

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
August 18, 2009**

CALL TO ORDER

President Rodoni 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, 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.

Mark Soldati and Pat Collins of Winzler & Kelly, Fairfax resident Frank Egger representing North Coast Rivers Alliance, Tim Omarzu from the Novato Advance, Leonard Charles of Leonard Charles and Associates, Novato residents William and Kyla Medigovich and District employees Robert Clark (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance Superintendent), Ryan Grisso (Water Conservation Coordinator) and Carmela Chandrasekera (Associate Engineer) were in the audience.

MINUTES

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

GENERAL MANAGER'S REPORT

Meeting with Marin County Supervisors

Mr. DeGabriele reported that he and Directors Baker and Rodoni, along with Marin Municipal Water District General Manager Paul Helliker, and Directors Behar and Gibson, met with Supervisors Hal Brown and Steve Kinsey for the purpose of updating them on the water supply situation this summer and the ongoing struggle with Sonoma County Water Agency to deliver water, especially to Marin County. He said that the supervisors agreed to reach out to the Sonoma Board of Supervisors and set up a meeting between the Agency Marin Municipal and North Marin to talk about this situation. Mr. DeGabriele further reported that tomorrow he will be meeting with the Agency's General Manager, Marin Municipal's General Manager and Petaluma's Director of Water Resources to talk about Petaluma Aqueduct deliveries. He reminded the Board that the Agency is not operating Ely Booster Station or Kastania Pump Station this summer and that deliveries are being gravity fed through the aqueduct. He advised that there is consternation on the Agency's part that Marin Municipal is receiving any water at all, and it was the recommendation of the WAC liaison

from the Sonoma Board of Supervisors, Paul Kelley, for the managers to get together to try to come to consensus.

Water Project Sub-Committee

Mr. DeGabriele informed the Board that yesterday the Water Project Sub-Committee of the Technical Advisory Committee met to discuss water conservation goals and reduced diversions requirements on the Russian River which are all being met. He said that the biological opinion limits on Dry Creek flows are being met; Lake Mendocino storage is at 2007 levels and all parties, including the retail contractors, Water Agency, Mendocino County and agricultural water users, are working together to achieve success in these areas. He said broader water allocations this summer were discussed and the TAC would like to delay in developing that allocation.

Mr. DeGabriele advised that the Russian River Tour for Water Advisory Committee and Technical Advisory Committee representatives is schedule for Friday, August 27 and that he, and Directors Baker and Fraites will attend.

OPEN TIME

President Rodoni asked if anyone in the audience wished to bring up an item not on the agenda and there was no response.

STAFF / DIRECTORS' REPORTS

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

Change in Agenda Sequence

Mr. McIntyre requested that the Board hear Item 12 before Item 11 and the Board concurred.

Verizon

Mr. Clark advised that Verizon's permit with the County of Marin for cellular communications antennae installation above Stafford Treatment Plant was approved; however, the County requested that a tree pole rather than a mono-pole be installed. He said that once Verizon and the County come to a consensus on the type of antennae to be installed, he will bring the agreement between the District and Verizon back to the Board for final approval.

North Bay Water Reuse Tour

Director Schoonover reported that he and Director Baker attended the North Bay Water Reuse tour and visited several facilities in Napa and Sonoma Counties. He complimented Mr. McIntyre for his interesting presentation. Director Fraites stated that he also attended the tour, but was representing Marin County Supervisor Susan Adams. Director Baker said that he was surprised at the amount of agricultural growth (i.e. vineyards) in an area that has limited water supply.

MONTHLY PROGRESS REPORT

Mr. DeGabriele presented the Monthly Progress Report for July, the first month of the new fiscal year. He reported that Novato water production, at 359 million gallons, is down 14% from a year ago, and compared with 2004, July water production is down 22%. He said that when the period of April through July 2009, which is the period pursuant to the State Board Order, is compared with April through July 2004, total water production is down 24%. He said that Stafford Treatment Plant production is up 16% from a year ago and up 217% from July 2004; Russian River deliveries in July 2009 are down 47% from July 2004 and for the Russian River diversion period which is June and July, deliveries are down 49%. Mr. DeGabriele stated that West Marin water production is also down 16% from one year ago; Stafford Lake elevation and storage is normal. He further stated that Oceana Marin status is similar to last year.

In the Safety and Liability section, Mr. DeGabriele pointed out that 22 lost days through July 2009 is a carryover from a worker's compensation claim that happened in the previous year, and that the employee is waiting for surgery and hopes to return to work in September. He said that in Water Conservation, the high efficiency toilet rebates and Water Smart Home Surveys continue to be popular. He stated that complaints and service orders were down in all categories except water quality and said that GAC filter problems at Stafford Treatment Plant generated thirty-two taste and odor complaints. Mr. DeGabriele further stated that production at Stafford Treatment Plant has increased with the call from SCWA to preserve storage, and no impact on water quality from the treatment plant water production was observed. He advised that a programming problem in the billing department prevented issuing bill adjustments in July.

Mr. DeGabriele provided a summary of the Monthly Investments and said that the cash balance at the end of July is \$7M. He reported that the ratio of total cash to budgeted annual operating expense stands at 52% compared to the District's 90% target.

CONSENT CALENDAR

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

NOVATO SANITARY DISTRICT - WILSON AVENUE / CENTER ROAD TRUNK SEWER (2009)

The Novato Sanitary District is upsizing the existing 12-inch sewer main in Wilson Avenue and realigning the main in Center Road making it necessary to relocate existing NMWD water facilities. The existing asbestos cement pipe will be replaced with steel in selected locations to avoid future water main fractures due to soil settlement. There are no new water meters required for this project.

The Board approved Resolution 09-27 entitled, "Authorization of Execution of Water Facilities Construction Agreement with Novato Sanitary District."

LAGUNITAS CREEK STREAMGAGING STATION COST SHARING

The Board approved the funding request and NMWD share in the amount of \$7,400 and authorized the General Manager to enter into the Joint Funding Agreement for Water Resources Investigations with the US Department of the Interior, US Geological Survey. This agreement is for the Streamgaging Station located at the Gallagher Ranch bridge near Point Reyes Station. The cost is shared between the District, Marin Municipal Water District and the National Park Service.

ACWA REGION 1 BOARD ELECTION

The Board authorized the General Manager to concur with the Association of California Water Agency Region 1 Nominating Committee's recommended slate for the Region 1 Board 2010-2011 term.

ACTION CALENDAR

APPROVE: CONSULTING ENGINEERING SERVICES (MARIN-SONOMA NARROWS AQUEDUCT RELOCATION) - WINZLER & KELLY

Mr. McIntyre presented a summary of the CalTrans Marin-Sonoma Narrows project and said that the proposed project is divided into three segments – A, B and C, and that segment B, the Central Segment, is of interest to the District and will be the focus of his presentation. He said that this segment begins at San Marin/Atherton Avenue north to the Kastania Pump station. He said his presentation tonight will address the impacts of the proposed project on the North Marin aqueduct and the reason why a Consulting Engineering Services Agreement with Winzler & Kelly is requested.

Mr. McIntyre stated that the North Marin Aqueduct runs on the west side of the Highway 101 corridor within an easement owned by the District, and he highlighted on the displayed map two significant work areas: the existing Redwood Landfill overpass and the San Antonio Curve Correction. He said that the Redwood Landfill interchange expansion will make it necessary to relocate the existing pipe further west. He said that it may be necessary that CalTrans relocate

District facilities even further west as it heads to the San Antonio Curve Correction depending on the design detail. Mr. McIntyre explained the pipe relocation in this area and noted that the aqueduct is proposed to cross under San Antonio Creek, cross under the freeway to the east side just north of the Marin-Sonoma county line and proceed to the south end of Kastania Road. He stated that CalTrans preliminary drawings show a significant portion of the aqueduct that will need to be relocated.

Mr. McIntyre advised that Cal Trans recently issued their final Environmental Impact Report and that once all steps are taken in the environmental phase of the project, CalTrans will issue to the District, a "Notice to Relocate" at which time the District will enter into a Utilities Relocation Agreement with CalTrans to perform the work. He further advised that CalTrans will pay all in-kind costs for the relocation as long as the same size pipe is installed. He said that the District requested CalTrans fund the upsizing of the pipe (from 30-inch to 48-inch) as a means to discontinue the use of the Kastania Pump Station, thereby reducing greenhouse gas emissions. He stated that CalTrans response was that greenhouse gas emissions would be reduced by relieving traffic congestion and their policy is to reimburse utilities for in-kind replacement of facilities only. Mr. McIntyre said that the District is having discussions with Marin Municipal regarding the existing Intertie Agreement and their contribution towards the upsizing of the aqueduct recognizing that Marin Municipal benefits from this pipeline.

Mr. McIntyre stated that based upon CalTrans response to the upsizing of the pipe, it will be necessary for the District to participate in the design and permitting issues related to the upsizing the aqueduct; and therefore staff is requesting that Winzler & Kelly assist District staff in the design phase and oversee the permitting phase. He said it is important that the District seize this opportunity to upsize the aqueduct to allow for the elimination of electrical power consumption at the Kastania Pump Station necessary to deliver spring, summer and fall SCWA water deliveries to Novato. He said that CalTrans has already performed the necessary environmental study for the proposed project and that any upsizing of the aqueduct would be addressed in an amendment to the CalTrans' EIR. He informed the Board that CSW/Stuber-Stroeh has been contracted with CalTrans' design consultants to design the utilities relocation work including the aqueduct.

Director Rodoni asked if District CEQA work would only involve the upsizing of the pipe and how would the environmental permitting be impacted should other issues arise such as growth, water availability and fisheries? Mr. McIntyre responded that the District CEQA document, addressing the upsizing of the pipe for gravity flow, would be an amendment to the CalTrans CEQA;

and that, if at a later date additional issues surfaced, a supplemental permitting process to address any issues would be required.

Director Fraites asked if there was a cost analysis on the savings in eliminating pumping costs versus the cost of installing the larger pipe. Mr. McIntyre responded that cost details will be worked out this fall and there will be negotiations with Marin Municipal on their contributions to the upsizing. He said that staff will come back to the Board at a later date once construction costs are known and contractual negotiations with Marin Municipal are complete.

Frank Egger, representing the North Coast Rivers Alliance, asked if the North Marin Water District will be the lead agency for the Marin-Sonoma Narrows project. At the request of the General Manager, Pat Collins of Winzler & Kelly responded to Mr. Egger's question. She explained that the District will negotiate with CalTrans and that most likely CalTrans would be the lead agency, although it has not yet been determined. She said the first step is for CalTrans to submit the Notice to Relocate to the District.

Mr. Egger asked if the capacity of the pipeline will be doubled. Mr. DeGabriele stated that the entire length of the pipeline will not be enlarged, and there is no change in capacity; that the purpose is to get gravity flow to Novato.

Director Rodoni stated that the District is very familiar with the work of Winzler & Kelly; however, the size of the contract causes him to wonder what other firms were considered and how to ensure that the District will get value for its money without competitive proposals.

Mr. McIntyre responded that the bulk of the design will be performed by CSW/Stuber-Stroeh; and that staff is requesting that Winzler & Kelly operate as an extension of District Engineering staff to review plans and to assist with hydraulic modeling which takes close coordination between the staff and consultant. He said that Mark Soldati, who will act as Project Manager, has a proven track record working with District Engineering staff that will be performing most of the work. He stated that Pat Collins is very experienced with permitting issues related to water deliveries in Marin and Sonoma Counties, and she is up-to-speed with entitlement issues and contractual deliveries with Sonoma County Water Agency. He said that her familiarity of the issues will enable her to "hit the ground running."

Director Rodoni stated that it was his preference that CalTrans be the lead agency; there are too many pitfalls for the District, being a small agency, to be the lead and it would be time-consuming and cost-prohibitive.

On motion of Director Baker and seconded by Director Schoonover, the Board unanimously voted to authorize the General Manager to execute a new agreement for consulting engineering services with Winzler & Kelly on a time and expense basis with a not-to-exceed limit of \$186,600 plus a \$20,000 contingency.

PUBLIC HEARING: CREST TANK NO. 2 – CONSIDER ADOPTION OF MITIGATED NEGATIVE DECLARATION AND APPROVAL OF PROJECT

Mr. McIntyre introduced Carmela Chandrasekera who provided a Power Point presentation on the Crest Tank No. 2 Project. She reminded the Board that the existing Crest Tank, built in 1965, has a 500,000 gallon capacity and that a future 1.5 million gallon tank was planned for the site at that time. She said that it was determined that a 1.5 mg tank was not needed and the proposed Crest Tank No. 2 will hold 500,000 gallons of water that will increase storage capacity, and increase reliability and fire protection in the service area. She advised that during the 30-day public review period two comments were received; and the District conducted significant public outreach to the residents in the surrounding area, including a scoping meeting held in February and sending notices to all residents within a 0.5 mile radius of the proposed project. Ms. Chandrasekera reviewed the tentative project timeline that shows the tank coming on-line in the fall of 2010. She then turned the presentation over to Leonard Charles of Leonard Charles & Associates, the District consultant for the CEQA phase of the project.

Mr. Charles stated that this is a straight forward project on an already developed site and there would be no significant impacts, except for nesting barn owls. He said that the Hungry Owl Project will survey the existing nesting boxes; and if not occupied, they will be removed in October; if boxes are occupied, they will not be removed until fledging is completed, measures will be taken during construction to prevent owls from nesting at this location and nest boxes will be replaced once project construction is complete. Mr. Charles said that visual impacts to homes near the tank on Laguna Vista will be mitigated by planting trees to screen the view of both tanks. Mr. McIntyre added that both tanks will be recoated with the same color.

President Rodoni opened the Public Hearing at 8:30 p.m.

Ms. Medigovich, whose home is located closest to the proposed project on Laguna Vista, said that with the planting of trees to screen the views of the tanks, she and her husband have no objection to the project.

Hearing nothing further, President Rodoni closed the Public Hearing at 8:36 p.m.

On motion of Director Baker, seconded by Director Fraites and unanimously carried, the Board approved Resolution No. 09-28 entitled, "Resolution of the Board of Directors of the North

Marin Water District Authorizing the Adoption of a Mitigated Negative Declaration for the Crest Water Tank No. 2 Project, Making Findings Pursuant to the California Environmental Quality Act, and Directing the Filing of a Notice of Determination.” Under the same motion and vote, the Board approved the project including the Mitigation Monitoring and Reporting Program; and authorized the General Manager to a Notice of Determination with the Marin County Clerk.

INFORMATION ITEMS

FY IMPROVEMENT PROJECTS – YEAR END REPORT – ENGINEERING DEPARTMENT

Mr. McIntyre presented the Engineering Department Year End Report and stated that in terms of budget versus forecast, in Novato the Improvement Projects expenditures were 78% of the approved budget and in West Marin, Improvement Projects expenditures were 98%. He said the difference between the budgeted versus actual project costs was due to cost savings on projects; Palmer Drive Tank had a savings of \$1M alone. He said there were 70 projects this year compared to 79 last year. Projects added mid-year were Pipeline Relocation for the County of Marin’s Alameda Del Prado Bike Path Project; Batch Polymer Automation and Solar Panel Design/Build; projects added since mid-year include the Aqueduct Relocation; Backflow Meter Check Valve and Upsize Indian Valley College Main – Future Looping. He advised that there were two Operations/Maintenance Department projects that were deferred to next year. Mr. McIntyre showed the Board photos of the completed projects, including the recoat of Ponti Tank, and the Palmer Drive Tank. Director Baker commended Mr. McIntyre and staff on the Palmer Drive tank project’s success and acknowledged staff’s community outreach resulting in no complaints from neighbors during the tank’s construction.

WATER CONSERVATION YEAR END REPORT

Mr. Grisso provided a summary of the past year’s water conservation programs and informed the Board of public outreach programs and the activities associated with the water shortage emergency and Emergency Water Conservation Ordinance. He addressed the table identifying participation numbers through the end of the fiscal year which showed that all programs have increased participation with a couple of exceptions. He advised that the Retrofit on Resale program, even though numbers are up, has been affected by the housing slump; the High Efficiency Toilet (HET) Distribution Program was not funded in FY 09 and swimming pool cover rebates have fallen off.

Mr. Grisso stated that the District continued a comprehensive outreach program that included a high impact direct mailer to help generate participation in the Water Smart Home Surveys. He said there were fall and spring editions of the Water Line and the spring Water Line

had a graph depicting the individual customer's 2004, 2008 and targeted water use and advised the customer of the Emergency Water Conservation Ordinance, an explanation of the water shortage and helpful drought landscaping tips. Mr. Grisso said this had a large impact on customers and generated numerous phone calls. He advised that the District implemented a Pilot High Impact Direct Mailer geared towards the 1000 residential customers who are affected by the Conservation Incentive Tier Rate that also generated many phone calls resulting in an increased demand for the Water Smart Home Survey and other conservation programs.

Addressing budget and staffing, Mr. Grisso advised that the Water Conservation Budget was reduced approximately 20% from the previous fiscal year, staffing remains at one full-time position and that the District recently hired two temporary employees. He further advised that effective July 1, 2009, Sonoma County Water Agency has eliminated all financial and staffing assistance and has discontinued most of their regional programs.

Mr. Grisso informed the Board that since Ordinance 22 went into effect to eliminate water waste and non-essential use, staff patrols have issued 88 "notices of violation." He advised that Fireman's Fund has taken extraordinary steps to reduce water use; and that the District requested them and other large landscape users to shut down during the previous weekend because of high temperatures. He said the he continues to work with Novato Unified School District in reducing their water consumption. Finally, Mr. Grisso informed the Board that the District has met and continues to meet its water saving goals.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements and NWRA Election.

The Board also received the following news articles: Close to Home: Conserving Water Also Cuts Greenhouse Gases; Sonoma County Beating Water Goals; Salinity Notices (2); Sonoma County Appoints Acting Administrator.

ADJOURNMENT

President Rodoni adjourned the meeting at 9:15 p.m.

Submitted by

Renee Roberts
District Secretary