

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
November 6, 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 and John Schoonover. Also present were General Manager Chris DeGabriele, Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

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 Baker, seconded by Director Schoonover and unanimously carried the Board approved the minutes from the previous meeting as mailed.

GENERAL MANAGER'S REPORT

Water For People Fundraiser

Mr. DeGabriele reported that last Tuesday, October 30, District staff had a potluck luncheon and raised \$500 for the Water for People campaign which is an international charitable organization that brings local sustainable safe drinking water and sanitation facilities to developing countries. He stated that District Assistant Engineer Carmela Chandrasekera, spearheaded the fundraiser. President Petterle suggested that the media be contacted about this to show the level of caring of District employees and how much safe drinking water is taken for granted in this country.

Larry Dito Retirement

Mr. DeGabriele advised that he attended a retirement party for City of Novato Department of Parks and Recreation Director Larry Dito. He said that he expressed his appreciation to Mr. Dito on behalf of the District for his 35 years of hard work for the city.

Environmental Forum

Mr. DeGabriele advised that he will be speaking at the Environmental Forum next Tuesday.

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:

Tomales Bay Watershed Council

Mike McMaster reported that he attended the Tomales Bay Watershed Council Technical Advisory Committee and that the final Integrated Coastal Watershed Management Plan was invited back for further review by the Department of Water Resources to qualify for funding under Prop 50 for the amount of \$4.3M. He said that the total amount of \$4.3M will encompass the District's Gallagher Well Pipeline Project and stands a good chance for receiving funding.

Clean Renewable Energy Bonds and Stafford Treatment Plant Security System

Mr. Clark reported that the IRS, who is offering the Clean Renewable Energy Bonds, has asked for additional information on the solar project at Stafford Lake which is good news. He also advised that the intrusion portion of the security system at Stafford Water Treatment Plant has been turned on.

Marin-Sonoma Narrows Project

Mr. McIntyre stated that he attended the first Marin-Sonoma Narrows project open house and workshop today. He noted that the project is divided into three segments, and that segment B covers San Marin Drive/Atherton Avenue north to Petaluma which is the area where Caltrans will be constructing interchanges and road realignments that will impact the District aqueduct. He summarized the details of the project and said that at this time there is \$200M available in funding and the estimated project costs are \$600M. Mr. McIntyre stated that an optimistic timeframe has the EIR approval in summer of 2008, completion of design in 2008 - 2010 and construction beginning in 2011 - 2015. He said that NMWD will focus EIR comments on sufficient time to work with Caltrans on relocation of the aqueduct and will prepare a draft response to the EIR when released.

MMWD Desalination Project

Director Schoonover inquired about the MMWD desalination project survey and Mr. DeGabriele stated that the Draft EIR is due to be released very soon and that the minimum amount of time for public comment is 45 days, but will likely be extended. Director Rodoni said that MMWD may conduct a customer survey on the desalination project. Mr. DeGabriele noted that MMWD had recently completed a customer satisfaction survey and would provide a copy to the Board if requested.

QUARTERLY FINANCIAL REPORT

Mr. Bentley presented the First Quarter Financial Report for Fiscal Year 2007/2008. He said that during the first quarter, operating revenue was 33% and less than was budgeted due to reduction in water sales this year; operating expenditures were on budget at 30% and there was a net surplus of \$1M compared to a budgeted deficit of \$1.6M. He advised that this was because only 7% of improvement project monies were expended during the first quarter. He stated that significant connection fees were collected for the Costco Expansion, Hamilton Hangars, and Hamilton Marketplace projects.

Mr. Bentley reported that in Novato, water consumption was down 14% from one year ago but that revenue was down only 7% which is attributed to the Conservation Incentive Tier Rate that became effective in January 2007. He stated that Novato operating expenditures were down 7% due to Stafford Water Treatment Plant production and purchase of Russian River water was down by \$650,000. Mr. Bentley said that only 5% of the Improvement Project budget was spent in Novato and the cash balance increased \$250,000.

Mr. Bentley reported that the Recycled Water facility produced 35M gallons of water that was delivered to Stone Tree Golf Course. He said that the financial statement for the recycled water facility shows a net income of \$32,000 during the first quarter and that the plant was shut down on October 15th. He noted that fixed costs and operating costs will accrue until spring. Mr. Bentley stated that the District has not yet received a bill from Novato Sanitary District and there is a cash balance of \$400,000 in the recycled water fund. Director Baker inquired what sets the dates for operation of the recycled water plant and Mr. Bentley responded that the golf course will advise when their irrigation pond is drawn down some time next spring.

The Auditor-Controller reported that in West Marin, water consumption was down 20% for the first quarter compared to one year ago and revenue was down 10%. He stated that there was a loss of \$48,000 compared of a net gain the prior year and that operating expenditures were higher than last year; \$131,000 was spent on improvement projects. The amount borrowed from Novato increased \$10,000 and the balance stands at \$451,000.

Mr. Bentley advised that in Oceana Marin, expenditures were up 4%; revenues were flat and there is a cash balance of \$181,000.

CONSENT CALENDAR

Director Rodoni requested that Item 7, Public Hearing Date to Consider Renewal of Port Sonoma Temporary Service Agreement be removed from the Consent Calendar for further discussion.

On the motion of Director Baker, seconded by Director Schoonover and unanimously carried the following items were approved on the Consent Calendar:

TEXT FOR WATER LINE, VOLUME 8, ISSUE 18

The Board authorized the General Manager to approve text and design of the Fall 2007 "Water Line", Volume 8, Issue 18.

COMMENT LETTER RE CALIFORNIA URBAN WATER CONSERVATION COUNCIL (CUWCC), BMP 3 REVISIONS

Currently, the District meets and exceeds the current less than 10% water loss requirements for California Urban Water Conservation Council (CUWCC) Best Management Practices (BMP 3). The proposed BMP 3 changes will require the District use the American Water Works Association (AWWA) Manual M36 "Water Audits and Loss Control Programs" to determine system water loss which will require the District to employ additional staff to implement. The Board authorized staff to send comments to CUWCC regarding the proposed revisions to BMP 3.

MODIFIED RESOLUTION AUTHORIZING THE GENERAL MANAGER TO ACCEPT GRANTS OF EASEMENTS

The current Resolution 02-35 confers authorization to the General Manager to accept Grants of Easements, however, it was identified by legal counsel that that resolution does not address the General Manager's authority to accept an easement granted to the District where such easement includes indemnification obligations in favor of the Grantor.

The Board approved Resolution 07-42 entitled, "A Resolution of North Marin Water District Authorizing the General Manager to Accept Grants of Easement."

FLEET REPLACEMENTS AND DIESEL UPGRADE

During the FY 2007/08 budget planning process, and at the request of the Board, staff investigated the possibility of purchasing two fleet vehicle replacements with a diesel engine option in order to take advantage of the bio-fuel currently being used in District vehicles. Staff was remiss in modifying the equipment purchase line items for these options and the additional cost of \$12,500 was not included in the approved FY 2007/08 budget. In order to accommodate the increase in budgeted costs for vehicle replacements, the purchase of the mobile quiet generator is proposed to be postponed. The Board approved this budget modification, purchase of two diesel fleet vehicles and postponement of the purchase of the generator.

QUITCLAIM DEED SCWA FOR PORTION OF NORTH MARIN AQUEDUCT

In January 1999, per the terms of the Tenth Agreement for Water Supply and construction of the Russian River-Cotati Intertie project, the Board approved an agreement for transfer of the

north portion of the North Marin aqueduct to Sonoma County Water Agency. It was brought to the District's attention that said quitclaim deed was never recorded.

The Board approved Resolution 07-43 entitled, "Authorization of Execution of Quitclaim Deed to Sonoma County Water Agency."

DISBURSEMENTS

The Board authorized payroll and accounts payable vouchers totaling \$559,061.64.

ACTION CALENDAR

APPROVE: PUBLIC HEARING DATE TO CONSIDER RENEWAL OF PORT SONOMA TEMPORARY SERVICE AGREEMENT

Director Rodoni requested a brief report be presented on Port Sonoma's water conservation efforts during the recent period of mandatory reduction of Russian River diversions. Director Baker requested that staff prepare a brief history on the temporary service agreement with Port Sonoma.

On motion of Director Baker, seconded by Director Rodoni, the Board approved December 18, 2007 as the date for the Public Hearing to consider a three-year renewal of the Port Sonoma Marina Temporary Water Service Agreement.

APPROVE: ADOPTION OF ORDINANCE NO. 20 AND EMERGENCY WATER CONSERVATION STATUS REPORT

Mr. DeGabriele said that on June 19, 2007 the Board approved the Emergency Water Conservation Ordinance No. 19 restricting water waste in order to assist Sonoma County Water Agency to reduce diversions from the Russian River by 15% as mandated by the State Water Resources Control Board. He said that the effort was successful and that 40,000 afa of water remains in Lake Mendocino. He stated that the period for reducing diversions on the Russian River has sunset on October 28, 2007 in accordance with State Water Resources Control Board Order 2007-0022 and that Ordinance No. 20 declares an end to the water shortage emergency and rescinds Ordinance 19, effective October 28, 2007. Mr. DeGabriele provided the Board with a summary of efforts by staff during the four-month period in meeting this reduction goal. He reported that 300 customers were noticed on water waste during this period; Ryan Grisso was present at the Novato Farmer's Market for customer outreach; and the summer *Water Line* and Novato Public Access Television public service announcements further advised Novato customers of the water shortage emergency and provided tips on how to conserve water. He further reported that recycled water deliveries and increased production at Stafford Treatment Plant were instrumental in Novato reducing Sonoma County Water Agency deliveries by 25%. Mr. DeGabriele said that the combined efforts of all the water contractors resulted in a reduction of 22%.

On motion of Director Schoonover, seconded by Director Baker and unanimously carried, the Board adopted Ordinance No. 20, declaring the end of a water shortage emergency and rescinding Ordinance No. 19, effective October 28, 2007.

APPROVE: NOTICE OF FINAL COMPLETION – CENTER ROAD TANK (W.R. FORDE)

Mr. McIntyre stated that during the first meeting in October, staff presented a summary of the Center Road Tank project and advised the Board that W.R. Forde contract work was almost completed and that staff would bring back for approval the Notice of Final Completion. He said that W.R. Forde fulfilled the contract obligations and that the Notice of Completion would be filed with the County of Marin for a 30-day posting allowing time for claims. He said that if no claims are received within that time period, the District will release the final payment of \$84,543 to W.R. Forde.

On motion of Director Rodoni, seconded by Director Baker, and unanimously carried, the Board authorized the General Manager to execute and file a Notice of Completion for the Center Road Water Tank Project.

CONSIDER: RESCHEDULING OR CANCELLING FIRST JANUARY 2008 BOARD MEETING

Ms. Roberts advised the Board that the first meeting in January 2008 falls on January 1 and requested the Board to direct staff on whether to reschedule or cancel the meeting. Mr. DeGabriele stated that typically, the first Board meeting in January has a light agenda.

Director Rodoni suggested cancelling the meeting and Director Petterle concurred but stated that if business requiring attention comes up, a meeting will be scheduled.

On motion of Director Schoonover, seconded by Director Rodoni, and unanimously carried, the Board approved cancelling the January 1, 2008 Board of Directors meeting.

INFORMATION ITEMS

LAFCO PERIODIC UPDATE – NOVATO AREA

Mr. DeGabriele stated that the LAFCo staff report updating the sphere of influence in Novato including North Marin Water District addresses comments that the District provided to LAFCo on the following areas: Water demand projections; development of Recycled Water; completion of the Stafford Lake Water Treatment Plant; and the 2007 water shortage emergency which was in place at the time the survey was received. He further stated that the report also addresses District plans for the future including the District's intent to detach Marshall from its service territory and the desire to transfer District service responsibility for the South Petaluma Boulevard area to the City of Petaluma.

FY 08/09 PERS EMPLOYER RATE

Mr. Bentley reported that he received notification from CalPERS that the District FY 08/09 employer contribution rate will increase 0.52%, about \$20,000 annually, and that the total contribution the District will pay, including the 8% employer paid employee contribution, will be approximately 22% of payroll. He said that District contribution has been as high as 24% and as low as 7% over the years.

CALIFORNIA CLIMATE CHANGE AND WATER ADAPTATION SUMMIT SUMMARY

Mr. Clark provided a summary of the Climate Change Water Adaptation Summit he attended in southern California. He said that scientists at the conference agreed that the climate is definitely changing and it is important that water managers address how this change will impact water resources in their local areas. Mr. Clark stated that he does not see any changes in the District's plan for the future at this time; however, he stated that a chapter on climate change will be included in the District's Long Range Master Plan.

QUARTERLY REPORT – MAINTENANCE

Mr. Clark reported that the Maintenance Department had no work-related lost days this quarter and that staff changes included one person transferred from the Maintenance Department to the Operations Department, one person resigned and one staff member transferred to the Maintenance Department from Construction. He further reported that overall, progress in the first quarter was as planned and scheduled. Mr. Clark advised that a PG&E power failure in Paradise Ranch Estates affected pump stations service for two hours; a limit switch failure caused a pump failure in Oceana Marin; and a loose connection was found in one of three pumps at Lynwood pump station; but that none of these affected customer water service.

Mr. Clark reported that the Transmission & Distribution crew was busy with City of Novato paving projects; Electrical-Mechanical performed improvements in West Marin; Building and Grounds crew continued with mulch placement at pump stations, tank sites and treatment plant and District sites have been well maintained. He stated that the Cross Connection Control team completed in-house inspection of backflow devices and that he will report on the backflow program at a later meeting. Mr. Clark noted the excellent work performed by mechanic Kent LeBrun in maintaining the District fleet in good safe working condition.

QUARTERLY REPORT – ENGINEERING

Mr. McIntyre stated that there are no significant variances of the Improvement Project budget of expenditures for both Novato and West Marin. He said that in the first quarter effort was spent on city and county relocation projects, paving, storm drain improvement projects and some

PB replacements. He said that there are a total of 76 projects which includes three carry over projects from the previous fiscal year: the Stafford Treatment Plant Weather Station; Solar Power Lake Aeration System and the Novato Master Plan Update. He informed the Board that a new project, Hillside Terrace Galvanized Pipe Replacement, has been added to the Improvements Project schedule.

Mr. McIntyre reviewed the West Marin projects and said that most projects are projected to be completed at or below budget. He noted that two projects are projected to be over budget and they are: Point Reyes Treatment Plant Feed Line and Contact Tank and the Inverness Park Pump Station Upgrade. He said that staff will strive to offset the cost exceedences associated with these two projects by lowering forecast expenditures in the Pressure Reducing Valve Installation at Inverness Park Pump Station; Sir Francis Drake Pipeline Seismic Improvements and Polybutylene Replacement projects and does not anticipate the total budget amount to exceed the estimate.

Mr. McIntyre further reported that Engineering Department labor hours are as budgeted in both developer and District projects.

Director Schoonover noted that Amaroli Tank is referred to as Ammo Hill Tank on the Improvement Projects Summary report and requested that it be corrected.

Director Baker stated that the County Public Works Department has outsourced the design and construction oversight of many of their projects, particularly resurfacing ones and suggested that engineering staff be proactive to keep abreast of these projects.

NORTH BAY WATERSHED ASSOCIATION MEETING – NOVEMBER 2, 2007

Mr. DeGabriele stated that he did not attend the North Bay Watershed Association meeting and that Director Fraites will provide a brief summary. Director Fraites reported that Beverly James, General Manager of Novato Sanitary District gave the association an update on the Novato Sanitary wastewater facility upgrade and that Jason Dow, General Manager of the Central Marin Sanitary Agency (CMSA) spoke on the CMSA Wet Weather Improvement program.

NORTH BAY WATER REUSE AUTHORITY UPDATE

Mr. DeGabriele reported that he attended the Interagency Partnership for Water Reuse in San Francisco with elected officials from the Novato Sanitary District (NSD) and Las Gallinas Valley Sanitary District (LGVSD). He said NSD and LGVSD elected officials are very supportive of cooperating with the District in development of recycled water in Novato in the future. Mr. DeGabriele further reported that he attended the Public Outreach Kick-off for the North Bay Water Reuse Authority facilitated by Robert Rauch of Rauch and Associates. He said that there was

discussion on emergent contaminants and the fear it strikes in the public. He said the he suggested that the NBWRA emphasize the positive aspects of the effort and regional cooperation for sustainable water supply to benefit the region and locate a expert resource on recycled water to inform the public and allay its fears about the use of recycled water.

WATER ADVISORY COMMITTEE MEETING – NOVEMBER 5, 2007

Mr. DeGabriele reported that he, Director Baker and Mr. McIntyre attended the Water Advisory Committee meeting and stated that the Draft Water Project EIR is scheduled for release in June 2008 and the Biological Opinion is to be issued some time in late 2007 or early 2008. He said that Reasonable Prudent Alternatives are being developed by NOAA Fisheries, the US Army Corps of Engineers and Sonoma County Water Agency to be included in the Biological Opinion. He advised that Randy Poole indicated that he suspects that there will be limits on Dry Creek flows in the next 3 to 5 years and that there would likely be additional calls for water conservation during summer months until improvements of habitat in Dry Creek can be made or a pipeline for additional Lake Sonoma water supply can be developed.

Mr. DeGabriele stated that Jake MacKenzie reported on his trip to Washington, DC with representatives from the SCWA, WAC/TAC and the United Winegrowers to lobby federal legislators regarding Russian River initiatives. He said the group also met with US Army Corps of Engineers, NOAA Fisheries and the administration's Council on Environmental Quality. He said that no funding was realized, but Mr. MacKenzie stated he felt it was worthwhile and he mentioned that the WAC brochure was well received in Washington.

Mr. DeGabriele reported that the City of Santa Rosa expressed concerns about Dry Creek flows and the uncertainty of future water supplies if flows are limited and wants to speed up a solution by either constructing habitat improvements, a Dry Creek pipeline or both. He noted that the Agency is interested in cooperating with the City of Santa Rosa.

MISCELLANEOUS

The Board received the following miscellaneous information: Review of Scheduled Agenda Items, Water Conservation Bill Stuffer, Marin-Sonoma Narrows Project Draft EIR/S Notice of Availability, Email Re Update on Incremental Recycled Water Program – Oct 07. The Board also received the following news articles: Huge Retiree Health Costs Loom (10/31), The Salmon? They're Back (10/26), Four Seek Three Water Board Seats (10/24), Obscure Agencies' Big Impact (10/24), EPA Files Key Report on Eel River (10/18)

ADJOURNMENT

President Petterle adjourned the meeting at 8:35 p.m.

Submitted by

Renee Roberts
District Secretary