

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
August 1, 2006**

**CALL TO ORDER**

President Schoonover 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, Rick Fraites, 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. Director Baker arrived at 7:34 p.m.

District employees Mike McMaster (Operations Superintendent) and Pablo Ramudo (Water Quality Supervisor) were in the audience.

**CLOSED SESSION**

President Schoonover immediately adjourned the Board into closed session for Conference with legal counsel - Anticipated Litigation. Significant exposure to litigation pursuant to Government Code subdivision (b) of Section 54956.9 (one case re Stafford Water Treatment Plant Rehabilitation Project).

**OPEN SESSION**

Upon returning to regular session at 7:37 p.m., President Schoonover stated that during the closed session the Board had discussed the issues and no reportable action had been taken.

**MINUTES**

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

**GENERAL MANAGER'S REPORT**

**Valley of the Moon Water District**

The General Manager reported that he attended the Valley of the Moon Water District tank dedication on July 19, 2006.

**North Bay Watershed Association**

Mr. DeGabriele said that he was asked to attend the North Bay Watershed Association administrative steering committee on Thursday to review the consultant's scope for the NBWA "road

show.” He described the “road show” as a series of condensed presentations intended to travel around to community sites addressing land use planning and water supply issues.

#### Russian River Fishery Restoration

Mr. DeGabriele also stated that he has been asked to participate in discussion with Sonoma County Water Agency and the National Marine Fisheries Service on Russian River Fishery restoration. He reminded the Board that the Water Advisory Committee wrote a letter to the Agency expressing priority interests. He said that one priority was that the Agency consider a direct diversion from Lake Sonoma to a water treatment plant to avoid additional impact on the fishery between Dry Creek and the collectors.

#### Summer Dam

The General Manager reported that the summer dam on the Russian River has been repaired and that water production during the repair period was uninterrupted, and he complimented Agency staff on a good job in completing the repair and maintaining water supply.

#### NMWD Picnic

Mr. DeGabriele provided a brief report to the Board on the District Picnic and stated that over 100 folks attended and everyone had a good time.

#### **OPEN TIME**

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

#### Tier Rate Structure

Ed Grundstrom, 2034 Hatch Road, addressed the Board concerning the proposed tier rate structure and stated that he felt that the 2-tier system has not been given enough time to determine if people are conserving more and urged the Board to wait another year before implementing the proposed third tier. He also complained that 20% of North Marin’s capacity goes to Marin Municipal Water District and that North Marin customers should not have to pay higher rates because of that.

Directors Schoonover advised Mr. Grundstrom that Marin Municipal only receives North Marin water when there is excess capacity. Director Rodoni stated that by selling water to Marin Municipal raises revenue for the District thereby reducing the amount Novato customers pay for water.

Renee Roberts read a letter from Novato customer Monica Brett who wrote to protest the proposed tier rate stating her concern that people with large lots and animals will be penalized.

## **QUARTERLY FINANCIAL STATEMENT**

Mr. Bentley presented the year-end statement for Fiscal Year 05/06 that ended June 30. He stated that the operating revenue was 94% of the budgeted amount; and water sales volume was down 3% from the prior year. Expenses were 4% over budget due to the late start up of the Stafford Treatment Plant and necessitating purchase of extra water from Sonoma County Water Agency. He said that the total funds received were 75% of budget and the total expenditures was 75% of budgeted outlays. As a consequence our loss for the year was \$2.1 Million compared to the fiscal year budgeted deficit of \$2.8 Million. Fifty-one percent of the improvement projects' budget was expended and that was less than normal because major projects didn't proceed as anticipated. The total cash balance decreased \$1.1 Million.

Mr. Bentley said that in Novato, revenue was up 6% due to the 9% rate increase, however water sales were down; operating expenditures were \$1.6 Million more than the prior year due to purchases of Russian River water from SCWA and increases in salaries and benefits. He stated that the net loss for Novato was \$1.8 Million while the budgeted loss was \$1.6 Million.

Mr. Bentley reported that operating revenue in West Marin was down 2% from the prior year, unit sales were the lowest since 1995, and expenses were also down by 17%. West Marin had a net income of \$5,000; 70% of improvement projects budget was expended and the amount borrowed from Novato increased to \$500,000.

Mr. Bentley said that in Oceana Marin three new sewer customers came on line for a total of 218 customers which resulted in a 2% increase in revenue. Operating expenses were up 16 % due rebuilding the lift pumps on Tahiti Way. The fiscal year net income was \$13,000 compared with a budgeted income of \$16,000.

Mr. Bentley advised the Board that this is a preliminary report, that the auditors will be conducting the annual audit soon and a final report will be presented once their work is complete.

## **CONSENT CALENDAR**

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

### **OAK PARK ESTATES LAND DIVISION AMENDMENT NO. 2**

The Board approved a second amendment to the Oak Parks Estates Land Division project. The project design originally called for a 2,000-gallon buried water tank, but now, due to the Cherry Hill pipeline extension, the District will be able to provide a more reliable service to this area via the Cherry Hill storage tanks in the near future. Therefore the design can be modified to eliminate need

for the buried tank and include a 500-foot pipeline extension which will result in deliverable water supply to Oak Park Estates.

The Board approved Resolution 06-33 entitled, "Authorization of Execution of Amendment No. 2 to Water Services Facilities Construction Agreement with Greg Schoepp."

#### **WATER SERVICE AMENDMENT – NEW BEGINNINGS EMPLOYMENT/TRAINING FACILITY**

The Board originally authorized a water service agreement for this project on July 26, 2005, however, financial arrangements were not satisfied and the agreement expired. The applicant has now indicated that they are ready to move forward with the project, 32 affordable studio apartments plus food service training center and offices totaling 17 equivalent dwelling units. Since this is an affordable housing project, payment of initial charges are eligible to be deferred pursuant to Regulation 1.c.(5). Proposed water facilities for the site include 550 feet of 12" PVC pipe, three commercial fire hydrants, a 6" fire service, a 1-1/2" irrigation service and a 2" domestic service.

The Board approved Resolution 06-34 entitled, "Authorization of Execution of Water Service Facilities Construction Agreement with Homeward Bound of Marin."

#### **POLICY NO. 15 CONDEMNATION**

The Board adopted the revised Policy No. 15, Condemnation.

#### **ANNEXATION PARCEL L**

The project proposes to subdivide the 6.65 acre Parcel L into four single-family lots. The parcel lies within the District's territory but outside the District's sewer service improvement district, and the Board declared its intent to proceed with annexation to Improvement District OM-3 at the June 2, 2006 meeting. As a requirement of this annexation, the applicant has entered into an agreement and covenant with the District for all lots noticing of odors and aerosols and stipulating that property owners shall make no claims regarding these issues from the sewage treatment ponds.

The Board approved Resolution 06-35 entitled, "Resolution of the Board of Directors of North Marin Water District Ordering the Annexation of Territory Within said District to Improvement District No. OM-3 of North Marin Water District."

#### **DISBURSEMENTS**

At the request of Director Rodoni, Item 10, Disbursements, was removed from the Consent Calendar for further discussion. Director Rodoni recommended a "no" vote on line item number 15, for the Director's fee and compensation for attendance at the Community Choice Aggregation Workshop on June 2, 2006 totaling \$200 for Jack Baker. Director Petterle requested clarification if

Director Baker received prior Board approval to attend the Community Choice Aggregation Workshop. Director Baker responded that the County Supervisor's aide requested that a District Board representative attend the workshop being held that same day, so he attended. Director Schoonover stated that there was no opportunity for Director Baker to get prior approval.

On motion of Director Baker and seconded by Director Fraites, the Board unanimously approved payroll and accounts payable vouchers, with the exception of line item 15, totaling \$526,931.94 and estimated overheaded payroll for August of \$263,000.

Director Baker moved to approve Item 15 and Director Schoonover seconded the motion, but stated that it is his opinion that there was not opportunity for Director Baker to get prior Board approval; however, District Board Compensation policy was not followed, and that the Board member could have refrained from requesting compensation for attending said workshop. The motion failed by the following vote:

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

Director Rodoni moved approval of line item 15 less \$100 requested compensation for Director Baker's attendance at the Community Choice Aggregation Workshop, for a total disbursement of \$100 to Director Baker and the motion was seconded by Director Petterle. The motion passed by the following vote:

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

### **ACTION CALENDAR**

### **REPORT ON ALGAE GROWTH AND EFFECTIVENESS OF SOLAR BEES AND RECOMMENDED PURCHASE**

Water Quality Supervisor, Pablo Ramudo, presented the Board with a PowerPoint explanation of how the Solar Bee mixing units, installed in Stafford Lake in March 2006, has minimized the negative effects of algae blooms to water quality and treatment operations. He stated that the results of the Solar Bees' operation is higher levels of oxygen at the bottom of the

lake, that there are lower levels of algae, and, therefore, the water is easier to treat. Mr. Ramudo recommended the purchase of the Solar Bee units at the end of the six-month rental period.

On motion of Director Rodoni and seconded by Director Petterle, the Board unanimously authorized the purchase of the Solar Bee mixing units by the end of the six-month rental period at a cost of \$137,002.83.

**POLICY NO. 13 BOARD COMPENSATION**

Mr. DeGabriele stated that Policy 13, Board Compensation, was reviewed and accepted by legal counsel.

On motion of Director Petterle and seconded by Director Fraites, the Board unanimously approved Policy 13, Board Compensation.

**POLICY NO. 14 BOARD OF DIRECTORS MANUAL**

Mr. DeGabriele stated that the Board of Directors Manual incorporates revisions to Policy 13, Board Compensation.

On motion of Director Petterle and seconded by Director Rodoni, the Board unanimously approved Policy 14, Board of Directors Manual.

**RESOLUTION OF SUPPORT FOR PROPOSITION 84**

Mr. DeGabriele stated that Proposition 84 has qualified for the November ballot and is supported by a broad coalition of interests. He said that Proposition 84 proposes over \$1.5 Billion to be earmarked for safe drinking water and water quality projects. Mr. DeGabriele stated that it is appropriate for North Marin to support the initiative since it is requesting grant funding for recycled water projects in the current water bond (Prop 50), and the District will be requesting more in the future.

On motion of Director Fraites and seconded by Director Rodoni, the Board unanimously adopted Resolution 06-36 entitled, "Resolution of the Board of Directors of North Marin Water District Supporting the Safe Drinking Water, Water Quality and Supply, Flood Control, River and Coastal Protection Bond Act of 2006."

**SCRAP METAL RECYCLING / EMPLOYEE COFFEE FUND**

Mr. DeGabriele advised the Board that over the years, the District has salvaged metals and the proceeds has gone into an employee "coffee fund" to supply the District coffee, and fund the Christmas party, patio party and annual picnic for employees and retirees. He said that in 2005, the fund totaled \$8,600 and funded those employee functions and as well as donations to tsunami and Katrina relief. He further stated that these funds were held in a separate bank account, managed

by former District employee, Kathie Riska, and not on the District books, and that after Ms. Riska's embezzlement, the Accounting Department took over the account. The Coffee Committee has met and worked to reduce the costs of the funded events and staff recommends closing this account and depositing funds into the District's operating account. Mr. DeGabriele said that the District would continue to recycle scrap metal and give the checks to the cashier for deposit. He said that the District would disburse checks for the cost of the employee events and coffee supplies and bring everything onto the District books. He said that an annual report of expenditures will be provided to the Board and any expenditure beyond those stated above will receive prior authorization from the Board.

On motion of Director Petterle and seconded by Director Fraites, the Board unanimously authorized staff to continue recycling scrap metal, deposit all funds in the District's operating account and direct the General Manager to authorize funds for District coffee purchases and employee functions.

### **INFORMATION ITEMS**

#### **IMPROVEMENT PROJECTS – YEAR END REPORT**

Mr. McIntyre provided the board with the year-end report for the Engineering Department budgeted improvement projects for fiscal year 05/06. He summarized the report by stating that the actual improvement projects' expenditures were 51% of the approved FY 05-06 budget for Novato and that Improvement projects' expenditures for West Marin were approximately 74% of the 05-06 budget.

#### **CUSTOMER OUTREACH PUBLIC OPINION SURVEY QUESTIONS**

Mr. DeGabriele stated that at the last meeting, the Board authorized an agreement with Ogilvy Public Relations to develop a customer outreach plan and that as part of the plan, a telephone poll will be conducted. He stated that the Board authorized \$8,000 for the telephone poll, and that the Board has requested to review the questions that will be posed to the respondents.

The Board made suggestions and comments on the telephone survey questions and staff will pass these onto Ogilvy.

#### **CITY OF SANTA ROSA INCREMENTAL RECYCLED WATER PROJECT UPDATE**

Mr. DeGabriele stated that the District commented on the City of Santa Rosa Incremental Recycled Water Project in 2003 and advised that Santa Rosa responded to those comments in the Environmental Impact Report. He stated that as a follow-up to the project, Santa Rosa is moving forward with the initial study and draft environmental review for the Discharge Compliance Project alternatives.

Mr. DeGabriele advised the Board that he will attend the first scoping meeting in Santa Rosa tomorrow and will have an opportunity to comment on Santa Rosa's project.

**STATE WATER RESOURCES CONTROL BOARD PROPOSED NORTH COAST INSTREAM FLOW POLICY**

Mr. DeGabriele provided an update on the State Water Resources Control Board development of a Instream Flow Policy for North Coast Streams as required by Senate Bill 2121. He stated that this law will affect the Russian River, Lagunitas Creek and Novato Creek, and that the State Board will base their policies on Fish and Game and National Marine Fisheries Guidelines. He said that in regards to Novato Creek, it would be likely that the diversion would trigger a bigger evaluation of instream benefits and requirements by the State Board and that the District may need to develop a habitat conservation plan for the protection of steelhead. Mr. DeGabriele advised that the District's Lagunitas Creek diversion is much smaller, and it may be required to follow prescriptive rules as stated in the draft Department of Fish and Game and the National Marine Fisheries Service guidelines.

Mr. DeGabriele also provided an update on discussions with the State Board staff who have drafted permit requirements for change and place of purpose of use to increase the flow to .67 cf/sec. in Lagunitas Creek.

**NINTH CIRCUIT COURT CONFIRMS FERC DECISION TO INCREASE EEL RIVER FLOWS**

Mr. DeGabriele reported that the Ninth Circuit Court denied several petitions by environmental groups, California sports fishing enthusiasts, and Mendocino County water interests who were protesting the Federal Energy Regulatory Commission's decision amending PG&E's license to operate the Potter Valley Project and increase flow in the Eel River to protect anadromous fish. He stated that there is certainty now that the operation of the Potter Valley Project will continue.

Mr. DeGabriele provided the Board with a comment letter from the Association of Water Agencies (ACWA) to the Environmental Protection Agency on the proposed federal rule that would exempt water transfers from obtaining a National Pollutant Discharge Elimination System Permit.

**MISCELLANEOUS**

The Board received the following miscellaneous items: Review of Scheduled Agenda Items, North Bay Water Reuse Program Act Introduced, Climate Protection Campaign Conference Update RC, Fourth Quarter Bacteriological Quality Monitoring Report, Ahwahnee Water Principles Provide a Blueprint for Ensuring Future Clean Water Supplies, Santa Rosa Encourages People to "Build It Green".

The Board also received the following news articles: Insurance Covers Embezzlement at NMWD (7/26), Loose Fitting May be Cause of Dam Leak (7/25), Effects of Pharmaceuticals in Groundwater (7/10), Sonoma County Water Agency Administration Building Solar Project, NMWD: A Balancing Act Among Government, Environmental and Public Need (8/06).

**ADJOURNMENT**

President Schoonover adjourned the meeting at 9:25 p.m.

Submitted by

Renee Roberts  
District Secretary