

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
July 19, 2005**

CALL TO ORDER

President Baker called the regular meeting of the Board of Directors of North Marin Water District to order at 7:00 p.m. at the District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Steve Petterle, Dennis Rodoni and John Schoonover. Also, present were General Manager Chris DeGabriele, Acting Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

District employees Robert Clark (Facilities Maintenance Superintendent), Joyce Arnold (District Secretary) and Mike McMaster (Operations Superintendent) were in the audience. Greg Scoles, Deputy City Manager of the City of Santa Rosa; Dave Smith, Consultant, Merritt Smith Consulting; Larry G. Timmer, Vice President and Michelle Leonard, Construction Manager of Harris & Associates; Dan Macdonald and Ken Harth of Macdonald Architects; Mark Soldati of Winzler-Kelly; and Bob Abeling were in the audience.

CLOSED SESSION

President Baker immediately adjourned the Board into closed session in accordance with California Government Code Section 54957 for Public Employee Performance Evaluation (One), Title: General Manager.

OPEN SESSION

Upon returning to regular session at 7:30 p.m., President Baker stated that during the closed session the Board had discussed the General Manager's performance and no reportable action had been taken. He stated that the issue would be further discussed as Item 9 on the Consent Calendar.

MINUTES

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

GENERAL MANAGER'S REPORT

Chipper Days

Mr. DeGabriele reported that he, Mike McMaster and Director Rodoni met with the National Park Service and the Inverness Public Utilities District regarding a possible West Marin green waste composting project. With the advent of green waste collection in West Marin, the parties agreed to

postpone any development of the project now but the District will consider including a bill stuffer in the West Marin water bills advertising the dates when West Marin residents can bring their green waste to be “chipped” for mulch.

Recycled Water Project SRF Funding

Mr. DeGabriele also reported that last week he, Chief Engineer Drew McIntyre, and Auditor-Controller David Bentley met with the State Water Resources Control Board in Sacramento to discuss the State Revolving Fund loan for the Recycled Water Project. He reported that the state expects to reactivate the State Revolving Fund program in September and issue loan agreements by the end of the year. The District is at the top of the list and expects to receive project funding.

Mr. DeGabriele stated that he and Drew McIntyre would be meeting with Black Point Partnership on Friday, July 29, 2005 to finalize the Water Service Agreement. Alternate funding is being arranged with Bank of Marin to bridge the gap to finance the Recycled Water Project before the State Revolving Fund loan is available.

Saving Water Partnership

Mr. DeGabriele gave an update to the Board on the Sonoma-Marin Saving Water Partnership. He reminded the Board that last spring he presented his idea of a regional water conservation organization with the Board as well as with the Water Advisory Committee. At the meeting attended last month, the Water Advisory Committee decided on the name, “Sonoma-Marin Saving Water Partnership.” There is discussion to create a Memorandum of Understanding to memorialize the partnership. It is hoped that within the next six months, a draft agreement will circulate among all participants.

District Picnic

Mr. DeGabriele reminded the Board of the District picnic at Stafford Lake Park on Saturday, July 30, 2005.

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:

Director Fraites presented two fishery related news articles that he requested be included in the next agenda packet.

MONTHLY PROGRESS REPORT

The Board received the monthly progress report for June 2005.

Water Production

Mr. DeGabriele stated that Novato water production is just over 10,000 acre-feet and is the lowest Novato water production amount since 1998. He stated that this may be weather-related but also reflects the District's water conservation efforts as well. West Marin production is 336 acre-feet per year. Stafford Treatment Plant production is 734 acre feet and is the lowest since 1985 when a major construction project (Toe-Drain Reconstruction Project) impacted production. The construction of Stafford Treatment Plant has affected our ability to produce water at Stafford Lake. He reported that Stafford Lake is almost full.

Number of Services

Services have increased for Novato by 711 meters from a year ago and 671 equivalent dwelling units from year ago. West Marin meters have increased by six meters and two equivalent dwelling units.

Oceana Marin Monthly Status Report

In Oceana Marin, Treatment Pond Freeboard and Storage Pond Freeboard are at safe levels of 3.1 feet each. The District has not received word from the Regional Water Quality Board about the spill that occurred last May, however, a monetary penalty is expected to be assessed.

Safety

Mr. DeGabriele reported that the District had worked 286 days without a lost time accident. However, in July a meter reader suffered a re-injury that has resulted in lost time.

Water Quality

Quarterly water quality monitoring results show no samples were positive for coliform in the Novato and West Marin Service areas.

Customer Service

Forty-four percent of the Customer Service Questionnaires were returned of which 97% had favorable responses.

Cash on Hand

The financial cash on hand report was unavailable, but will be available at next month's meeting.

Director Rodoni pointed out that two or three major leaks occurred in West Marin this year that affected production. He requested that the months of August and February be footnoted as “system leak” on the 2005 West Marin Water Production Report.

Director Rodoni also stated that on the Customer Service Questionnaire Report there was a comment about the phone answering system, and that he, too, has experienced difficulty in the last couple of weeks in reaching staff, especially during the lunch hour. He reminded staff of the importance of a live person answering the phones and that staff needs to address this issue.

CONSENT CALENDAR:

Item 9 (General Manager’s Compensation) was removed from the Consent Calendar for further discussion.

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

Water Agreement - Cooper Land Division

The subject project is located at 1752 Center Road and divides existing 30,870 square foot parcel into two parcels. Proposed water facilities includes one residential fire hydrant, 145 feet of 6 inch PVC pipe and a 1 inch domestic service for new residence. The existing home will remain on a 3/4-inch service lateral and 5/8-inch meter. Normal pressure zone 1 water will continue to be supplied to this area.

The Board authorized Resolution 05-28 entitled “Authorization of Execution of Water Service Facilities Construction Agreement With Bridget Cooper.”

Contract for Drafting Services – Aberegg Drafting Services

The Board authorized a new agreement for Drafting Services from Michael Aberegg to help staff meet workload demands with a not-to-exceed limit of \$20,000.

Set Workshop Date/Time Re Sonoma County Water Agency Restructured Agreement and Impairment MOU (July 26, 2005)

The final draft of the proposed Restructured Water Supply Agreement and Impairment MOU is now available. The Board authorized a special meeting to hold a workshop at the District headquarters on Tuesday, July 26, 2005 at 7:00 p.m.

General Manager’s Compensation (Revised Resolution 95-12)

This item was removed from the consent calendar for additional discussion.

President Baker stated that General Manager, Chris DeGabriele, has not received additional compensation since 2002, and that the Board individually and collectively recognizes that

Mr. DeGabriele's performance has been excellent. The Board recognizes the responsibility and high skill levels associated with this position and Mr. DeGabriele's ongoing work in the day-to-day District operations, as well as with the other water contractors, cities and the Sonoma County Water Agency. He said that the Board met last week to discuss specifics and what was appropriate for the General Manager's salary adjustment. It was the Board's consensus to increase the General Manager's annual salary to \$142,000.

On motion of Director Schoonover, seconded by Director Rodoni and unanimously carried the Board authorized Revised Resolution 95-12 entitled "The North Marin Water District Conditions of Employment – General Manager."

Disbursements

The Board authorized payroll and accounts payable vouchers totaling \$1,607,750.20.

PRESENTATION:

SANTA ROSA INCREMENTAL RECYCLED WATER PROJECT UPDATE (PRESENTATION BY SANTA ROSA REPRESENTATIVES)

Mr. DeGabriele introduced to the Board Greg Scoles, City of Santa Rosa Deputy City Manager and Dave Smith, of Merritt Smith Consulting, City of Santa Rosa's consultant who made a PowerPoint presentation on the Santa Rosa Incremental Recycled Water Project.

Mr. Smith's discussion focused on the Discharge Relocation component of the Recycled Water Project. The topics discussed included the current discharge location and volume, proposed discharge location and volume, why it is necessary to relocate the discharge and what is the process and schedule to implement the change. Currently, the recycled water enters the Russian River upstream of two of the Sonoma County Water Agency Collector wells. Mr. Smith stated that growth is anticipated for Santa Rosa, but the water needs, under the Master Plan adopted last year, would be handled by additional reuse, thus increasing the amount of recycled water. However, Mr. Smith explained, there would be no increase in the discharge amount. Mr. Smith said that the primary reasons for relocating the discharge had to do with regulatory compliance. He also discussed the timeline of the project, which is currently scheduled for completion of construction in the Fall of 2010.

The Board thanked Mr. Scoles and Mr. Smith for their presentation and they left the meeting.

ACTION CALENDAR

CONSIDER: BILL ADJUSTMENT REQUEST (ABELING)

Bob Abeling of 1625 Indian Valley Road addressed the Board concerning a leak that occurred while he was on a month's vacation. He stated that after returning a leak was discovered and was repaired immediately. After receiving his bill that reflected the high usage caused by this leak, he applied for a leak adjustment, but did not qualify according to District Leak Adjustment Policy. Mr. Abeling believed that his situation was extraordinary, and it was his understanding that the Board has not reviewed the policy since 1995. He, therefore, requested the Board to consider reviewing current policy to allow exceptions in situations such as his.

Director Rodoni stated that he would agree to look at policy, but felt that this case did not warrant an adjustment.

Director Fraites stated that he felt that Mr. Abeling should receive an adjustment since he was out of town while the leak occurred and repaired the leak immediately upon returning home.

Director Baker stated that the District has had similar requests in the past from customers which were denied and felt that the District should be consistent with such similar requests and thus not allow the requested adjustment.

Director Fraites made a motion to grant Mr. Abeling a \$36 adjustment on his bill, seconded by Director Petterle and failed by the following vote:

AYES: Directors Fraites, Petterle

NOES: Directors Baker, Rodoni, Schoonover

Mr. Abeling left the meeting.

**STAFFORD TREATMENT PLANT REHABILITATION PROJECT PROGRESS REPORT NO. 7
(HARRIS & ASSOCIATES) AND APPROVE: CONSTRUCTION MANAGEMENT CONTRACT
CHANGE ORDER NO. 1**

Mr. McIntyre introduced Michelle Leonard, Construction Manager with Harris and Associates for The Stafford Treatment Plant Rehabilitation Project stating that after Ms. Leonard's presentation Mr. Larry Timmer, Vice-President of Harris & Associates, would provide a summary of his June 16, 2005 letter and request for a change order. Ms. Leonard made a PowerPoint presentation regarding current construction progress on the project. She stated that the project is 85% complete by construction; 83% complete by cost. Ms. Leonard summarized the work completed to date and addressed the scheduling problems which shows that Frontier Contracting, Inc. is two months behind schedule. Harris has recommended to Frontier Contracting that they increase staffing.

Director Rodoni asked if Frontier Contracting's schedule delay includes time lost due to change orders. Ms. Leonard responded that she felt that from Frontier Contracting's perspective it would be due to change orders, but in her opinion it was due to not enough staffing.

The Board asked for clarification of the Change Order issue and Mr. McIntyre provided a summary of events leading up to Harris & Associates' requests for an additional \$200,000 to their contract. He stated that Harris & Associates, as Construction Managers, oversee both the construction of Stafford Treatment Plant project, and the contractor, Frontier Contracting. Because Frontier Contracting is behind schedule, Harris' contract for overseeing the project is running out of money. Their contract for \$900,000 was based on a two-year contract. Mr. McIntyre explained that normally, the majority of construction work on a project such as Stafford would be done in the middle of the project and as the project nears the end, the need for construction management is diminished. Because Frontier Contracting is so far behind schedule, Harris must continue fully staffing construction management of the project, and is requesting an additional \$200,000 to fund the costs incurred.

Director Petterle inquired about liquidated damages and when it would commence. Mr. McIntyre stated that liquidated damages would be assessed at a rate of \$1,000 per day for each day the project continues past the contract end date of October 26. He also stated that this amount was predetermined at the start of the contract.

Mr. Larry Timmer addressed the Board regarding Harris & Associates' change order request for the amount of \$200,000. Mr. Timmer stated that he had requested more staffing from Frontier Contracting in order to stay on schedule, but that Frontier Contracting chose to increase work hours instead, thereby putting a strain on Harris' budgeted hours to oversee the project. He stated that there is not enough money left in the contract to continue construction management services.

Director Rodoni questioned that the \$200,000 is not solely for the Stafford Treatment Plant Project. Mr. McIntyre explained that \$183,635 is for the Stafford Rehabilitation Project and the remaining \$16,365 was for other District projects for which Harris & Associates Construction Management Services were contracted. He stated that he fully supports Harris & Associates' request.

On motion of Director Schoonover, seconded by Director Petterle and unanimously carried, the Board authorized the General Manager to execute Change Order No. 1 with Harris & Associates in the amount of \$200,000 on a time and expense basis.

The Board thanked Mr. Timmer and Ms. Leonard for their presentation and they left the meeting.

APPROVE: PURCHASE OF EXCESS WORKER'S COMPENSATION POLICY

David Bentley reviewed the first year of the District's self-insured worker's compensation insurance in which the District saved \$260,000. The District has received a proposal from Safety National Casualty Corporation to provide excess coverage that would protect the District from financial liability for any loss exceeding \$750,000. The premium would cost \$36,000 per year.

On motion by Director Schoonover, seconded by Director Petterle and unanimously carried, the Board authorized the Auditor-Controller to purchase excess worker's compensation from Safety National Casualty Corporation effective August 1, 2005.

CONSIDER: CONTINUED USE OF AGENDA COVER SHEET

Mr. DeGabriele proposed to the Board a new format for Board Memorandum replacing the current Agenda Cover Sheet.

On motion of Director Petterle, seconded by Director Schoonover, and unanimously carried, the Board authorized the use of the new format for Board Memorandum, and the discontinuation of the Agenda Cover Sheet.

INFORMATION ITEMS:

DISTRICT OFFICE RENOVATION UPDATE REVIEW

Robert Clark reviewed for the Board the revised design of the administration building noting changes from the original design as prepared by Daniel Macdonald Architects. He stated that the design has addressed access concerns for the restrooms, main entrance and boardroom egress. He noted that the Boardroom modification will require a remodel of the kitchen area to allow for proper access to the room, and that the traffic flow into the Boardroom will change to the west hallway. Mr. Clark stated that visitors may enter at the front of the building and there will be a path with proper signage to the Boardroom. He advised the Board that the architect has been requested to provide an additional cost estimate to perform a space planning study so that workflow in all areas of the office building may be addressed. Mr. Daniel Macdonald, principal Architect and Mr. Ken Harth, Project Lead, of Daniel Macdonald Architects, were in the audience to answer any questions.

Director Baker asked whether the needs of disabled employees have been addressed in regards to access to all areas of the building. Mr. Macdonald stated that both corridors will be ADA accessible and all offices would also be accessible.

Director Petterle asked if the entrance to the Boardroom for visitors to Board meetings could be through the back door. Mr. Macdonald stated that the entrance to the Boardroom through the back door could be possible without compromising security and access to the District offices. However, there are issues concerning handicapped parking that will need to be addressed during Phase 2 of the project. Mr. Clark advised the Board that during construction the Reception and Billing areas would be relocated to a modular building most likely located in the back parking lot area. Customers will be directed to the modular building with proper signage. The current estimate of construction includes costs for the temporary office arrangement.

The Board thanked Mr. Macdonald and Mr. Harth and they left the meeting.

PALMER DRIVE WATER TANK – NOTICE OF PUBLIC WORKSHOP

Mr. McIntyre introduced Mark Soldati of Winzler & Kelly who provided the Board with a summary of the plans for public outreach for the Palmer Drive Water Tank Project. A public workshop is scheduled for Thursday, August 4, 2005 at 7 p.m. at the Marin Community Foundation offices in Hamilton. The purpose of the public workshop is to provide information to the homeowners in the vicinity of the project and to answer any questions or concerns.

Mr. Soldati described the two alternatives for the tank project. Alternative 1 places the tank inside a 3.4-acre parcel that was deeded to the District during the planning of the Anderson-Rowe project (aka Summerhill Homes development) for the proposed water tank. The disadvantages of this location are the visual impacts on some of the homeowners on Rowe Ranch Road and the need to realign the existing fire roads.

Mr. Soldati presented Alternative 2 that may be a better alternative. He stated that there are many existing trees that would provide natural screening of the tank and redirecting the fire road would be easier. However, the site for Alternative 2 places the tank outside of the District parcel and onto private open space owned by the Rowe Ranch Homeowner's Association, which would require approval by the homeowners association. He stated that this alternative should be explored as it provides a better location both from an engineering standpoint and aesthetically.

Director Rodoni inquired if the tank is planned to be an above ground concrete tank. Mr. Soldati answered that the tank would be above ground steel. He stated that burying a tank at this site would require more earthwork, excavation and realignment of roads.

Director Petterle asked if homeowners were aware of the tank project when they purchased their home. Mr. McIntyre replied that the District had been working with the developer from the beginning to notify potential homeowners of this project through assistance with disclosure

statements and story pole placement. Mr. DeGabriele added that the developer's sales center displayed a map showing the location of the tank.

Mr. Soldati said that if the District can receive a consensus from the homeowners that Alternative 2 is the best option, the CEQA process would be expedited. Mr. McIntyre apprised the Board that the District will be mailing interested parties a notice of the Public Workshop on July 20, 2005.

The Board thanked Mr. Soldati for his presentation and he left the meeting.

MISCELLANEOUS:

The Board received the following pieces of miscellaneous information: Point Reyes Water Treatment plant Upgrade Study – Final Comments on Administrative Draft, Memo re First Year Results – Worker's Compensation Self-Insurance, ACWA Advisory – Governor and Legislature Compromise to Produce 2005-06 State Budget, Overtime Report (6/30) and Outstanding Invoices (6/30).

The Board also received the following news articles: Flush That Draft Sewer Ordinance (7/15/05), Valley's Coho 'Endangered' (7/7/05), and MMWD's Prudent Insurance Policy (7/6/05).

ADJOURNMENT

President Baker adjourned the meeting at 10:10 p.m.

Submitted by

Renee Roberts
Acting District Secretary