayed and the bottles are expected next week.

West Marin Mosquito Control Coordinating Council

Director Rodoni reported that he attended the first meeting of the West Marin Mosquito Control Coordinating Council to decide what issues the council would be addressing. The council is promoting proactive behavior to reduce risk and to avoid using pesticides whenever possible to combat mosquito infestation.

Novato Leadership

President Schoonover said that he attended Robert Clark's Novato Leadership graduation and that it was a very enjoyable evening.

HIGH EFFICIENCY WASHING MACHINE DRAWING

Ryan Grisso stated that this is the fourth year that the District has given away a front-loading washing machine. He said that 17,000 Wellspring newsletters were mailed to District customers and 800 entries for the drawings were received. President Schoonover drew the winning entry submitted by Joseph Rubino.

MONTHLY PROGRESS REPORT

The Manager reviewed the monthly progress report for April and noted that water production in Novato and West Marin is down due to significant April rainfall. He stated that in Oceana Marin irrigation field discharge continued in order to maintain safe freeboard levels at the treatment and storage ponds. The District continues to work safely with 149 days through April without a lost time injury or accident. He noted that we have had 74 toilets and 20 washing

machines rebated and that 10% of customers now have front-loading horizontal axis washing machines. He said that the Summary of Complaints shows a decrease in customer complaints, but that if we have normal rainfall year next year, high bill complaints may increase.

Mr. Bentley reviewed the Auditor-Controller's Monthly Report of Investments and noted that the District purchased a short-term corporate 6-month obligation and that with interest rates rising the District will enjoy a 5.08% yield on investments.

CONSENT CALENDAR

Chief Engineer Drew McIntyre requested that Item 6, Elloway Subdivision, be removed from the Consent Calendar. On motion of Director Baker and seconded by Director Petterle, the following items on the Consent Calendar were unanimously approved.

32 PAMARON WAY FIRE SERVICE

GCX Corporation has requested the installation of an 8-inch fire service at the existing building to comply with Novato Fire Protection District requirements for fire sprinklers. New Zone 1 water facilities include 250 feet of 8-inch PVC main, 10 feet of 8-inch steel main and an 8-inch fire service with 5/8-inch bypass meter. There is no additional water demand for this project.

The Board approved Resolution No. 06-19 entitled, "Authorization of Execution of Water Service Facilities Construction Agreement with GCX Corporation."

REDWOOD LANDFILL ACCESS BRIDGE PROJECT-TEMPORARY IRRIGATION SERVICE

On January 20, 2005, the Board approved the original Redwood Landfill Access Bridge-Marin Aqueduct Relocation project agreement. The District has now received a request for a temporary 1-inch irrigation service for three years to establish new landscaping trees on the east and west side of Highway 101 at the new Landfill Bridge.

The Board approved Resolution No. 06-20 entitled, "Authorization of Execution of Temporary Irrigation Water Service Facilities Construction Agreement with Redwood Landfill, Inc."

POLICIES NUMBERS 8 AND 10

The Board adopted revised Policy No. 8 – Payment of Facilities Benefiting Non-Contiguous Areas and revised Policy No. 10 – Service Connection Dispute Compromise.

DISBURSEMENTS

The Board authorized for payment payroll and accounts payable vouchers totaling \$616,791.69.

ACTION CALENDAR

ELLOWAY SUBDIVISION

Mr. McIntyre stated that the Elloway Subdivision comprises eight acres bordering on Indian Valley Road and Wilson Avenue and is divided into 6 lots with five new single-family homes. He stated that the Tentative Map was approved in 1998, and originally the County of Marin staff confirmed that it was still current and valid until 2007. The county now advises that the map has expired. Mr. McIntyre said that District regulations state that a project cannot be approved until there is land use approval from the county. He said that staff has offered two possible options: to defer approval of the project until land use approval has been verified; or approve the agreement subject to the County Board of Supervisors granting appeal of the Tentative Map expiration. He introduced Mr. Glascock, applicant representative for the project, and requested that he be given an opportunity to address the Board.

Mr. Glascock offered his explanation of events that resulted in missing the deadline for submitting the completed tentative map and said that there is a conflict between the county code and state law about whether a completed map needs to be filed. He stated that an appeal to the Board of Supervisors has been filed and that he was advised to continue to move forward to obtain the necessary permits until the appeal is heard. Mr. Glascock stated that he is requesting that the Board approve the project with the stipulation that if the appeal is denied, any agreement with the District would be null and void.

Director Schoonover inquired if the District's legal counsel has been asked to offer an opinion and it was stated that he has not. Mr. McIntyre stated that there is time to get an opinion from legal counsel before the next District Board meeting on June 6 and before the Board of Supervisors meeting.

Director Rodoni stated that there would be no problem getting water service for this project provided land use is approved and that the District must comply with its regulations.

Mr. DeGabriele stated that the District is obligated to serve projects within the District and that the Board is ready to approve pending land use approval.

Director Rodoni requested that the District re-issue its form letter to the county stating that the District is obligated to serve the project pending land use approval.

The Board concurred to wait until the necessary approvals from the county are secured before authorizing the project.

Mr. Glascock thanked the Board and left the meeting.

REVIEW OF REG. 15 AND REG. 17 – SET PUBLIC HEARINGS

Mr. DeGabriele reported that staff has recommended changes to Regulations 15 and 17, Water Conservation, and that changes to Regulations 15 and 17 require a public hearing and formal notice of public hearing to be published in local newspapers.

Mr. Grisso presented the changes to the Regulations 15 and 17 and noted that the changes are the same in both regulations. He stated that these changes are an attempt to increase the District's water savings and that the District has saved 436 acre feet per year through conservation in Best Management Practices 1 through 14 and other activities. He reviewed the changes for the Board and noted that the changes are in the areas of new development requirements, toilet rebates, the Cash for Grass program and the large landscape rebate program.

Mr. Grisso stated that rebates for ultra low flow toilets will no longer be issued as of July 1, 2006 and only rebates for high efficiency toilets (HET) will be issued. Mr. Grisso also reviewed the large landscape rebate program.

Director Rodoni requested that the public hearing for Regulation 17 be held in West Marin at the June 27th meeting.

On motion of Director Petterle and seconded by Director Rodoni the Board unanimously set June 20, 2006 as the date for the public hearing to consider changes to Regulation 15 – Water Conservation Novato Service Area and June 27, 2006 as the date for the public hearing to consider changes to Regulation 17 in Water Conservation West Marin Service Area.

APPROVE WONDERWARE UPGRADE INSTALLATION SUPPORT AND DCMS COMPUTERS

Mr. McMaster reported that at the time the purchase of the Distribution Control and Monitoring System (DCMS) computer and an upgrade to the Wonderware software was authorized, it was believed that the transition would be simple and easy. However, after the software purchase, it was determined that the transition would not be simple. He stated that staff solicited proposals from five consulting firms to help with the transition and determined that the proposal received from Sky Valley Engineering is reasonable and that the company has the required telemetry control and computer skills necessary to perform the task. He also requested that a second computer be purchased to act as back-up should the primary system fail.

On motion of Director Baker, seconded by Director Rodoni and unanimously passed, the Board authorized hiring Doug Wirth of Sky Valley Engineering for the not-to-exceed amount of \$8,800 to assist staff with Wonderware upgrade transition and authorized the purchase of an additional DCMS computer for the not-to-exceed amount of \$2,000.

INFORMATION ITEMS

Robert Clark introduced Ann Hancock, President of Climate Protection Campaign who was in attendance to present information on green house gases and their effect on the environment and request that the District join other cities and agencies to set a target and pursue green house gas reduction. Ms. Hancock suggested that water use efficiency is the most cost-effective way to achieve reduction of green house gases and noted the District's efforts to conserve energy at its facilities and to promote water conservation. A discussion of the information presented followed and the Board felt it was important for staff to budget for a scope to develop a plan for reduction of green house gases.

Ms. Hancock thanked the Board and left the meeting.

STAFFORD TREATMENT PLANT REHABILITATION PROJECT -PROGRESS REPORT NO. 10 (HARRIS & ASSOCIATES)

Michelle Leonard, Project Manager with Harris & Associates presented progress report No. 10 for the Stafford Treatment Plant Rehabilitation Project and stated that the project is 98% complete.

She stated that as of April 2006, total contract days was 831 which includes one change order day and that the number of days elapsed is 975. The total contract cost as of April was \$12.6 million. Ms. Leonard presented photos of the site and stated that the most notable change is the removal of the dirt mound in front of the building and that the new access road is completed. She stated that US Filter installed the GAC media in the filters and ran the filters for 12 to 15 hours before depleting the on-hand supply of micro-sand.

She stated that there is approximately \$500,000 in fines, which includes liquidated damages at \$1,000 per day since December 6. She stated that completion is scheduled for June 6, six months behind schedule and that punch list items, submittals and resolutions of issues and claims remain.

ADMINISTRATIVE DRAFT – NOVATO SYSTEM RECYCLED WATER IMPLEMENTATION PLAN

Mr. McIntyre apprised the Board that the Administrative Draft of the Novato System Recycled Water Implementation Plan prepared by Nute Engineering will be presented at the June 6th meeting by Ed Nute and that a copy of the plan is being presented in advance of that presentation for their perusal.

DISTRICT POLICIES REVIEW

11 – Liability Contingency Fund Application In West Marin Water Improvement Districts

Mr. DeGabriele presented for Board review, Policy No. 11, Liability Contingency Fund Application in West Marin Water Improvement Districts, and asked for comments from the Board.

Director Rodoni suggested that Policy No. 11 should address the situation that if the Novato Water System funds become exhausted, the West Marin Liability Contingency Reserve Fund would be used.

12 – Attorney’s Attendance At West Marin Meetings

Mr. DeGabriele also presented for Board review Policy No. 12, Attorney’s Attendance at West Marin Meetings, and asked for comments from the Board.

Director Petterle suggested adding “... or the Board” to the last sentence of the policy.

Mr. DeGabriele stated that these changes would be included in the revised policies and presented for adoption on the Consent Calendar at the next Board meeting.

ADDITIONAL REVIEW – NOVATO WATER EQUIPMENT

Mr. Bentley presented the Proposed FY 06/07 Equipment Budget for the Board’s third review and noted that two items were removed and the budget now totals \$384,200.

Director Baker expressed concern that the chart depicting the History of Equipment Purchases suggests a trend of increased equipment costs and requested that staff provide an explanation of the trend and how to reduce equipment costs in the future.

ADDITIONAL REVIEW – NOVATO WATER IMPROVEMENT PROJECTS

Mr. Bentley presented the Proposed FY 06/07 Improvement Projects Budget for its third review by the Board and stated that nine changes were made since the last review and the budget now stands at \$9,891,000.

ADDITIONAL REVIEW – NOVATO WATER OPERATIONS BUDGET

Mr. Bentley stated that a redistribution of Engineering Department staff time from Improvement Projects to Operations has been incorporated adding an additional \$88,000 of expense into next year’s Novato Operations Budget. He stated that proposed water rate increases add \$300,000 to budgeted revenue during FY 07. Mr. Bentley reported that staffing is being increased 1.7 FTE from the current year budget and that the Water Conservation Specialist position’s proposed salary is comparable with other agencies. Mr. Bentley advised the Board that the West Marin budgets will be presented for initial review at the June 6th Board meeting and that the proposed water rate hearing notice will be published in the local newspapers.

QUARTERLY PROGRESS REPORT – WATER QUALITY DEPARTMENT

Mr. Ramudo reported that the service areas of Novato and Point Reyes met state and federal water quality standards during the third quarter of the FY 2005/06. He stated that Stafford Lake raw water is sampled for *cryptosporidium* and *giardia* and none were detected and that Stafford Lake water quality is also monitored on a bi-weekly basis. He said that data is being collected to determine if the Solar Bee aerators are effective in reducing blue green algae. Mr. Ramudo also reported that the lab has already completed the 2011 monitoring and compliance scheduling for *cryptosporidium* and *giardia*.

Mr. Ramudo reported that Pt. Reyes water quality is good and that salt water intrusion has not been a problem this quarter. He stated that the January flooding of wells did not seem to have significant impact, and that bacteria in the wells for the last 6 months are diminishing as the water table drops.

Mr. Ramudo advised the Board that the District laboratory is trading testing services with the Novato Sanitary District lab. The District will perform Fecal Coliform testing for NSD weekly during discharge months (winter-spring) and NSD will perform Biological Oxygen Demand testing for Oceana Marin Samples on a monthly basis.

QUARTERLY PROGRESS REPORT – OPERATIONS DEPARTMENT

Mr. McMaster reported that the most significant factor during this quarter was rain and that Stafford Lake elevation was at its highest in over 10 years. He stated that in West Marin, flooding forced shutdown of the wells at Point Reyes and in Oceana Marin water was released from the ponds during the dry period in February.

OPTIONS FOR COMPLIANCE W/ SB 1087 – WATER SERVICE PRIORITY TO PROPOSED AFFORDABLE HOUSING DEVELOPMENTS

Mr. DeGabriele presented options for compliance with SB 1087- Water Service Priority to Proposed Affordable Housing Developments that was enacted this past year that requires that water and sewer agencies prioritize service to affordable housing. He said that one option would be to subsidize connection fees for affordable housing projects, but that is contrary to the District's long-standing practice of requiring new development to pay 100% of the cost necessary to provide water; and another option would be to provide financing of the connection fees over time.

Director Baker stated that the District has historically shied away from subsidizing connection fees, and that it is ill-advised and risky and that the District should not go down that path.

Mr. DeGabriele stated that legal counsel strongly cautioned the District against the first option and Mr. DeGabriele suggested the District consider financing the connection fees for a period of time.

Director Schoonover suggested that the second option would be worth investigating.

Director Fraites stated that the full amount of connection fees would eventually be collected when paid over time.

Director Rodoni stated that he requested staff to look at this issue during the review of the legislation. He stated that all agencies in the county are part of the problem of not enough affordable housing because the fees paid to the agencies impact affordability. He stated that this was an opportunity for the District to give some concessions to affordable units and to make a slight policy change to benefit affordable housing development. He acknowledged that the District has not subsidized connection fees in the past, but he stated that he felt the District has subsidized StoneTree. He stated that the second option would be agreeable and that payments could be spread out and suggested that no interest to be paid by the developer.

There was a discussion and the Board requested staff to provide a more concrete proposal to present to the Board at a future meeting.

PETALUMA BOULEVARD SOUTH AREA WATER SERVICE RESPONSIBILITY

Mr. DeGabriele provided an overview of the development of Petaluma Boulevard South area and noted that the District serves seven properties in that vicinity. He stated that in March Mr. McIntyre presented the District's response to a Notice of Preparation of a draft Environmental Impact Report for the Dutra Haystack Landing and Asphalt and Recycling Facility that stated that the District would not expand its water service beyond the limited historical entitlement to this property. Mr. DeGabriele reported that the District has received another request for water service for fire protection at the Rhinehart Truck Stop fueling facility (Cardlock Development) and that the District is proposing to respond similarly. He stated that staff is also proposing the Board update the policy statement regarding service from the North Marin Aqueduct to reflect the fact that Sonoma County Water Agency now owns the north portion of the North Marin Aqueduct. Mr. DeGabriele suggested that items 1 through 4 of the Policy Statement be deleted and replaced with the following statement:: "lands that are currently served and receive land use approval from the County of Sonoma for redevelopment may be served with water entitlement limited to historical use as solely determined by the District."

RESPONSE LETTER FROM SCWA TO MMWD RE POTTER VALLEY PROJECT

The Manager provided a recap of Marin Municipal Water District's letter of August 2005 to the Sonoma County Water Agency regarding Potter Valley Project and presented a series of four letters from the Agency in response to the MMWD request.

NORTH BAY WATERSHED ASSOCIATION MEETING – MAY 5, 2006

Mr. DeGabriele stated that there was a very interesting presentation of the Corte Madera Creek watershed and flood activities.

MISCELLANEOUS

The Board received the following miscellaneous information: Water Conservation Program Quarterly Status Report, Characteristics of Service Areas.

The Board also received the following news articles: Novato Fire Protection District Hires Longtime Firefighter Revere as New Chief (5/5), Dormant \$ for NMWD (5/4), Toilet Rebates (5/4), North Marin Water District – New Plant Ready at Stafford Lake (5/3).

ADJOURNMENT

President Schoonover adjourned the meeting at 10:20 p.m.

Submitted by

Renee Roberts
District Secretary