

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
June 2, 2009**

**CALL TO ORDER**

President Rodoni called the regular meeting of the Board of Directors of North Marin Water District to order at 7:32 p.m. at the District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Steve Petterle, Rick Fraites and John Schoonover. Also present were General Manager Chris DeGabriele, Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

SCWA Deputy Chief Engineer Jay Jasperse and SCWA Staff Engineer Don Seymour, Novato Residents Ed Grundstrom, Rob and Kyle Manzoni, and District employees Robert Clark (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance Superintendent) and Alicia Manzoni (Consumer Services Supervisor) 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**

**Novato Sons in Retirement**

Mr. DeGabriele reported that he made a presentation to the Novato Sons in Retirement today and explained the water supply situation, the water use restrictions and water rate increase. He said that he received a plethora of questions that indicated that the members understood the issues involving the water supply issues.

**Customer Out-Reach at Pini Hardware**

Mr. DeGabriele advised that Ryan Grisso, District Water Conservation Coordinator, will be outreaching to District customers at Pini Hardware this Saturday, June 6. He said that Mr. Grisso will also be present at the Novato Farmers Market on Tuesdays and that the water waste patrols are now patrolling. Director Baker asked if District staff has had contact with any landscaping contractors and Mr. DeGabriele stated that the SCWA and District staff have made good contacts with the California Landscape Contractors Association.

**OPEN TIME**

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

### Rate Increase Clarification

Ed Grundstrom, Hatch Road, asked for clarification, and the Board confirmed, that at the special meeting, the subsequent proposed rate increases for the next four years was not included in the resolution adopted by the Board of Directors setting new water rates.

### Challenge to Government Code Citation for Close Session

Mr. Grundstrom questioned the Government Code Section 54956.8 cited as reason for the closed session scheduled at the end of tonight's meeting to discuss terms of Intertie Agreement between North Marin Water District and Marin Municipal Water District. Mr. DeGabriele verified with District legal counsel that the citation is correct.

### **STAFF/DIRECTOR REPORTS**

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

#### Second Feed to Amaroli Tank

Mr. McIntyre reported that the Second Feed to Amaroli Tank is underway and that the directional drilling contractor began drilling this afternoon.

#### North Bay Water Reuse Authority

Mr. McIntyre announced that there is a tour scheduled tomorrow sponsored by the North Bay Water Reuse Authority with representatives of the US Bureau of Reclamation who are coming to see the project area, and will visit the Recycled Water Facility at Deer Island, Hamilton Spanish Housing area, and will finish up at Las Gallinas Valley Sanitary District.

### **CONSENT CALENDAR**

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

#### **COLLEGE OF MARIN PHASE 3 TRANS-TECH BUILDING - INDIAN VALLEY CAMPUS 09-18**

The College of Marin Indian Valley Campus Phase 3 Trans-Tech Building project consists of renovation of the Transportation and Technology building cluster. The Novato Fire Protection District requires fire sprinkling of the buildings necessitating installation of a 6-inch fire service. No new water demand is requested. New water facilities required include 20 feet of 6-inch steel main and one 6-inch fire service assembly.

The Board approved Resolution No. 09-18 entitled, "Authorization of Execution of Water Service Facilities Construction Agreement with Marin Community College District."

### **OAKVIEW OFFICE BUILDING**

The proposed two-story office building project requires the existing 12-inch water main on Meadow Crest Road be looped to the 12-inch water main on Redwood Boulevard to improve water quality and service reliability. New on-tract water facilities include 580 feet of pipe, one steamer hydrant, one 6-inch fire service, one 1 ½-inch domestic water service and one 1-inch irrigation service with a RPP backflow prevention device. The District requires that the irrigation system be plumbed for future connection when recycled water is available; and per Emergency Water Conservation Ordinance No. 22, new water meters will not be installed during the suspension period unless landscape installation is deferred until after the end of the suspension period. This project is eligible for 2008 connection fees since all necessary information was provided and all requirements were satisfied by the applicant by December 31, 2008.

The Board approved Resolution No. 009-19 entitled, "Authorization of Execution of High Pressure Water Service Facilities Construction Agreement with Grande Vista LLC & Gerald T. Ghirardo Family Trust."

### **ACTION CALENDAR**

#### **APPROVE: CHANGE ORDER NO. 3 – WINZLER & KELLY AGREEMENT FOR PALMER DRIVE TANK**

Mr. McIntyre reported that Winzler & Kelly provided engineering design services as well as engineering services during construction of the Palmer Drive Tank. He said that when construction began, the US Army Corps of Engineers advised that there were additional permitting issues for the wetlands protection area that was not in the original scope of work. He said that Change Order No. 3 in the amount of \$6,765 is for additional permitting services performed by Winzler & Kelly. Mr. McIntyre noted that no budget augmentation would be necessary as this project is estimated to be completed approximately \$800,000 under FY09 budget.

On motion of Director Petterle and seconded by Director Baker, the Board unanimously authorized the General Manager to execute Change Order No. 3 to Winzler & Kelly in the amount of \$6,765 for additional permitting services.

### **INFORMATION ITEMS**

#### **SCWA PRESENTATION – WATER SUPPLY ISSUES**

Mr. DeGabriele introduced Jay Jasperse and Don Seymour, from Sonoma County Water Agency, who presented the water supply challenges including compliance with the Endangered Species Act, changed operations of the Potter Valley Project, Decision 1610, drought, climate change, reliability of the agency's water supply transmission system facilities, seismic issues and

cost containment and strategies moving forward. Mr. Jasperse said that the Sonoma County Board of Supervisors directed the Water Agency to make the presentation to key stakeholders, solicit their input and return to the Sonoma Board with tested strategies for future planning and budgeting. Mr. Jasperse reviewed twelve recommended strategies to address the water supply issues including habitat enhancement of Dry Creek in accordance with the biological opinion, update Decision 1610, increase transmission system operational reliability to reduce peak demands, re-evaluate transmission system operational strategy and consult with water contractors on baseline demand system rather than peaking system, and renegotiate the Restructured Agreement to reflect current conditions.

Director Petterle stated that there is limited water supply capacity and increase in demand and asked if there was any acknowledgement on the part of Sonoma County on continuing growth by Sonoma County while the water contractors are asked to cut their demand.

Mr. Jasperse responded that there is water available to the region during certain times and the region must look at increasing the use of winter water – Russian River water as well as local supply. Mr. Seymour acknowledged that the North Marin used Stafford Lake to store winter water this year. Mr. DeGabriele stated that Stafford Lake is used every year for winter storage and that this fact should be acknowledged in the presentation.

Director Baker said that the presentation is generic and suggested that although there are many issues in common among the contractors, the presentation should incorporate issues unique to the community to whom they are presenting.

Director Petterle asked if by opening up a discussion on Decision 1610 with the State Board is there is a potential that the situation could become worse? Mr. Seymour said yes, that this is what happened with the Temporary Urgency Change petition. Mr. Jasperse added that the State Board is looking for local stakeholders to solve the region's problems.

There were lengthy discussions on the biological opinion requirements, Decision 1610 and the south transmission system project.

Director Petterle commented that the District had recently enacted the Emergency Water Conservation Ordinance 22 calling for a 25% reduction in water use and adopted a 20% rate increase. He said there were a group of customers present who believe that staff and the Board have done nothing to plan ahead. He asked how the Water Agency can help educate the Novato customers and there needs to be a concerted effort to educate the customers so that when the rate increases and cutbacks happen again, we don't have a room full of angry customers. Mr. Jasperse

responded that they are making these presentations to agencies, cities and organized groups and agreed that educating the lay public is most important.

Mr. DeGabriele said that he has comments and questions. He stated that National Marine Fishery Service has obligated the agency to perform on the Reasonable and Prudent Alternatives so those habitat enhancements will happen notwithstanding whether there will be a Dry Creek pipeline or not. He commented that the District needs to know how long the area will be in this chronic summer shortage period. He stated that a water supply and transmission project has been developed, gone through the EIR process and got to the point where a supplemental EIR would correct deficiencies to move forward; yet it was abandoned and had to start over. He said part of that project included aquifer storage and recovery of winter water and that was abandoned by the Board of Supervisors after a roomful of public opposed. He asked has the thinking changed in Sonoma County and will there be the political will to include aquifer storage as a component of a future project?

Mr. DeGabriele stated that North Marin has been told by the Water Agency that the south transmission system is impaired and that velocity is too high. He stated that that project should not have a lesser priority than any seismic hazards project because it is a facility that operates everyday to keep Rohnert Park, Cotati, Petaluma, North Marin and Marin Municipal Water Districts in water supply. He reiterated that North Marin paid for 14.8 million gallons per day delivery capacity for the Petaluma Aqueduct so that needs to be reflected.

Mr. DeGabriele addressed the Restructured Agreement and stated that Amendment 11 was negotiated in 1998 and the Restructured Agreement was executed in 2005 with the same capacity entitlements and annual caps. He asked will the Agency meet those obligations under those agreements? He said that during the last revision of the Urban Water Management Plan, North Marin was the only contractor to move off the annual cap. He stressed that North Marin is doing its part, that the Board is very environmentally sensitive and supportive of the habitat of fishery protections and recognize that all customers need to pay for that, but that the Water Agency needs to be forthright with the contractors.

Mr. Jasperse acknowledged North Marin and Mr. DeGabriele's work on the Urban Water Management Plan and that he is one of the more informed managers on the system. He said that the Agency is trying to find the direction and be more sensitive to project costs early on.

#### **INITIAL REVIEW – WEST MARIN WATER BUDGET & OCEANA MARIN SEWER BUDGET**

Mr. Bentley presented the West Marin Water Budget and Oceana Marin Sewer Budget for the Board's first review. He stated that a 9% commodity rate increase is proposed for the fifth

consecutive year and the five-year financial plan calls for annual increases of 9% in the commodity rate for the next three years for the West Marin Water System. He further stated that the proposed increase of 25% for the bi-monthly service charge for West Marin water should be decreased to 20% in keeping with the Novato Water System recently approved rate increase of 20%. Mr. Bentley advised that a new tier rate is proposed for customers using between 400 and 900 gallons per day, effecting approximately one-third of residential customers, and that a new "seasonal rate" is proposed for non-residential customers' water use between June 15 and October 31. He said that the proposed rates will generate an additional \$78,000 and that this budget assumes that the two major projects for West Marin, the Gallagher Well and Pipeline project and the Point Reyes Treatment Plan Rehab project, will obtain outside funding.

Mr. Bentley reported that Oceana Marin Sewer System now has a cash balance of \$218,000 and the five-year financial plan proposes that the sewer charge remain constant through FY 14. He stated that after review of projected costs and projected development, connection fee increases in both West Marin Water (140%) and Oceana Marin Sewer (69%) are recommended.

Mr. Bentley reviewed the improvement projects budgeted for the coming year in both systems. He stated that in West Marin, the replacement of 2" galvanized steel pipe in Paradise Ranch Estates, seismic retrofit for storage tanks and design and property location for a 100,000 gallon solids-handling tank near the Point Reyes Treatment Plant are proposed. He advised that integration of the Old Dillon lift station and disposal pond remote alarm into the SCADA system and continuation of system infiltration repairs are planned.

Mr. Bentley provided a page-by-page review of the budgets and advised that the West Marin Water System projected \$24,000 cash surplus will be transferred to the Novato Water System as principal repayment on the existing inter-district loan; the total debt to Novato is projected to be fully repaid in FY13 assuming the proposed rate increases are approved. He advised that the FY09 water sales revenue is budgeted to increase 10% compared to the current year and operating expenditures are budgeted to increase 2% from the FY09 adopted budget.

Mr. Bentley stated that three new connections are projected in Oceana Marin and that the \$55 per month sewer charge will remain. He said that next year's budget expenditures are projected to increase 3% from the current budget.

Mr. Bentley said the budgets will be reviewed again at the June 16<sup>th</sup> Board meeting and is scheduled for adoption at a public hearing on July 7<sup>th</sup> in Point Reyes Station.

### **NORTH MARIN WATER DISTRICT EMPLOYEES ASSOCIATION**

Mr. DeGabriele informed the Board that he has received a petition from the North Marin Water District Employees Association to act as exclusive representative of employees pursuant to the District's Employer-Employee Relations Policy. He said that District legal counsel has recommended two groups of employees – field group and professional employees. He advised that the District must notify the Employee Association within 15 days that a secret ballot election will be held and that the District is in contact with the State Mediation and Conciliation Service to hold the election. Mr. DeGabriele said that once the election has been certified, he will come to the Board to discuss how this will affect the District and ask how the Board wants management staff to negotiate with the employee association.

### **TAC MEETING – JUNE 1, 2009**

Mr. DeGabriele reported on the TAC meeting held on June 1 and said that the Water Agency received the revised order from the State Water Resources Control Board where some of the terms were changed. He said that the changes include the SCWA shall make a 25% reduction in diversions from the Russian River to its service area from June 15, 2009 until October 2, 2009 as compared to 2004 Russian River diversions during the same period; irrigation of commercial turf grass during the same period shall be prohibited unless irrigation is managed in conformance with a water budget designed to achieve 75% of the maximum applied water allowance; and commercial turf was defined as areas not regularly used excluding such areas as athletic fields, golf courses, and parks.

Mr. DeGabriele further reported that the TAC members and SCWA will participate in the statewide "Save Our Water" campaign; the contractors agreed to report summer water use as was done last year, and the Water Project Sub-committee will meet to update the John Nelson Allocation Model.

### **NBWA MEETING – JUNE 5, 2009**

Director Fraites said that he will attend the North Bay Water Reuse meeting on June 5, 2009.

### **MISCELLANEOUS**

The Board received the following miscellaneous information: Disbursements and Response to letter from customer.

The Board also received the following news articles: District raises water rates 20% in Novato, Novato water rates rise 20 percent.

**CLOSED SESSION**

Conference with Real Property Negotiator (Chris DeGabriele) regarding terms of Intertie Agreement between North Marin Water District and Marin Municipal Water District (Government Code Section 54956.8)

**OPEN SESSION**

Upon returning to regular session at 9:49 p.m., President Rodoni stated that during the closed session the Board had discussed the issues and no reportable action had been taken.

**ADJOURNMENT**

President Rodoni adjourned the meeting at 9:50 p.m.

Submitted by

Renee Roberts  
District Secretary