

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
February 19, 2008**

CALL TO ORDER

President Fraites 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, 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), Doug Moore (Construction Superintendent) and Dave Jackson (Associate Engineer) were in the audience.

MINUTES

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

GENERAL MANAGER'S REPORT

Oceana Marin Sewer Leak

Mr. DeGabriele reported that late Monday, February 18, 2008, a customer in Oceana Marin had called the District emergency service line and reported that a sewer leak was suspected and the on-call person responded. He said that District Maintenance staff went to the area and confirmed that a broken pipeline on a steep hill near Kailua Way, approximately 20 feet above a manhole, was the source of the sewer leak. Mr. DeGabriele stated that tree roots infiltrated the pipe joint causing it to break apart; and the roots created a blockage in the pipe which resulted in raw sewage to surface, travel downhill to the drainage swale and storm drain that flows to the ocean. He further reported that District staff called Roto Rooter, who cleaned out the blockage, which was completed by 7 p.m. on Monday night. He said that it is estimated that over 250 gallons of raw sewage was discharged. Mr. DeGabriele advised that a press release was sent to local newspapers and to the Oceana Marin Homeowners Association Board of Directors, that the area was roped off and signs posted to warn people of the potential health hazard. He said that the Regional Water Quality Board, Department of Fish and Game and the County of Marin Health Department were notified and that samples were collected upstream and downstream of the break and an ocean water sample was also collected as requested by the County. He said that this pipeline was video-inspected in 2000 and no breaks or root intrusions were detected at that time

and that this pipeline will be video inspected again this coming week prior to final repair to determine if there are other areas of the pipeline in need of attention.

State Water Resources Control Board Workshop

Mr. DeGabriele stated that he and Drew McIntyre attended the State Water Resources Control Board staff workshop on the North Coast Instream Flow Policy on February 6, and that he had an opportunity to talk to State Board Director Art Baggett. He said that Mr. Baggett encouraged him to review and provide comments to the 840-page document that addresses all of the coastal streams that drain to the ocean including streams in the north San Pablo Bay Region. Mr. DeGabriele stated that he agreed to Mr. Baggett's request.

Intertie Negotiations

Mr. DeGabriele advised that he and Drew McIntyre met with Marin Municipal Water District staff for further negotiations on the Intertie Agreement. He said it was a productive meeting, but that there was nothing to report at this time.

OPEN TIME

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

Stafford Lake Outlet Tower Pre-Bid Meeting

Mr. McIntyre reported that a mandatory pre-bid meeting for the Stafford Lake Outlet Tower project was conducted by Dave Jackson and that over twenty contractors were in attendance. He advised that the bid opening is March 6, 2008.

MONTHLY PROGRESS REPORT

Mr. DeGabriele provided the Monthly Progress report for the month of January and stated that water production in both Novato and West Marin is down considerably from a year ago. He stated that staff at the Stafford Treatment Plant is tuning up the process to start-up early this spring and that Granulated Activated Carbon (GAC) in two GAC cells was replaced. Mr. DeGabriele stated that the District has experienced 59 days without a lost-time accident. He further stated that rebates for washing machines continue and that 19 Water Smart Home Surveys were conducted. Mr. DeGabriele reported that customer complaints and service orders were down from last January due to a reduction in leak complaints and service repair reports.

CONSENT CALENDAR

On the motion of Director Baker, seconded by Director Petterle and unanimously carried the following items were approved on the Consent Calendar:

OLEANDER LANE LAND DIVISION - OTTERLEE

The Board approved the Applicant's Water Service Agreement for the Oleander Lane Land Division project on February 20, 2007; however, the Applicant failed to make financial arrangements and construct within one year from the date of the Agreement. The Applicant advised that they are now ready to move forward with the project and the cost estimate has been revised by District staff to reflect the increase (6.25%) in construction labor and material costs and the project is now estimated at \$181,310. Water facilities proposed under this project remain the same as approved by the Board on February 20, 2007.

The Board approved Resolution No. 08-02 entitled, "Authorization of Execution of Amendment to Water Service Facilities Construction Agreement with James and Margaret Otterlee."

McKENZIE CLAIM SETTLEMENT

The McKenzie civil claim was settled on January 25, 2008 and Mr. McKenzie will receive \$225,000 as full and final settlement of his claims against the District. The District's contribution to the settlement is \$65,000 and resolves all insurance coverage issues, precluding Arch Insurance from coming back to the District for reimbursement, including deductibles. Arch Insurance will pay the \$160,000 balance toward settlement with Mr. McKenzie and cover the cost of the District's defense, estimated at \$235,000. Marin County Superior Court Judge Lynn Duryee has scheduled February 25, 2008 to confirm dismissal of the case.

The Board approved payment of \$65,000 to settle the McKenzie civil claim.

ACTION CALENDAR

APPROVE: PALMER DRIVE WATER TANK – CONSTRUCTION CONTRACT AWARD

Mr. McIntyre provided a review of the Palmer Drive Water Tank bid process and stated that thirteen bids were received and that the apparent low bidder is ProVen Management, Inc. of San Francisco. He summarized the three lowest bids and stated that there was a \$16,000 spread between the three lowest bidders which indicated that the plans were clearly written and that the low bid is reasonable and sufficient to complete the job. He said that ProVen met all requirements in the bidding process and staff reviewed the material equipment manufacturers' lists and the subcontractors of all three low bidders. Mr. McIntyre said that the three lowest bidders proposed to

use Crosno Construction for tank fabrication and construction and noted that Crosno constructed the Center Road Tank and did a good job. He advised that references were checked for ProVen and all agencies confirmed that they were satisfied with ProVen's work. He explained that ProVen is a project management firm and that ProVen bundled up the subcontractors and will manage the project.

Director Baker inquired if there was a requirement that the general contractor perform a percentage of the work. Mr. McIntyre responded no, because the bulk of the work was the tank fabrication and that the District did not want the tank fabricator to be the general contractor for the entire project.

Mr. McIntyre stated that the difference between the bidders' prices and the engineer's estimate was fairly close on line items other than the tank construction and that the engineer's estimate for the tank was 1.5 to 2.5 times higher than the bids that were received for the tank.

On motion of Director Schoonover and seconded by Director Petterle and unanimously carried the Board awarded the construction contract to ProVen Management in the amount of \$2,374,111 plus a contingency of \$120,000 (5%).

Director Baker complimented staff on a job well done, and Mr. McIntyre extended his thanks to Dave Jackson and Winzler and Kelly.

APPROVE: NOTICE OF COMPLETION – STAFFORD SECURITY PROJECT

Mr. Clark provided a brief history of the Stafford Security Project and said that the contract for the final phase of construction was awarded to Mike Brown Electric and that a letter from Mike Brown Electric confirmed that their obligations under the contract have been met and all subcontractors and suppliers have been paid. He said that District staff has inspected the project and that the project was completed on November 30, 2007. He stated that a Notice of Completion, if approved by the Board, will be filed with the County of Marin that provides thirty-five days for subcontractors to file for any unpaid balances on the contract. Mr. Clark also provided a project cost summary.

On motion of Director Petterle and seconded by Director Baker, the Board unanimously voted to authorize the General Manager to execute and file a Notice of Completion for the Stafford Treatment Plant Security Project.

INFORMATION ITEMS

2008 URBAN AREA WATER COST COMPARISON

Mr. Bentley reported that the District ranks 16th out of 17 agencies, remain in the same standing as one year ago and that the annual cost to the typical District customer remains at \$382. He reminded the Board that the Conservation Incentive Tier Rate does not affect the District's typical customer. Mr. Bentley said that staff is reviewing the five-year financial plan and will bring the item to the Board for discussion about a water rate increase at the next meeting. Mr. Bentley noted that the Town of Windsor had the largest percentage increase (29%) because they revised their tier thresholds downward and raised rates.

Director Petterle questioned whether the true cost of doing business is being factored into the rate structure in relation to equipment, District infrastructure and vehicle replacement costs when considering water rate increases.

MID-YEAR IMPROVEMENT PROJECTS PROGRESS REPORT – ENGINEERING DEPARTMENT

Mr. McIntyre reviewed the mid-year improvement projects progress report and said that 72 projects were originally budgeted in FY 07/08 and that seven projects have been added, four projects have been carried over from the previous fiscal year and four projects have been deferred, resulting in a total of 79 projects. He said that the report includes all departments' projects but that of the 79 improvement projects, 43 are under the lead responsibility of the Engineering Department for completion and the remaining 36 projects are under the responsibility of other departments. He provided highlights of the report and stated that the Novato system expenditure forecast (\$4.3M) is considerably less than budgeted (\$7.7M) and that projects planned to be complete were budgeted to be 55% complete but are actually 36% complete.

Mr. McIntyre stated that West Marin forecasted project costs are approximately \$500,000, 90% of budgeted costs (\$550,000). He stated that projects completed are 48% compared to a planned completion of 60%.

Mr. McIntyre reported that in Novato, four new projects have been added: Reichert Avenue Upsize Mains (added as part of the Whole Foods project), Trumbull Tank Repair Drain Line and two projects under Sonoma County Water Agency (Wohler Pipeline Contribution and Collector 6 Contribution). He advised that the \$2.7M gap between forecasted expenditures and original budgeted expenditures are primarily attributed to delays in the Stafford Lake Outlet Tower Rehabilitation and the Palmer Drive Tank projects. He said that the Ponti Tank Recoat Project budgeted for this year and the recoating of the Lynwood Water Tank, budgeted for next fiscal year, are ready for the bid advertisement phase and that proposals for these two projects will be combined.

Mr. McIntyre reported that the two projects that have been added to the West Marin Improvement Project schedule include the grant funding application work for the Integrated Coastal Watershed Management Plan Gallagher Well and Pipeline Project and a 4" steel replacement on Elizabeth and Sunnyside in PRE. He advised that two projects exceeded the original budget but that other projects have come in under budget resulting in the total forecasted budget to be equal or less than the approved budget. Mr. McIntyre said that homeowners' concern for the visual aesthetics of the generator building in Oceana Marin is being addressed with a proposal from CSW/Stuber-Stroeh for approximately \$4,000 to identify alternatives. He stated that overall labor hours for District projects are within 10% of the estimated budget and that labor hours for developer projects have trailed below budget.

MID-YEAR PROGRESS REPORT – MAINTENANCE DEPARTMENT

Mr. Clark provided the mid-year progress report for the Maintenance Department and advised that one employee suffered an injury and incurred two lost work days. He said that District facilities' reliability were good but that a PG&E power failure affected Bahia and the main office service for two hours but that there were no impacts to water delivery. He noted that Stafford Treatment Plant Security installation is complete, as well as landscaping around Center Road Tank; that the Oceana Marin Treatment Plant chlorination building was replaced and the chlorine storage system was rebuilt.

Mr. Clark said that the Transmission and Distribution group oversaw the City of Novato paving projects in Ignacio and that the Electrical/Mechanical group completed work on the Inverness Park Pump Station replacement, removed the Downey well pump and motor from the well head and work on the Oceana Marin Generator enclosure was substantially completed. He reported that the Building and Grounds crew continued with seasonal work of mulch placement and brush removal in Oceana Marin and at Stafford Lake spillway. He further reported that the Cross Connection Control group noticed 112 customers for backflow device failure and that 50% were repaired within 45 days and all but 26 were repaired by December 31, 2007.

Mr. Clark concluded his report by presenting a demonstration of the security system at Stafford Treatment Plant and showed video footage of various views of the treatment plant and surrounding area as captured by the seven security video cameras.

SCWA PROPOSED FY 2008-09 BUDGET & SONOMA-MARIN SAVING WATER PARTNERSHIP

Mr. DeGabriele stated that the next Water Advisory Committee meeting will be held on Monday, March 3 and that the Water Advisory Committee will consider adoption of the proposed SCWA Fiscal Year 08/09 budget. He said that for the District, the proposed rate is \$490.62 per

acre foot, an increase of 5.81% from last fiscal year. Mr. DeGabriele noted that the Technical Advisory Committee budget subcommittee has worked long and hard with SCWA to develop reasonable water rates that are acceptable to the contractors at the Technical Advisory Committee level. He said that SCWA has reduced its funding for water conservation and shifted the equivalent amount to a reserve restoration account. He explained that the reason for this is twofold: SCWA received less revenue due to the limit on summer Russian River diversions; and there were other projects that SCWA funded with the reserves. He said that after many discussions with SCWA, a compromise was reached, with a suggestion by the City of Petaluma, that the water contractors commit to fund water conservation programs in their individual agency budgets and eliminate the circular funding arrangement where water conservation funding was collected in the SCWA rates for water deliveries and then redistributed to the contractors for water conservation purposes pursuant to an allocation formula. He stated that to address the change in funding for water conservation, the Sonoma-Marin Saving Water Partnership MOU will identify a commitment among the water contractors and Marin Municipal Water District to budget and expend \$1.5M annually over the next ten years. Mr. DeGabriele stated that at the March 3 meeting, the WAC will be asked to consider adoption of the budget, adoption of the guidelines for establishment of a prudent reserve, and consider the approval of the Sonoma-Marin Saving Water Partnership MOU and that all parties will be requested to take the MOU back to their elected officials for consideration.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements, Russian River Bulletin, Letter from Marin County Board of Supervisors Re Sewage Spill Notification and Response. The Board also received the following news article: Split Petaluma Council Hires City Manager (2/8).

ADJOURNMENT

President Fraites adjourned the meeting at 8:55 p.m.

Submitted by

Renee Roberts
District Secretary