

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
June 19, 2007**

CALL TO ORDER

President Petterle 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, Dennis Rodoni, Steve Petterle and John Schoonover. Also present were General Manager Chris DeGabriele, Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Novato resident Ken Harth, Marin Independent Journal reporter Mark Prado, District employees Mike McMaster (Operations Superintendent), Robert Clark (Facilities Maintenance Superintendent), Doug Moore (Construction Superintendent), and Ryan Grisso (Water Conservation Coordinator) were in the audience. Mr. Al Cornwell, CSW/Stuber-Stroeh joined the meeting at approximately 8:50 p.m.

CLOSED SESSION

President Petterle immediately adjourned the Board into Closed Session for Conference with Legal Counsel – Existing Litigation - Pursuant to Government Code subdivision (b) of Section 54956.9 (one case re Daniel McKenzie).

OPEN SESSION

Upon returning to regular session at 8:40 p.m., President Petterle stated that during the Closed Session the Board had discussed the issues and no reportable action had been taken.

MINUTES

On motion of Director Schoonover, seconded by Director Baker and carried by the following vote, the Board approved the minutes from the June 5, 2007 meeting as mailed.

AYES: Directors Baker, Petterle, Rodoni, Schoonover

NOES: None

ABSTAIN: Director Fraites

ABSENT: None

GENERAL MANAGER'S REPORT

Office Relocation

Mr. DeGabriele advised that he, David Bentley and Drew McIntyre met with the City of Novato staff to discuss the relocation of District offices and said that two sites are under consideration: PG&E property south of Birkenstock, and the property located on the corner of Wood Hollow Drive and Redwood Boulevard.

Redwood Landfill Gas Generation Presentation

The General Manager reported that he and Robert Clark attended a presentation sponsored by the Sonoma County Water Agency on the potential energy production from Redwood Landfill methane gas. He said he suggested that the Marin County Community Choice Aggregation task force investigate this as a local source of energy supply.

Distribution and Treatment Supervisor

Mr. DeGabriele apprised the Board that Brad Stompe has been selected as the new Distribution and Treatment Supervisor. He said that Mr. Stompe has been the District Distribution Collection System Operator for the last five years and is very well qualified for this position.

Recycled Water Project

Mr. DeGabriele announced that the recycled water project was tied in last Thursday and that recycled water is now being delivered to Stone Tree Golf Course. He advised that the dedication of the project has been moved to Friday, July 27.

OPEN TIME

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

Front Garden

Director Fraites suggested that the plants in the front garden be labeled so that customers can identify the drought tolerant plants.

PUBLIC HEARING – DECLARATION OF A WATER SHORTAGE EMERGENCY AND ADOPTION OF EMERGENCY WATER CONSERVATION ORDINANCE

Mr. DeGabriele stated that late last Wednesday, the State Water Resources Control Board (State Board) issued a revised water rights order to Sonoma County Water Agency (SCWA) authorizing their Temporary Urgency Change for their water rights petition to reduce instream flows in the Russian River. He reminded the Board that back in early April, SCWA filed the petition for

temporary urgency change and called for 10% to 15% voluntary water conservation due to dangerously low water supply levels in Lake Mendocino. He said that it was expected at that time that when the water year was defined in June, further action would be taken by the State Board. Mr. DeGabriele reported that the State Board issued an order to SCWA authorizing reduction in Russian River flows in early May, and that since that time, the reduction in flows and voluntary water conservation measures were having a positive effect in maintaining storage levels in Lake Mendocino and that water would be available in the fall when Chinook salmon start to migrate up the river. He reported that the recent order, adopted by the State Board after a public hearing on June 5, ordered SCWA to reduce diversions from the Russian River by 15% from July 1 through October 28, 2007 and that those reductions would be measured against diversions that occurred during the same period in 2004, a similar dry spring water year. He further reported that upon receiving that order, SCWA distributed a press release and called for mandatory 15% water conservation and that he had a chance to speak to the media at a press conference held June 14th. Mr. DeGabriele said that this order is all about maintaining water supply for Russian River fisheries and that the order is written such that requirements are placed upon SCWA to reduce their diversions and that SCWA is to work with agricultural and municipal users of Russian River that they do not have contracts with to develop a water conservation plan to reduce water use by 15%.

Mr. DeGabriele stated that SCWA has not declared a water emergency and that this is not a classic water shortage as defined by the Water Code. He explained that there is enough water for human health, sanitation and fire protection; however, there is an emergency because SCWA has been directed by the State Board to limit their diversions. He further explained that the District's Water Shortage Contingency Plan has triggers based upon the definition of the water year and this order does not fit any of those definitions and that the criteria used for the Water Shortage Contingency Plan is not applicable. He stated that he urged the SCWA general manager on three occasions to adopt a water emergency, has asked Water Advisory Committee members to reach out to their elected officials to contact the Agency's Board to urge adoption of a water emergency, and also requested District legal counsel to reach out to SCWA's legal counsel but none have had success. He said he also spoke with Mr. John Nelson for his opinion.

Mr. DeGabriele stated that he is recommending that the Board hold the public hearing and adopt the Emergency Water Conservation Ordinance. He explained that the ordinance would enable the District to enforce its water waste prohibitions and limit non-essential use of water in the Novato service area. He said that he is concerned that SCWA would not be able to achieve the reduction of diversions by 15% and if not, they would not have any defense before the State Board.

He opined that the District should reduce its diversions and send a message to the public that the District is stepping up its water waste prohibitions and there will be consequences for wasting water. He said that in November, when SCWA goes back to the State Board, the District will have contributed to SCWA's success; or, if SCWA is not successful in reaching the 15% reduction, District customers will know that the District did everything possible to comply with the State Board's requirement even though that requirement is not directly a mandate upon the District.

Mr. DeGabriele presented a PowerPoint presentation of charts comparing water production in 2007 and 2004, Russian River deliveries comparing 2004 and 2007, and outline of proposal to meet the 15% reduction target, including the recycled water project tie in at Stone Tree Golf Course and Stafford Lake Water Treatment Plant production. Mr. DeGabriele informed the Board that Valley of the Moon Water District, Sonoma, Windsor and Cotati are taking mandatory action and Petaluma, Rohnert Park, Santa Rosa and Marin Municipal are asking for voluntary reductions. Mr. DeGabriele summarized the mandatory provisions as stated in the Emergency Water Conservation Ordinance.

Director Schoonover voiced his concern over the pool cover requirement and said that covers are expensive and cannot be acquired in a short period of time. He also was concerned that empty pools may be subject to collapse. Mr. DeGabriele said that there is room for modification of the ordinance and that the ordinance gives the general manager the authority to grant variances.

Mr. DeGabriele clarified the section addressing suspension of connection and said that development can be approved, but if the project is approved after July 1, connection cannot be made to the system until after October 28.

Director Baker stated that the school district needs to make better attempts to monitor their usage, fix leaks and over watering.

Director Fraithe asked if the illegal diversions of Russian River water by agricultural users are being addressed and Mr. DeGabriele said he did not know but that a public hearing is being held in the coming week in Sacramento.

Director Rodoni applauded staff for bringing the ordinance forward and said that he feels that the District is doing the right thing. He suggested that before the Board votes on the ordinance, the general manager go through each section of the ordinance for clarification and Board discussion.

President Patterle opened the Public Hearing.

Ken Harth, Novato Resident, questioned why water storage in Lake Sonoma was not available to meet the needs of Novato after the large investment in building Warm Spring Dam. Mr. DeGabriele responded by saying there is sufficient water in Lake Sonoma to meet the region's needs; however, coho salmon reside in Dry Creek which is used as conveyance for Lake Sonoma water and higher flows in Dry Creek could wash out the entire population of coho salmon which are listed as endangered.

Hearing no further comment, President Petterle closed the Public Hearing.

Mr. DeGabriele read through each section of the ordinance and the following portions of the ordinance were discussed and/or amended:

Section 3. Effect of Ordinance was amended to read: "This ordinance shall take effect *July 1, 2007* (delete "immediately").

Section 6. Prohibition of Non-Essential Use of Water. Director Schoonover inquired how much pool water is wasted through evaporation and stated that he has had his pool since 1975 and has never gone over his normal water usage and that purchasing a pool cover is very expensive. Director Baker said he did not think this would be well received and that it is difficult putting the cover on and taking it off. Director Fraites said he felt that the pool cover restriction should be enforced. Mr. DeGabriele said that the language could be broadened to give more time to acquire pool covers. The following section of Section 6 shall read: Phase 2 – Moderate Mandatory Conservation, (c) (3) "initial filling of any swimming pool for which application for a building permit was made between *July 1, 2007 and October 28, 2007.*"

Section 7. Variances. The second sentence amended to read "...reasonably necessary" and delete the words "to protect the public health and safety."

Section 10. Use of Sprinklers Conditional. Director Petterle said that he would like to extend the time from 10 p.m. to 6 a.m. of the next day.

Director Rodoni moved that the Board adopt the Emergency Water Conservation Ordinance as amended. Director Petterle clarified that the pool cover requirement has not been amended. Director Fraites seconded. The Board adopted the Emergency Water conservation Ordinance No. 19 by the following vote:

AYES: Directors Baker, Fraites, Petterle, Rodoni
NOES: Director Schoonover
ABSTAIN: None

ABSENT: None

Director Baker said that he does not think requiring pool covers is realistic although he agrees with the spirit of the requirement.

MONTHLY PROGRESS REPORT

Mr. DeGabriele reported that in May water production for Novato was up 4% and 10% in West Marin and noted that the comparison with FY 03/04 is very close to this year, both being dry spring years. He stated that Stafford Treatment Plant production has increased with 75M gallons of water produced in May and that storage levels in the lake are in good shape. He reported that the discharge fields in Oceana Marin are in operation and the storage pond freeboard is 4.5', the same as last year. He noted that there have been 134 days without a lost time accident and that high bill complaints are up significantly for no apparent reason as no leaks were found for the majority of complaints. The Auditor-Controller's report of Investments and Financial Reserve Summary will be available at the next meeting.

CONSENT CALENDAR

On motion of Director Rodoni and seconded by Director Fraites, and unanimously carried, the following item was approved on the Consent Calendar:

DISBURSEMENTS

The Board authorized for payment, payroll and accounts payable vouchers totaling \$883,457.57.

ACTION CALENDAR

Due to the length of the closed session and public hearing, President Petterle urged brevity in discussions of the remaining Board items.

APPROVE - CENTER ROAD WATER TANK – CONSTRUCTION CONTRACT FOR LUNNY GRADING AND PAVING

Mr. McIntyre stated that the Center Road Water Tank is complete and that initially, the contract documents had a deductive bid item for slope reinforcement for the 1:1 cut slopes at the tank site. He said that it was the opinion of the soils engineer to wait until the completion of construction to determine the amount of reinforcement needed. Mr. McIntyre informed the Board that two areas have been identified as requiring reinforcement and that the contractor's change order proposal to provide concreted-rock slope protection was \$65,000 which exceeded the engineer's estimate. Lunny Grading and Paving was contacted to provide a proposal and their proposed cost for the work is \$25,400. Mr. McIntyre stated that most of the reinforcement work is

shielded by the tank and that for an extra \$6,000 to \$8,000, stained or tinted rock and concrete can be used to provide additional camouflage of the reinforcement area.

Director Rodoni noted that he could not see the subject area from Novato Boulevard; however, Director Petterle said that he is in favor of spending the extra money for the colored material to mitigate any visual impacts.

On motion of Director Baker, seconded by Director Rodoni, the Board unanimously authorized the General Manager to execute a contract with Lunny Grading and Paving in the amount of \$25,400, plus the additional \$6,000 to \$8,000 for colored rock/cement.

CONSULTING SERVICE AGREEMENT – MICHAEL ABEREGG

Mr. McIntyre stated that this is a standard consulting service agreement for Michael Aberegg who has been providing drafting services for the District since 2000.

On motion of Director Schoonover and seconded by Director Baker, the Board unanimously authorized the General Manager to execute a consulting service agreement to Michael Aberegg for drafting services with a not-to-exceed amount of \$20,000.

RENEWAL AGREEMENT WITH WORKER'S COMP THIRD PARTY ADMINISTRATOR (ATHENS)

Mr. Bentley said that Athens Administrators has provided administration of the District's self-insured workers' compensation claims for the past three fiscal years and their work continues to be professional and at a reasonable cost. He said he is requesting Board approval for another three-year agreement.

On motion of Director Baker and seconded by Director Schoonover, the Board unanimously authorized the Auditor-Controller to enter in a 3-year agreement with Athens Administrators to administer the District's workers' compensation claims for a fee of \$900 per month in FY08, \$950 per month in FY09 and \$1,000 per month in FY10.

SOLAR POWER GENERATION LOW COST FUNDING APPLICATION

Mr. Clark informed the Board that staff has been developing a request for proposal (RFP) to design and build a solar energy generation system to support the energy load at the Stafford Water Treatment Plant and which is estimated to cost approximately \$3.6M. He stated that recently, a potential funding mechanism, Clean Renewable Energy Bonds (CREBs), has been found that will provide 0% interest loan to qualified borrowers to finance such projects. He further stated that the deadline for the application is July 13 and that the RFP process will not be completed by then and that Orrick, Herrington & Sutcliffe, LLP has prepared a proposal to develop the application for the CREBs.

On motion of Director Rodoni and seconded by Director Fraites, the Board authorized the General Manager to enter into a contract for consulting services to develop an application to the US Treasury for Clean Renewable Energy Bonds to finance the solar project at Stafford Lake by the following vote:

AYES: Directors Fraites, Petterle, Rodoni, Schoonover

NOES: None

ABSTAIN: Director Baker

ABSENT: None

Director Baker stated that he was abstaining because he felt there was not enough information provided.

APPROVE - PURCHASE OF FY08 INSURANCE

Mr. Bentley provided a summary of the six insurance policies set for renewal this fiscal year (Property, Vehicle Physical Damage, Public Officials Errors and Omissions Liability, General and Auto Excess Liability, Employee Fidelity, and Excess Workers' Compensation). He stated that proposals were solicited from Marsh Risk and Insurance Services, the District's broker for the past five years, and Worth Fenner Insurance Brokers, located in Novato. He informed the Board that, even with the fixed brokerage fee of \$35,000 included in the Marsh proposal, Marsh came in with a lower total cost. Mr. Bentley noted that the general and auto liability umbrella coverage was increased from \$5M to \$10M as of March 2007 when a 1985 agreement between the District and Marin County Flood Control and Water Conservation District (MCFCWCD) was unearthed wherein the MCFCWCD was obligated to pay the incremental cost of increasing the limit from \$5M to \$10M.

On motion of Director Schoonover and seconded by Director Fraites, the Board unanimously approved the purchase of FY08 Insurance package with Marsh Risk and Insurance Services in the amount of \$152,190.

RUSSIAN RIVER PROJECT TOUR INTEREST

Mr. DeGabriele stated that the Sonoma County Water Agency is offering a 1 ½ day tour of the Russian River Water Project including the Potter Valley Project and requested the Board to advise if they would be interested in attending. Directors Baker, Fraites and Rodoni stated they would be interested.

INFORMATION ITEMS

DUTRA HAYSTACK LANDING – DRAFT WATER SERVICE AGREEMENT

Mr. McIntyre provided a summary of the Dutra Haystack Landing request for a water main extension and improved fire service in the South Petaluma Boulevard industrial area. He said that at the March 7, 2006 Board meeting, the Board was provided with information on the project and it was concluded at that time that under no circumstances would an expansion of water service be allowed beyond the limited historical entitlement established in 1966. Mr. McIntyre stated that the Board was apprised that Dutra's meter, located outside of District boundaries, has also historically been used to provide water service to two adjacent parcels owned by Mr. Yee and Mr. Fontes. He further stated that since March, the Dutra project has gone through the permitting process with Sonoma County.

Mr. McIntyre explained that the District has received applications for water service for two properties in this area, the Cardlock Development at the Rhinehart Truck Stop fueling facility and the Novato Disposal (fire service). He said that both of these projects are in the vicinity of the Dutra project. Mr. McIntyre stated that a draft water service agreement is included in the agenda package and staff would like direction from the Board and offered two options: 1) Maintain existing historical service from the existing 1-inch water meter west of Hwy 101 – no additional fire protection provided; or 2) Relocate the existing 1-inch water service to the east side of Hwy. 101 and extend a fire service main south on S. Petaluma Blvd to provide fire protection.

There was a lengthy discussion on the Yee and Fontes parcels and the need to regularize these parcels. Director Rodoni said that although he is not advocating extension of water service in the area, staff should include in its planning water service to the adjacent Nerviani property. There was further discussion on the newly adopted emergency water conservation ordinance and whether that ordinance would apply to this area and it was stated that it would not. Mr. DeGabriele stated, however, that District regulations prohibiting water waste would be in effect. Director Rodoni reminded the Board that the Board sets rates for outside customers. Mr. Al Cornwell from CSW/Stuber-Stroeh was present to answer any questions from the Board.

The Board concurred with staff's recommendation to offer a water service agreement to Dutra as outlined in the draft water service agreement (Option 2), and requested that staff plan to regularize existing service to the Yee, Fontes and potentially Nerviani parcels.

ADDITIONAL REVIEW WEST MARIN WATER BUDGET

Mr. Bentley presented the West Marin Water Budget for the Board's second review and stated that a 6% water rate increase is proposed for most West Marin water customers and no increase is proposed for Oceana Marin sewer customers. He said that there were minor changes made since the last review. He said that a public hearing to consider the proposed water rate

increases and to adopt the water and sewer budgets is scheduled for July 3 at the Dance Palace in Point Reyes Station.

Director Rodoni said that the need to conserve is an important message to convey to all the District's West Marin customers as well as to its Novato customers and it is right to ask for voluntary conservation. He said that the "Top Ten" list developed for the Russian River water users should be provided for West Marin customers. Mr. DeGabriele said that he plans to discuss the water rights license and can include the water conservation information at that time.

BOLINAS COMMUNITY PUBLIC UTILITY DISTRICT WATER QUALITY NOTICE

Mr. DeGabriele stated that Bolinas Community Public Utility District (BPUD) was in violation of drinking water standards pertaining to total trihalomethanes and haloacetic acids which is attributed to their membrane treatment system which is not effective in removing total organic carbon. He stated that the total organic carbon, when combined with chlorine disinfection chemicals, create disinfection by-products. He noted that at the water taste test at the 2002 Marin County Fair, BPUD's water won first prize and that North Marin's Stafford Lake water came in sixth. He further stated that the treatment process employed at the new Stafford Lake Treatment Plant proves very effective at removing total organic carbon thereby avoiding disinfection by-product violations and the water being produced is of excellent quality.

MISCELLANEOUS:

The Board received the following miscellaneous items: Public Hearing Notice – Tomales Bay Watershed Council, Letter from Gerald L. Parsky. The Board also received the following news article: Water Wise (6/07).

ADJOURNMENT

President Petterle adjourned the meeting at 10:08 p.m.

Submitted by

Renee Roberts
District Secretary