

NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
December 5, 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 Jack Baker, 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.

District employees Robert Clark (Facilities Maintenance Superintendent), Doug Moore (Construction Superintendent), Ryan Grisso (Water Conservation Coordinator), District Legal Counsel Carl Nelson, and 20 people were in the audience.

REORGANIZATION OF BOARD

1. Election of President

On motion of Director Rodoni and seconded by Director Fraites, and unanimously carried Director Petterle was elected President of the Board for the ensuing year.

2. Election of Vice-President

On motion of Director Schoonover and seconded by Director Rodoni, and unanimously carried Director Fraites was elected Vice-President of the Board for the ensuing year.

3. Establishment of Meeting Times and Place

On motion of Director Rodoni and seconded by Director Fraites, and unanimously carried the Board set the time and place of regular meetings to be the first and third Tuesday of each month at 7:30 p.m. at the District office, and that the Board will hold one meeting annually in West Marin with additional West Marin meetings to be scheduled on an as-needed basis.

4. Establishes the Manner of Calling Special Meetings

On motion of Director Schoonover and seconded by Director Baker, and unanimously carried the Board approved special meetings of the Board to be held as provided in Section 54956 of the Government Code.

5. Appointment of District Officers

On motion of Director Schoonover and seconded by Director Fraites, and unanimously carried the following District officers were appointed for the ensuing year: Chris DeGabriele, General Manager; Renee Roberts, Secretary; David L. Bentley, Auditor-Controller; and Drew McIntyre, Chief Engineer.

6. Confirm Board Meeting Schedule for 2007

On motion of Director Rodoni and seconded by Director Schoonover and unanimously carried the Board accepted the proposed meeting schedule for the 2007 calendar year with the understanding that the calendar may be adjusted as needed.

7. Committee Appointments

President Petterle stated that he will talk to each director regarding participation in various committees and will make appointments at a future meeting.

MINUTES

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

GENERAL MANAGER'S REPORT

Water Management and Technology Education Center

The Manager reported that he and Ryan Grisso met with College of Marin, Marin Municipal Water District, representatives from County Workforce Investment Board and California Landscape Contractors Association to discuss the proposed Water Management and Technology Education Center at Indian Valley College. Mr. DeGabriele said he asked for a business plan be developed and that North Marin's goal is for landscapers be trained on the latest water efficient technology, including smart controllers, CIMIS stations and that using alternative landscape materials requiring low water use be emphasized.

SCWA Urban Water Management Plan

Mr. DeGabriele stated that he attended the Sonoma County Water Agency Board meeting wherein a public hearing was held on the Urban Water Management Plan. He stated that it is expected that the plan will be adopted at the next SCWA Board meeting on December 12, 2006.

General Manager's Absence

Mr. DeGabriele advised that he will be attending the ACWA conference on Wednesday, December 6 through December 8 and that Mr. Bentley will be Acting General Manager in his absence.

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 item was discussed:

Director Baker stated that he liked the advertorials that were published in the Novato Advance and Marin Independent Journal and is pleased that the District is getting better coverage.

CONSENT CALENDAR

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

DISBURSEMENTS

The Board approved and authorized for payment payroll and accounts payable vouchers totaling \$961,423.35.

PUBLIC HEARING – CONSERVATION INCENTIVE TIER RATE (CITR)

Mr. Bentley stated that the District has undergone the most extensive outreach to the public for a rate increase in twenty years that included: public hearing notices in the newspapers; a message on each water bill informing customers of the public hearing; the Fall *Water Line* that was devoted to the proposed CITR and water conservation programs, and included an individualized chart showing the impact of the proposed rate on each customer based on their 2005 water use; the General Manager and Water Conservation Coordinator appeared on the Novato Public Access Television to explain the CITR and water conservation programs; press releases generating three articles in the Marin IJ and Novato Advance; a guest editorial in the Novato Advance authored by Mr. DeGabriele; two advertorials in the Advance and Marin IJ; and focus group presentations to six community groups were conducted. Mr. Bentley said that the outreach generated thirty-nine phone calls, one email and several Board meeting visits by one individual. He said that District legal counsel, Carl Nelson, is in the audience to answer any legal questions.

Mr. Bentley began his presentation by stating that the District is changing its units of measurement for billing from one hundred cubic feet (Ccf) to gallons; therefore, the tier rate threshold would actually begin at 37,400 gallons rather than 37,000 gallons as advertised. Mr. Bentley explained the Peak Demand Constraint and the Sonoma County Water Agency

Transmission System Impairment. Graphs and charts representing the following information were also included: Daily Water Demand (showing the high water usage during summer months); Residential Peak Demand Distributions (showing the small number of customers who use an extreme amount of water); Novato Water Consumption Subject to the Conservation Incentive Rate (CIR, showing how water usage was reduced after the CIR was implemented in 2004); Typical Residential Demand (showing that the typical Novato resident will not be impacted by the proposed CTR). Mr. Bentley also presented several other charts illustrating comparative charges; a price elasticity curve; peak demand by lot size; the bi-monthly incremental rate comparison chart and the 2006 Urban Area Cost Comparison chart.

Mr. Bentley summarized his presentation and stated that the goal of the CTR is to reduce peak month demand; that the proposal is to add a new tier rate applicable to the highest 33% of water users; that the new tier rate is projected to result in 28 million gallons of water saved annually; that customers have been notified of the proposed CTR and hearing; and that the *Waterline* newsletter provided each customer with a projection of how the proposed CTR would effect them and steps they can take to conserve.

President Petterle opened the Public Hearing at 8:25 p.m. and requested that speakers limit their comments to three minutes.

Ms. Sherry Strugnell, 91 Manzanita, stated that she has lived at her residence for over 30 years and that she has done everything possible to reduce her water usage on her two-acre parcel. She said that she was encouraged by the Fire District to landscape the property for fire safety and was praised by the Fire District as one of the safest lots in terms of wildland fire safety in the Black Point area. She stated that she put in a lot of plants and installed drip irrigation, and installed low flow toilets. She said that according to the chart received in the *Water Line*, she is on the edge of the new tier rate. She stated that she is on a fixed income and that it would be fairer if there were a blanket rate increase for all ratepayers instead of targeting a small percentage of people. She also commented that she was disturbed to learn of the enormous amount of water used by StoneTree Golf Course.

Roger Roberts, representing Marin Conservation League, presented a letter to the Board and stated that the Marin Conservation League supports the proposed tier rate and believes it is long overdue and that it will promote water conservation. He stated he believed that the District may have to raise rates again as Novato continues to grow.

Ed Mainland, stated that he is a resident of Novato and President of Sustainable Marin and Sustainable Novato and is in support of the CTR and that the District is moving in the right

direction. He stated that the District has historically increased rates in small increments while supplies were reliable, but now that water supply may not keep up with demand, the District is looking at ways to encourage efficient use of water. He urged the District to work jointly with Marin Municipal to encourage “real world” landscapes versus “theoretical” needs and distributed proceedings of Hydroforce “Waterwheel” Workshop held in September 2006 at College of Marin wherein innovative and far-reaching ideas about Water Conservation were discussed.

Frank Rebelo, 2825 Vineyard Road, thanked staff for returning his calls to answer his questions about the CTR and opined that North Marin Water District is one of the best-run agencies in Novato. He asked if the District is really running out of water; is it a consumption issue or is the District adding more new customers than it can reliably serve. He stated that he just learned how revenue from the tier pricing would be spent in tonight’s staff presentation, but he felt that this is opening the door for more price increases. He said there is no incentive for customers who have already reduced their consumption as much as possible.

Ed Grundstrom, 2034 Hatch Road, stated that he wanted to address large lots and said that the District calculation does not take into account that many large lots have wells, therefore, the charts presented tonight do not accurately reflect the consumption of water for those lots. He stated that there is no water shortage and that water is sent through the Novato pipeline to Southern Marin and that Novato should store its surplus water in Stafford Lake. He stated that Novato’s commercial and governmental water users are not being asked to conserve by increased tier prices.

Robert Hemphill, 76 Chamberlain Avenue, asked what the District will do for those who are conserving as much as possible. He summarized the ways that he has conserved and stated that he has reduced his usage by 48% but will still be penalized with the proposed tier.

Dick Perala, President of the South Novato Homeowners Association, stated that Novato has the right to the pipeline, and that Marin Municipal does not, yet the District sells water to them every year. He stated that he reviewed the District Annual Report and said that salary and benefit increases went up 11% and was a far cry from the CPI of 3.8%. Mr. Perala queried staff on the interest on the State Revolving Loan and the amount and purpose of District financial reserves.

Dave Braezeale, 121 Half Moon Road, stated that other measures could be taken to encourage conservation and that the District should not “punish” high users. He said that he has over a quarter acre and that his landscaping is oriented to fire protection. He said that instead of implementing the tier rate the District should store surplus water instead of sending water to

southern Marin and urged the District to keep its promise to acquire water from Sonoma. Mr. Braezeale requested that the District have more dialogue with its customers.

Bill Wright, Black John Road, said that his usage puts him in the CIR tier, that he has cut back as much as possible and that the proposed tier rate will further penalize him. He said that he sees a lot of water running in gutters from over watering in various areas of town and that the District should address this. Mr. Wright said that he felt that people with smaller lots waste more water.

Cecilia Manning, 91 Manzanita, stated that the Fire District comes out yearly to Black Point to review the evacuation plan in the event of a wild land fire since there is only one road in and out of Black Point. She said her property would be used as a staging area by the fire district. She stated that she is on a fixed income and felt that it is not fair that a minority of people would have to pay the most.

Gordon Bennett, representing the Sierra Club, stated that the Sierra Club has asked the District to impose tier rates for many years and that the Sierra Club thinks this is a good strategy. He said he agrees that the District needs to work on getting customers with smaller lots to conserve more. He said that tier rates are a proven strategy to save water.

Ellen Braezeale, 121 Half Moon Road, said that she lives on a hillside and that these areas need to be "greened" up to lower fire danger. She said that she has installed an energy efficient washing machine, low flow toilets and oleanders in the landscape. She said that there are a variety of residential properties in Novato, some with small lots and others on large parcels and that the District has the same rules for everyone and felt that was unfair. She also stated that the people in Southern Marin feel they are benefiting from North Marin's new tier rate.

Hearing no further comments from the audience, President Petterle closed the Public Hearing at 8:58 p.m. and asked the Board for their comments.

Director Rodoni requested the Manager to respond to the comments about Novato water being sent to Marin Municipal and to explain the transmission impairment.

Mr. DeGabriele explained that the capacity limitation is in the pipeline in Sonoma County and that the pipeline from Petaluma to Novato belongs to North Marin Water District and has the right to use the full capacity of that pipeline; however, the limitation is in the delivery of water from Sonoma County to Petaluma. He said that there are larger customers upstream that have the opportunity to take Russian River water before it gets to the North Marin aqueduct. He stated that North Marin sells water to Marin Municipal in the off-peak months, and, to a lesser amount, in the

summer months. He stated that the Russian River transmission system will not be expanded for several years and that this expansion is necessary in order for more water to be delivered to Novato. Mr. DeGabriele further explained that the District has had an agreement with Marin Municipal since 1974 for use of the North Marin Aqueduct and which required Marin Municipal to construct a pumping station on North Marin's aqueduct to increase the aqueduct capacity and that Marin Municipal has the authorization to use that water as long as there is room in North Marin's pipeline to move the water. He said that the concern is that the cities upstream of Novato will use the water before it gets to us. He said that with current projections there needs to be additional supply before 2014 to avoid shortages. He stated that the District has taken steps to plan for these shortages by investing money in the rehabilitation of Stafford Treatment Plant so that Stafford Lake water will continue to be available to Novato; by developing the recycled water project that is under construction now to serve Stone Tree Golf course and noted that Novato customers are not paying for this project, and that the golf course is paying for the Recycled Water Project. He also stated that the District's water conservation programs are cutting edge and that when the Conservation Incentive Rate was implemented in 2004 customers responded with a 44% reduction in water usage.

Director Rodoni commented further on points made by public comments. He stated that fire protection is a major issue in areas such as Black Point and Indian Valley and that the District needs to coordinate and cooperate with the Fire District to get the protection but that they work with landscapers who can recommend fire resistant plants that use less water. He stated that it is not always necessary to have a "greenscape" to make a property fire safe. Director Rodoni responded to the growth issue by stating that the District is required by law to provide water to any new development that the City approves. He agreed that the District needs to work harder on making the commercial and government properties conserve and noted that the commercial rate has been increased three times that of single family residences. Director Rodoni stated that the District charges Marin Municipal for the water it uses and that the District does not send as much water south in the summer when Novato needs all available supply. He said he is concerned with seniors on fixed income who have low usage and that he will work hard to keep that group from paying for those who use a lot of water.

Director Fraites stated that he lives in a high fire area on 1.3 acres and that his property is fire safe because of the defensible space around his house. He stated that it boils down to choices about whether to clear property to make a defensible space or have a green landscape that requires more water. He said that water will not get more plentiful in the future, and if the choice is

to have abundant plant materials in the landscape, then you will to pay more for it. Director Fraites said that there is no choice but to support staff's recommendation.

Director Schoonover stated that we all make choices that we have to live with and sometimes those choices are not economical. He said that small users should not be subsidizing larger users.

Director Baker stated that although he agrees with most of what other directors have said, nevertheless, in his opinion, the specifics are more aggressive than what is needed at this time and that he will not support staff's recommendation.

Director Petterle said that we are all Novato residents and are all affected by the rates and that the Board has been chosen by the community to insure that it has a safe and reliable water supply today and in the future. He said the Board takes this issue very seriously. Director Petterle stated that for years the small end users have been subsidizing the high end users and it is time for the larger users to pay their share. He said that this proposed conservation incentive tier rate is about safeguarding our water supply.

Director Rodoni made a motion to implement the Conservation Incentive Tier Rate proposal and to approve Resolution No. 06-54 implementing the Conservation Incentive Tier Rate effective January 1, 2007 and thereby amending Regulation 54 – Water Rates. Director Fraites seconded the motion. President Petterle called for a Roll-Call Vote and the Secretary called each Director's name and the following vote is recorded:

Director Baker:	No
Director Fraites:	Aye
Director Petterle:	Aye
Director Rodoni:	Aye
Director Schoonover:	Aye

ACTION CALENDAR

RISING SUN ENERGY CENTER WATER USE SURVEY AGREEMENT

Mr. DeGabriele stated the District has an opportunity to partner with the Rising Sun Energy Center to implement the California Youth Energy Services Energy and Water Use Survey Program in Novato. He stated that Rising Sun Energy Center has a contract with the California Public Utilities and that energy and water use surveys were performed in the summer of 2006 and that the majority of surveys will be done in 2007. He said that the water portion of the survey includes installation of showerheads, sink aerators, leak tabs by CYES volunteers and that the District will

provide these items as needed. Mr. DeGabriele requested authorization to execute an agreement to fund the water portion of the survey in the amount of \$7,000.

Mr. Grisso added that last summer 250 homes were visited and that this program is a good partnership between energy conservation and water conservation.

On motion of Director Schoonover and seconded by Director Baker, the Board unanimously authorized the General Manager to execute the agreement with Rising Sun Energy Center to fund the water portion of the CYES Residential Energy/Water Audit Program in Novato for 2006 and 2007.

INFORMATION ITEMS

WEST MARIN WATER RIGHTS STATUS

Mr. DeGabriele provided an update to the Board on the West Marin Water Rights status. He reminded the Board that in October they concurred with staff's recommendation to send further comments to the State Water Resources Control Board about the Petition for Change in Place and Purpose of Use and to outreach through elected officials, State Senator Carole Migden, Assemblyman Joe Nation and Assemblyman-elect Jared Huffman, to encourage the Director of the Department of Fish and Game to become involved in Fish and Game's protest of the District's petition. He said that this past week he and Mike McMaster met with the State Board staff to refresh them on the particulars of the petition so that they understood that the water rights that the District acquired is senior to all except one of Marin Municipal's water rights on Lagunitas Creek and that we have the authority to use that senior water right. Mr. DeGabriele said that staff believes that the original conditions requested under the first Fish and Game protest have been met. He reported that the State Board thought the letter to Fish and Game would have some effect and are hopeful that Fish and Game will dismiss the protest.

PETITION FOR BREACHING OF LAGUNITAS CREEK LEVEES

Mr. DeGabriele stated that a letter from Susan Prince of Point Reyes Station was received transmitting a petition requesting immediate "re-breaching" of recently repaired levees on the Giacomini Ranch which the residents feel may contribute to flooding of the Point Reyes area this year. He said that the District has no authority with regard to the Giacomini Ranch or National Park Service property, but that the District is aware that the Park Service is considering restoring the Giacomini Ranch to wetlands and that the Draft Environmental Impact Report will be released soon. Mr. DeGabriele advised that the District has worked closely with the Park Service to learn what effect the wetlands will have on the Coast Guard well supply and that the Park Service is the lead agency and will make the determination of the re-breaching of the levees.

NBWA MEETING – DECEMBER 1, 2006

Mr. DeGabriele provided information on the North Bay Watershed Association meeting where Charlotte Ambrose, Recovery Coordinator for NOAA Fisheries, made a presentation. He stated that they are developing a salmonid recovery plan and that the endangered species status of Coho Salmon in the Russian River is the principal cause of delay of the development of the project to deliver additional Russian River water to Sonoma County and North Marin. He said that this is the reason why the District is attempting to extend its available water supply as long as possible. He reported that Ms. Ambrose indicated that funding is possible although she did not state the amount and that it was his estimate that the amount needed for the restoration and recovery of the fisheries could be in the hundreds of millions of dollars.

TECHNICAL ADVISORY COMMITTEE MEETING – DECEMBER 4, 2006

Mr. DeGabriele reported on the Technical Advisory Committee meeting and said that the group has divided itself into four sub-committees: Water Project; Water Conservation; L/R/T2; and a Budget Sub-Committee. He said that the TAC is continuing to work with the Agency to pursue the Water Project and will be meeting with the agency staff next week to develop a scope for an alternative for the Water Project Environmental Impact Report. He said that this alternative is a pipeline carrying water from Lake Sonoma bypassing the Dry Creek Channel, where Coho salmon are known to rear, and either discharge into the main stem of the Russian River or go to the Mirabel collector to avoid future impacts to the fishery.

Mr. DeGabriele also advised that the Sonoma Marin Saving Water Partnership is being “jump started” and that a Draft Memorandum of Understanding has been developed among the contractors but how water conservation money will be distributed is still being discussed.

MISCELLANEOUS

The Board received the following miscellaneous information: Fee Increase Notice – Wiley Price & Radulovich, Increase in SEIU Dues, Washing Machine Rebate Program Activity. The Board also received the following news articles: City to Hike Water, Sewer Rates Next Week (11/29), Pomos Seek Lake Sonoma Land (11/29), Chamber Member Spotlight (12/06), ‘Smart’ Watering Program Launched (11/18), Officials Fret Over Condition of Pipeline (11/17).

ADJOURNMENT

President Petterle adjourned the meeting at 9:40 p.m.

Submitted by

Renee Roberts
District Secretary