

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
February 15, 2005**

CALL TO ORDER

President Baker called the regular meeting of the Board of Directors of North Marin Water District to order at 8:00 p.m. at the District headquarters. Present were Directors Jack Baker, Steve Petterle, Dennis Rodoni and John Schoonover. Director Fraites was absent. Also present were General Manager Chris DeGabriele, Secretary Joyce S. Arnold, Auditor-Controller David L. Bentley and Chief Engineer Drew McIntyre (at 8:40 p.m. due to his attendance at a Verissimo Valley HOA meeting regarding the Wild Horse Valley Tank No. 2). District employees Mike McMaster (Operations Superintendent), Brent Collins (Construction Superintendent) and Robert Clark (Facilities Maintenance Superintendent) were in the audience. Mr. Mark Buckwalter was also present.

West Marin Employee Housing

Mr. Bentley stated that since the agenda was posted an issue had come to staff's attention that required immediate action that cannot reasonably wait for the next regularly scheduled meeting. He stated the issue arose when staff learned that the deadline for purchase offers on the Ecumenical Association of Housing (EAH) market rate housing in West Marin (Point Reyes) is Thursday, February 17, 2005 at noon. He stated as there is a definite need for a District presence in the West Marin community, staff would like Board authorization to bid on a house in the area and rent it to one of the District employees at a discount when the employee provides after-hours water service on an as needed basis in West Marin.

On motion of Director Petterle, seconded by Director Rodoni and unanimously carried by those Directors present, the Board authorized the item being placed on the agenda for consideration later in the meeting.

MINUTES

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

GENERAL MANAGER'S REPORT

Marindale Ranch

Mr. DeGabriele stated that on Friday, February 11, 2005 he had toured the Marindale Ranch (Jim Grossi Dairy) and inspected fencing along the creek area and noted that tours can be arranged

for any Board member who might be interested. He noted there was a reimbursement for fencing materials to protect the creek on tonight's disbursements.

Environmental Forum – Toward a Sustainable Marin

Mr. DeGabriele stated that on Saturday, February 12, 2005 he had made a presentation to the Environmental Forum regarding a "Sustainable Marin" to discuss Marin County water supply. He noted that the forum was well attended and focused primarily on Main Municipal Water District issues. He noted that Mr. Gary Wolf from Pacific Institute spoke and noted North Marin's pioneering efforts in water conservation.

Director Baker noted that he has been attending the Environmental Forum course that is held on Saturdays (beginning on January 8, 2005 and will conclude on February 26, 2005). He stated he has found the program very informative and well worth attending.

Board Meeting Starting Time

Mr. DeGabriele stated if the Board was agreeable he would appreciate the Board meeting start time continuing to be 8:00 p.m. through the month of March before reverting to the customary 7:30 p.m. start time. There was no objection voiced.

Tomales Bay Watershed Council Meeting

Mr. DeGabriele stated he had attended the Tomales Bay Watershed Council meeting this date. He stated that the group is interested in making a proposal for Proposition 50 money for the Tomales Bay watershed. He stated that their proposal will be for planning grant funds only and will need support of local water agencies (MMWD, NMWD and Inverness Public Utilities District). He stated he had affirmed North Marin's support to the group.

OPEN TIME

President Baker asked if anyone in the audience or staff wished to bring up an item not on the agenda and the following items were discussed:

Flushing Program

Mr. Clark stated that the flushing program in Novato is winding down and will begin in West Marin soon. He stated only a few calls have been received asking why water is being wasted by District crews and it is explained by staff that the flushing program is for water quality purposes.

Error in West Marin Meter Readings

Mr. Bentley stated it has been learned that over the past 14 months, some West Marin water customers have been under-billed due to meter reading errors. Those customers received a "catch-up" bill in February. He stated that other West Marin customers were over-billed and received a credit on their February bill. In considering the best method to make the customers in West Marin aware of the issue, a press release will be sent to the Point Reyes Light newspaper apologizing for the errors. Customers who received an extraordinarily large bill in February will be invited to contact the District office to establish a payment plan or determine if they are eligible for a bill adjustment.

MONTHLY PROGRESS REPORT

Mr. DeGabriele reviewed the monthly progress report for January 2005. He noted that the water production numbers for Novato and West Marin for the month are typical.

Mr. DeGabriele stated that he had participated in a Stafford Treatment Plant Rehabilitation Project principals meeting and the contractor was notified that if the new plant is not operational by April 1, 2005 the District will charge the contractor for the cost of water that will need to be purchased from the Sonoma County Water Agency. He stated the contractor has accepted that risk.

Mr. DeGabriele noted regarding safety and liability, that the District personnel have worked 136 days without a lost time accident through January 2005. He stated that Mr. Robert Clark has been appointed as the District's new Safety Director.

CONSENT CALENDAR:

On the motion of Director Petterle, seconded by Director Schoonover and unanimously carried by those Directors present the following items were approved on the consent calendar:

Water Agreement - City of Novato Corporation Yard

The agreement is for the proposed improvements to the City of Novato's 1.47-acre Corporation Yard that includes removal of older structures and construction of an administration building, storage building and equipment parking building located at the end of Davidson Street.

The Board approved Resolution 05-02 entitled "Authorization of Execution of Water Service Facilities Construction Agreement with the City of Novato."

Funding for H2O How 2 Fair

The District has been invited to participate in the 2005 Marin "H2O How2" Fair as a full partner with the Marin Municipal Water District (MMWD). The primary goal of this event is to teach customers about the benefits of water-efficient landscaping and plumbing fixtures and is a unique

opportunity to partner with MMWD and promote water-efficiency awareness throughout the Marin County community. The cost of the event has been broken down on a 20% funding level for the District and an 80% funding level for MMWD, with the District's portion being \$14,500. The costs are comprised of rental fees and staffing of the Marin Civic Center, an extensive advertising campaign, promotional items, and an event planner to help insure the success of the event.

Board authorized the General Manager to enter into a letter agreement with Marin Municipal Water District for a full partnership in the 2005 Marin "H2O How2" Fair for an amount not to exceed \$14,500.

Disbursements

The Board authorized payroll and accounts payable vouchers totaling \$1,071,180.20 for disbursement.

ACTION CALENDAR

APPROVE: PURCHASE OF REPLACEMENT PHOTOCOPIER

Mr. Bentley noted that at the November 16, 2004 meeting, the Board authorized staff to solicit proposals for a replacement photocopier. He stated that a Request for Proposal was sent to eight vendors and three proposals were received that met the District's criteria. He stated that staff "test drove" the top two models in-house and the Savin photocopier was the clear choice among the District's clerical and information systems staff.

On motion of Director Schoonover, seconded by Director Petterle and unanimously carried by those Directors present the Board authorized the Auditor-Controller to enter into an agreement with Scott's Office Equipment of Rohnert Park to purchase the Savin Model 4075SP at a price not to exceed \$21,906.

APPROVE: RAINES, MELTON AND CARELLA – BUDGET AMENDMENT NO. 4 FOR A RECYCLED WATER FACILITY EXPANSION TO NOVATO FIRE PROTECTION DISTRICT (STATION #2)

Mr. DeGabriele recapped background information on the proposed project and the need for another amendment to the contract with Raines, Melton and Carella, Inc. (RMC). He stated the original consulting services agreement with RMC for a recycled water facility planning and preliminary design was signed in April 2000 and there have been three amendments to the contract since that time. He stated that a fourth amendment is being requested to RMC's contract which would modify the existing project to serve additional recycled water customers (specifically Novato Fire Protection District). The extension of a recycled water pipeline to the fire station will involve design of an additional 4,000 lineal feet of pipeline starting at Atherton Avenue and traveling

northwest along the road to Fire Station No. 2, and the design fee for performing this work is \$59,403.

Mr. DeGabriele stated the proposed work is not related to the work required to provide recycled water to the Stone Tree Golf Course and, as such, will be funded solely by the District and not reimbursed by the developer, Black Point Partnership (BPP), noting that the work has been included in a grant proposal submitted under Proposition 50. It is staff's objective to incorporate this expansion into the existing contract documents as quickly as possible. Based upon the schedule provided by RMC it is anticipated that, upon approval of this amendment, the District would be ready to move forward with advertisement of the recycled water facility construction project in about six weeks. Staff is also working on finalizing the Recycled Water Service Agreement with BPP and will bring this agreement to the Board for consideration at the second Board meeting in March 2005.

Director Rodoni noted that he believes that since the BPP is benefiting from the proposed project change, he would hope that (except for upgrading the line) the cost of the expansion should be borne by BPP.

On motion of Director Petterle, seconded by Director Schoonover and unanimously carried by those Directors present the Board authorized the General Manager to execute a new amendment to increase RMC's fee by \$59,403 for an expansion of the existing Recycled Water Facility design.

APPROVE: OLEMA TANK REPLACEMENT – CONSTRUCTION CONTRACT AWARD

Mr. McIntyre stated that the approved FY 04/05 West Marin Budget includes replacement of the 80,000 gallon Olema Tank with a new 150,000-gallon tank. He stated the District advertised this project and twenty-nine contractors received contract documents, and staff was very pleased with the number of bids received (eight). Bids were opened on Thursday, January 20, 2005, and the apparent lowest bidder is Jones Bros. of Morgan Hill, CA. Mr. McIntyre stated that eight bids submitted for this West Marin project is considered to be a good response and more than adequate to provide a competitive bidding situation.

Mr. McIntyre stated that the current total project cost estimate of \$573,000 (including a 6% contingency) represents a potential budget increase of \$73,000 over the authorized budget (\$30,000 of which is contained within the 6% contingency). Because of this budget exceedence, it was appropriate for staff to once again review potential cost implications for constructing the tank with steel vs. concrete. He stated that a life cycle cost analysis identifies that the project could stay within budget through re-bidding the project using a steel tank option in lieu of a concrete tank. However, the life cycle costs analysis substantiates that within the first twenty years of service, the

initial savings achieved with the steel tank would be offset due to recoating costs. Furthermore, at the end of the 80 year service life of the tank (concrete or steel) the overall total life cycle cost savings for using concrete over steel is estimated to be at least 30% less. He stated that staff believes there are two options at this stage for the Board to consider: (1) Option 1 – move forward with construction of the Olema Tank Replacement using concrete, or (2) Option 2 – re-bid the Olema Tank Replacement project using welded steel tank construction.

Mr. McIntyre stated that Option 2 has the advantage of keeping the initial capital costs at or below the current budget estimate. However, this is a short-term benefit that will quickly erode each time the steel tank needs to be recoated during the 80-year service life (estimated at four recoats). Mr. McIntyre stated that staff believes that Option 1 has the best overall long-term life cycle costs but exceeds the project's budget of \$500,500. This increase is estimated to range anywhere from \$43,000 (with no contingency) to \$73,000 (with the 6% contingency added). Since bids have been received for the Olema Tank Replacement project, staff believes it is appropriate to utilize a \$30,000 (or 6%) contingency for the construction phase of the project. If the contingency costs remain low for the Olema Tank Replacement project then the overall budget exceedence could be substantially offset by the \$40,000 balance from the budgeted Pt. Reyes Tank No. 1 Replacement project. When looking at both capital costs and long term maintenance costs, it is staff's recommendation to go forward with the concrete tank alternative.

On motion of Director Rodoni, seconded by Director Schoonover and unanimously carried by those Directors present the Board approved: (1) the use of concrete rather than steel for construction of the 150,000 gallon replacement Olema Tank, and (2) authorized the General Manager to execute an agreement with Jones Brothers Enterprises in the amount of \$444,000 for construction of the Olema Tank Replacement.

DENY: CLAIM FOR DAMAGES – BUCKWALTER

Mr. Bentley introduced Mr. Mark Buckwalter who was in the audience to address the Board regarding cost incurred to repair damages to his sewer lateral at 2385 Center Road, Novato.

Mr. Mark Buckwalter stated that he had made a claim (\$6,860+) against the District for costs incurred to repair damages to his sewer lateral. He said that he first noticed the problem in January 2004, and had Rescue Rooter out to clean the line. He had them back out in January 2005 when they reported a hard block or possible collapse. Mr. Buckwalter then hired a contractor to replace his sewer lateral on January 25, 2005. Upon excavating the line, it was found that the terracotta sewer lateral was broken and clogged with the sand and fill material that embedded the

copper water service line adjacent to his sewer lateral. He explained that the Water District had replaced the waterline and surmised that his sewer lateral incurred damage at that time.

Mr. Bentley stated that upon investigation by the District staff, it was found that the District had replaced a failed polybutylene water service line with copper at this residence in 1986 (six years before Mr. Buckwalter acquired the property). It was further learned that the contractor Mr. Buckwalter hired to replace his sewer lateral in January 2005 was the District's Construction Superintendent, Brent Collins, who owns a personal business called Brent William Collins Contracting. Mr. Collins explained that terra cotta sewer laterals were installed in that area in 1954, and noted that Mr. Buckwalter's neighbor has also requested Collins Construction to replace their failed terracotta sewer lateral, which is not located anywhere near a waterline.

After a discussion with the Board, it was a consensus that staff should investigate further and determine if there is any evidence that would substantiate Mr. Buckwalter's claim against the District after twenty years and if a cost sharing compromise would be appropriate based on information gathered. The Board will return the item to the next agenda for additional consideration.

Mr. Buckwalter thanked the Board and left the meeting.

WEST MARIN EMPLOYEE HOUSING:

This item was added to the agenda as an urgent item.

Mr. Bentley stated the number of District employees residing in West Marin has declined from three employees last year at this time to only one employee today who is expected to retire soon. He stated that staff believes that one approach to assure that the District maintains a presence in the West Marin community is to purchase a house in the area and rent it to one of the District's existing employees at a discount. In return, the employee would provide after hours water service in the community on an as-needed basis.

Mr. Bentley stated that the EAH project has two two-bedroom homes and one three-bedroom home remaining for sale and offers will be accepted until noon on Thursday, February 17, 2005. The asking price for the two-bedroom one-bath home is \$549,000. The three-bedroom two-bath home is listed for \$595,000. Staff believes the three-bedroom home would be the better investment, as the resale market is larger than for a two-bedroom one-bath home. He noted that the homeowner's association dues are \$120 per month to maintain the private street and storm drain facilities.

Mr. Bentley stated that if the District were the successful bidder, the proposed rent on the home would be between \$900 and \$1000 per month depending upon the price paid for the home.

He noted that there is interest among some of the employees to take advantage of the opportunity of renting the house under the proposed circumstances.

Director Petterle stated that he cannot in good conscience reconcile a housing subsidy for one District employee without an outline of an agreement identifying the responsibilities of both the District and the employee.

Director Rodoni stated that he believes it is important that the District be proactive in trying to get a presence in West Marin and have personnel available to respond when needed. He questioned whether it would be feasible (if the District was successful in its bid) for the property to be purchased by an employee using the District's Employee Housing Assistance Program.

On motion of Director Schoonover, seconded by Director Rodoni and carried by the following vote the Board approved staff bidding \$650K for EAH three bedroom home; and a contingency bid on the EAH two bedroom home at \$550K if the bid for the three bedroom home is unsuccessful.

AYES: Directors Baker, Petterle, Rodoni and Schoonover

NO: Director Petterle

ABSTAIN: None

ABSENT: Director Fraites

Staff was requested to bring to the next meeting: (1) a history of West Marin call out and costs to justify the proposed rent subsidy; (2) criteria for a possible call out policy; (3) evaluate the possibility of employee ownership and (4) what other agencies use as criteria to justify rent subsidy for employees.

INFORMATION ITEMS:

URBAN AREA WATER COST COMPARISON

Mr. Bentley reviewed the 2005 Urban Area Total Annual Water Cost Comparison with the Board noting that the District's standing (with \$344.84 annual charge) moved up one notch from last year and now ranks sixteenth out of the seventeen agencies surveyed.

NMWD WATER CONSERVATION QUARTERLY REPORT

Mr. DeGabriele reviewed the Water Conservation Quarterly Report provided by Sonoma County Water Agency Water Conservation Program Manager Ryan Grisso. He noted the report provided updated information on the District's Best Management Practices compliance.

Mr. DeGabriele stated that Mr. Grisso will attend the first meeting in April to get feedback from the Board on the District's current water conservation programs and goals for next year's program.

NORTH BAY WATERSHED ASSOCIATION MEETING (FEBRUARY 4, 2005)

Mr. DeGabriele recapped the North Bay Watershed Association meeting held on February 4, 2005. He stated that the items of particular interest at the meeting were the budget for 2006 and the integrated regional water management plan path forward.

WATER ADVISORY COMMITTEE NEW AGREEMENT NEGOTIATION MEETING (FEBRUARY 7, 2005)

Mr. DeGabriele recapped the Water Advisory Committee meeting held on Monday, February 7, 2005. He stated that the items discussed at the meeting included the presentation of the proposed SCWA water rates (up 1.5% from last year to \$436.87/AF for North Marin) and the SCWA budget for FY 2005/06.

Mr. DeGabriele noted that at the MMWD's General Manager advised at the meeting he has discussed the option available to acquire the 5,000 AF of additional Russian River water supply with the MMWD board and four alternatives are being considered.

Director Rodoni stated that he had a discussion with Mr. Huffman from MMWD about the usefulness of having a joint meeting between the MMWD and NMWD boards. He noted that there was also speculation about the benefits of having the two district managers and one board member from each board meet on a quarterly basis.

MISCELLANEOUS:

The Board received the following pieces of miscellaneous information: 2004 Reimbursement Fund Program Report, Memo re Use of District's Website, Single-Service Installation Cost (5-Year History) and Coast Springs Water System Update (February 2005).

The Board also received the following news articles: A New Priority: No Salamander Left Behind (2/2/05), Tiny Occidental Faces Giant Sewer Bills (2/1/05), MMWD Faces New Delay in Desalination (1/30/05), RP Concludes Extensive Study of Water Supply (1/29/05), North Marin to Sell 7 Lots, Rohnert Park Won't Let Growth Jeopardize Water Supply, Trout Drought Finally Over, and Firm to Study Pt Reyes Water System Future.

ADJOURNMENT

President Baker adjourned the meeting at 9:51 p.m.

Submitted by

Joyce S. Arnold
District Secretary