

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
July 3, 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 Dance Palace, Point Reyes Station and the agenda was accepted as presented. Present were Directors 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. Director Jack Baker was absent.

Novato resident Tilden Hansen, Point Reyes Station resident Ms. Connolly, District employees Robert Clark (Facilities Maintenance Superintendent), Mike McMaster (Operations Superintendent), and Doug Moore (Construction Superintendent) were in the audience.

MINUTES

On motion of Director Schoonover, seconded by Director Fraites and carried by those Directors present, the Board approved the minutes from the previous meeting as mailed.

GENERAL MANAGER'S REPORT

Harassment and Violence in the Workplace Training

Mr. DeGabriele apprised the Board that the District conducted a Harassment and Violence in the Workplace Training for all staff pursuant to legal requirements and the Employee Handbook.

Solar Panel Installation Dedication

The General Manager stated that Sonoma County Water Agency will hold a dedication of their solar panel installation at the Sonoma Valley County Sanitation District on Friday, July 6th if anyone is interested in attending.

Recycled Water Implementation Plan Presentation

Mr. DeGabriele said that on Tuesday, July 10th, he will make a presentation to the Marin Municipal Water District Board of Directors on the District's Recycled Water Implementation Plan.

Emergency Water Conservation Ordinance

Mr. DeGabriele updated the Board on the response from customers on the Emergency Water Conservation Ordinance and said that over the last two days, 120 calls were received, and that most calls were requesting information and clarification of the ordinance. He said that 30 water waste notices were given to customers via telephone and a few applications were given to

customers for pool cover rebates. He reported that there has been extensive media coverage from area newspapers and all network television stations.

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:

Pool Cover Requirement Complaint

Novato resident Tilden Hansen addressed the Board and stated that he disagreed with the mandatory pool cover requirement. He said that he has been a water safety expert for 53 years and explained that pool covers can create a dangerous situation if people or animals fall under the cover. He said that surface tension builds up between the cover and water and that tension cannot be broken from under the cover. Mr. Hansen also spoke about seeing water running down the gutters on San Marin Drive on a daily basis. Mr. DeGabriele stated that staff is aware of the water on San Marin Drive and the problem is being addressed. He further stated that the safety issue of pool covers will be looked into and that he will call Mr. Hansen next week.

WEST MARIN ITEMS

HEARING/APPROVE: WEST MARIN WATER BUDGET FY 07/08

Mr. Bentley presented the FY 08 West Marin Water Budget for Board review and approval. He stated that the budget includes a 6% increase in cost of water service to most West Marin customers and will generate approximately \$38,000 per year in additional revenue. He further stated that the Conservation Incentive Rate has been in effect for two years and is generating about \$10,000 per year and that entitlement data is being gathered by staff for future application of a tier rate structure to all customers in the West Marin Water Service area. Mr. Bentley advised that approximately \$200,000 has been budgeted for improvement projects for FY 08 including: \$100,000 to complete the upgrade of the Inverness Pump Station; \$50,000 to complete replacement of the treatment plant chemical feed line and contact tank; and \$45,000 to install a pressure reducing valve at the Inverness Park Pump Station. Mr. Bentley reviewed the future improvement projects for West Marin including replacement of galvanized lines serving Paradise Ranch Estates in FY 09, and replacement of Paradise Ranch Estates Tank 4B in FY 10 and FY 11. He stated that the replacement of the Point Reyes Treatment Plant and installation of the Gallagher pipeline are scheduled for future projects but that federal funding will need to be secured and that the completion of the FY 07/08 improvement project work (Inverness Park Pump Station) has required an Interdistrict loan from Novato of \$122,000. He noted that the West Marin Water System exhausted its cash reserves in May 2005 requiring it to borrow funds from Novato. Mr. Bentley said

that the proposed budget projects an additional five new services per year and that FY 08 water sales is budgeted to increase 8% compared with the current year estimated actual and total income is forecast to increase 6%. He said that consumption is projected to increase 3% from FY 07 and water sales volume will increase 1% annually due to anticipated new development. Finally, Mr. Bentley reported that the Coastal Area Annual Water Cost Comparison shows that the total cost of water, including taxes, to West Marin customers remains significantly below that of surrounding communities.

Director Rodoni stated that he was in support of the rate increase and that the District has done a good job re-building the infrastructure in West Marin and that it is only appropriate for rates to increase to pay for the Novato loan. He stated that he is hopeful that the District can move toward a full tier rate structure and suggested using temporary staff to gather entitlement data necessary to achieve that goal. He further suggested that funds collected from the conservation incentive tier be used to pay for the temporary staff.

Mr. Bentley stated that Director Rodoni's idea is a good one and welcomed the Board's consensus.

President Petterle opened the Public Hearing at 7:48 p.m. and hearing no comment, closed the Public Hearing.

On motion of Director Schoonover, seconded by Director Rodoni, and carried by those Directors present, the Board approved Resolution 07-22 entitled, "Resolution of the board of Directors of North Marin Water District Amending Regulation 54 – Water Rates."

On motion of Director Rodoni, seconded by Director Fraites and carried by those Directors present, the Board adopted the FY 08 West Marin Water System Budget with the additional language of using funds generated by the conservation incentive rate to fund staff to gather data on the dwelling unit charge.

HEARING/APPROVE: OCEANA MARIN SEWER FY 07/08

Mr. Bentley presented the Oceana Marin Sewer FY 07/08 budget for final review and approval. He advised that no rate increase is proposed and that the Oceana Marin sewer system has fully repaid its loan from Novato water as of March 2005. He said the system now has a cash balance of \$189,000 and is debt free. Mr. Bentley stated the future budgeted improvement projects for FY 07/08 are: complete the Tahiti Way lift station generator enclosure; trench repairs; construction of chemical containment shed at the treatment ponds; rebuild the Tahiti Way lift pump;

and system infiltration repairs. He advised that the Coastal Area Annual Sewer Cost Comparison has been updated and identifies Oceana Marin as the high cost provider in the survey.

President Petterle opened the Public Hearing at 7:55 p.m. and hearing no comment, closed the Public Hearing.

On motion of Director Schoonover and seconded by Director Rodoni, and carried by those Directors present, the Board approved the Oceana Marin Sewer Budget as presented.

INFORMATION ITEMS

OCEANA MARIN SYSTEM INFILTRATION STUDY & REPAIR

Mr. McIntyre provided the Board with an update on the recently conducted Infiltration Study and Repair of the Oceana Marin Sewer System. He reported that 3,800 feet of sewer pipe were flushed, 2,228 feet of the 4.4 miles of pipe were inspected using closed circuit television equipment, and that 38 problem locations were found. He further reported that conditions in three locations were determined to be severe enough to require repair and that these repairs will be part of the budget for next fiscal year. He noted the importance of performing the survey of the sewer system in helping to maintain the system.

Director Fraites inquired if the areas in question pose any health hazard and Mr. McIntyre replied no.

WEST MARIN IMPROVEMENT PROJECTS – FISCAL YEAR PROGRESS REPORT (PRELIMINARY)

Mr. McIntyre provided a preliminary year end status report of the West Marin Improvement Projects and reported that 13 projects were budgeted in FY 06/07, two projects were added and one project was carried over from FY 05/06. He said that two projects have been deferred resulting in a total of 14 projects, and of those 14, ten improvement projects have been completed. He stated that all but two projects were completed at or within budget and no budget augmentation was required.

DHS LETTER RE COMMUNITY & NONTRANSIENT NON-COMMUNITY GROUND WATER SYSTEMS

Mr. McMaster reported that the District received an advisory letter from the Department of Health Services regarding diminished groundwater supplies and diminished groundwater levels in small community water systems during periods of low rainfall. He summarized the District's response and stated that the West Marin service area is not experiencing a dry year and that the District has perfected its water license from the Giacomini Ranch for dry year reliability; has

extensive and continuous monitoring system of its flows, wells and groundwater levels and the District offers extensive water conservation programs.

WEST MARIN WATER RIGHT ORDER LICENSE 4324B

Mr. DeGabriele presented, for the benefit of its West Marin audience, the letter from the State Water Resources Control Board that was discussed with the Board at the May 15, 2007 meeting. He stated the letter advised that the Department of Fish and Game's protest of the District's Petition for Change in Place/Purpose of Use has been dismissed and the Water Right License 4324B has been secured. Mr. DeGabriele stated that although this is not a dry year on Lagunitas Creek, it is appropriate for West Marin customers to conserve water and presented the "Top Ten" list of Water Conservation Tips.

TOMALES BAY INTEGRATED COASTAL WATER MANAGEMENT PLAN PUBLIC REVIEW DRAFT

Mr. McMaster reported that the Tomales Bay Watershed Council (TBWC) formed a Technical Advisory Committee to develop an Integrated Coastal Water Management Plan (ICWMP) as a requirement for Proposition 50 funding and that the committee submitted 74 recommended projects to the TBWC. He said that the District and other Tomales Bay watershed stakeholders developed the plan and that the draft plan is being presented to the Board at this meeting. Mr. McMaster presented a Power Point presentation that listed the primary goals of the ICWMP and outlined the general regional priorities. He stated that the District has three projects included: the Gallagher Well Project (which scored 7th out of 69 submitted projects); Point Reyes Treatment Plant upgrade; and emergency pipeline project across the San Andreas Fault. He said that comments will be received until July 20th and that the final plan will be brought back to the Board for approval in August.

GIACOMINI WETLANDS RESTORATION PROJECT FEIS/FEIR

Mr. DeGabriele advised that the Final Environmental Impact Statement and Report for the Giacomini Wetlands has been released and reminded the Board that they reviewed and commented on the draft environmental review in February 2007. He said that at that time, the District urged the National Park Service (NPS) to strengthen its commitment to fund the pipeline extension from the Point Reyes Treatment Plant to the Gallagher Well. He said that the concern is that restoration of the wetlands could move the salt water wedge closer to the Point Reyes wells resulting in more frequent incidents of salinity intrusion. Mr. DeGabriele stated that the NPS stopped short of the District's request to fund the Gallagher pipeline but has committed to delay implementation of the Olema Marsh adaptive restorations until monitoring of the work confirms that it would not have a negative impact on salinity into the wells, or that the District receives funding

and moves ahead with the pipeline construction to the Gallagher well. Mr. DeGabriele offered two options for Board consideration: continue to encourage the NPS to fund the Gallagher pipeline through the FEIS/FEIR process and which would require going to court; or work cooperatively with NPS pursuant with their plan and try to find funding for the pipeline through grants or federal funds.

Director Rodoni said that he concurred with staff's recommendation to continue to work cooperatively with the National Park Service pursuant to their plan.

NOVATO ITEMS

CONSENT CALENDAR

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

HOUSE OF DANIELS, 12 HARBOR DRIVE

The proposed project consists of converting an existing beverage distribution facility into a self-storage and RV/Boat storage facility and requires a fire service upgrade and three new additional fire hydrants. A zone valve will be relocated for increased fire flow and water facilities required include 100 feet of 6-inch PVC main, one 8-inch Fire Service Assembly, and one commercial fire hydrant. This project has a projected demand of 3 EDUs and no additional connection fees are required as the property has a current entitlement of 5 EDUs.

The Board approved Resolution 07-23 entitled, "Authorization of Execution of High Pressure Water Service Facilities Construction Agreement with House of Daniels, Inc."

GROUP LIFE INSURANCE RENEWAL

The Board authorized the Auditor-Controller to renew the Group Life and Accidental Death and Dismemberment Insurance agreement with Lincoln Financial at a rate of \$2.04 per \$1,000 of payroll for a two year period commencing August 1, 2007, with a benefit cap of \$200,000. It is noted that Lincoln Financial was the low cost provider out of nine companies who submitted proposals.

TEXT FOR WATER LINE, VOLUME 8, ISSUE 17

The Board authorized the General Manager to approve text and design of the summer *Water Line* which focuses on the Russian River diversion reduction, the newly adopted Emergency Water Conservation Ordinance and describes the water conservation programs available to Novato customers.

DISBURSEMENTS

The Board authorized for payment payroll and accounts payable vouchers totaling \$605,191.00.

INFORMATION ITEMS

STAFFORD DAM MONITORING – 2007 SLOPE STABILITY ANALYSIS

Mr. McIntyre stated that the 2005 annual inspection of Stafford Dam by the Division of Safety of Dams (DSOD) revealed water levels in the piezometers that exceeded safe levels that were determined in the 1985 Harlan Tait stability analysis. He said that DSOD requested the District evaluate the piezometer data and its effect on the stability of the dam and that the District was fortunate to retain Dick Harlan to perform an updated stability analysis in 2007. He explained that Mr. Harlan used newer information utilizing higher ground water levels than what had been predicted in the 1985 report and Mr. Harlan had new slope stability analysis done to see what impact the higher potential ground levels would have. Mr. McIntyre stated that when the study was completed, it showed all the levels that were recorded at the dam were very safe with no stability concerns, and the new predicted maximum levels were much higher than what the District reports on a year-end basis. He stated that the 2006 report is ready to be submitted to DSOD and will include Mr. Harlan's study as an attachment to address DSOD's concern. He said that the study shows that the dam is safe and the water levels the District is reporting are well within safe levels.

NEW FORMAT - REGULATION 54

Mr. Bentley stated that the format for Regulation 54 that is being changed to that commonly used for a tier-rate structure which will show the quantity charge for each tier of water use, followed by an additional elevation charge based upon the hydraulic zone of the customer. He said that this format is designed after the East Bay MUD regulation.

CALIFORNIA WATER LAW AND POLICY CONFERENCE

Mr. DeGabriele summarized the pertinent information he gathered at the California Water Law and Policy Conference he attended and noted two topics of interest: 1) Who Owns Wastewater? Development in Recycled Water Rights; and 2) Global Warming and California's Water. He said in regards to the first topic, the law interprets ownership of wastewater treated to recycled water as belonging to the wastewater entity having jurisdiction in the watershed. Mr. DeGabriele said that Stafford Lake wastewater, therefore, would belong to Novato Sanitary District and that recycled water produced from purchased Russian River water would belong to the District. On the second topic, Mr. DeGabriele said that the law requires that water districts consider global warming effects on water supply when preparing urban water management plans and environmental impact reports associated with water supply projects. He said that because the effects of global warming on precipitation are not fully understood, this will present a challenge to water districts.

NBWA MEETING – JULY 6, 2007

Mr. DeGabriele presented the North Bay Watershed Association agenda for the July 6th meeting and noted that the meeting will be held at the Marin Community Foundation in Hamilton.

TAC MEETING JULY 2, 2007

Mr. DeGabriele provided a recap of the Technical Advisory Committee meeting and stated that much of the discussion centered on the State Board's order requiring 15% reduction of diversion by the Water Agency and how it has been handled. He reminded the Board that the Water Agency has not declared an emergency and thus has not allocated available water supply to individual contractors and as of yesterday, that was still the case. He said that the City of Santa Rosa has advocated that the allocation methodology in the Restructured Agreement should be implemented and that he would prefer the agency declare an emergency first and then have the contractors collectively develop how the allocation would be dispersed. He said that some contractors may have greater ability to use local supply to offset their Russian River deliveries. Mr. DeGabriele stated that it was learned last Friday that the Agency General Manager would sign a letter allocating available water supply in accordance with the Restructured Agreement but that this was not discussed in yesterday's meeting. He advised the Board that he is very involved in working with the Valley of the Moon Water District, City of Santa Rosa and SCWA staff on how best to proceed.

Mr. DeGabriele said that in regards to the Sonoma Marin Saving Water Partnership, SCWA's legal counsel advised that it would be possible for Marin Municipal Water District to be included in the partnership and obtain money for water conservation. He stated that the next step would be for a policy decision by the WAC as to whether Marin Municipal should be included and that this issue will be brought back to the Board and that it is his recommendation that Marin Municipal be included.

Mr. DeGabriele related other items that were discussed: the Temporary Impairment MOU will probably be extended for three or four years; Jake MacKenzie and Dietrich Stroeh are on the selection committee for the SCWA Assistant General Manager's position; and that the WAC brochure, "The Russian River: A Partnership for Sustainable Resources" is completed and looks very good.

MISCELLANEOUS

The Board received the following miscellaneous information: Review of Scheduled Agenda Items, Letter from Customer Re Bill, Novato Sanitary District Public Hearing Notice, Emergency Operations Plan Update, 2008 Medical Plan Cost Increase. The Board also received the following

news articles: Martini Leaving SR City Council to Focus on Winery (6/27), State May Crack Down on River Water Users (6/22), Thieves pillage solar panels (6/22), Conserving Water is Everyone's Job (6/21), Petaluma Prepares to Reduce Water Use (6/21), Split Council Approves New Water Rates (6/21).

ADJOURNMENT

President Petterle adjourned the meeting at 8:40 p.m.

Submitted by

Renee Roberts
District Secretary