

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
December 21, 2010**

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, Steve Petterle and Dennis Rodoni. Also present were Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre. Director Rick Fraites and General Manager Chris DeGabriele were absent.

District employees Robert Clark (Operations/Maintenance Superintendent) and Doug Moore (Construction/Maintenance Superintendent) were in the audience.

MINUTES

On motion of Director Baker, seconded by Director Rodoni and carried by the following vote, the Board approved the minutes from the previous meeting as amended:

AYES: Directors Baker, Petterle, Rodoni, Schoonover

NOES: None

ABSENT: Director Fraites

ABSTAIN: None

GENERAL MANAGER'S REPORT

The Board received a written report from the General Manager that included the following: Public Policy Facilitation Committee meeting summary, Sonoma County Water Agency Board of Directors meeting summary, liquidated damages during the summer 2009 temporary impairment of the SCWA Transmission System waived by SCWA Board saving the District \$39,000; SCWA Board voted to execute the Sonoma-Marín Saving Water Partnership; and District Electrical/Mechanical Technician Mike Baccei coming to the aide of a woman being attacked by two dogs in the vicinity of Indian Valley Road.

OPEN TIME

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

Rainfall Totals

Robert Clark reported that last week, approximately 2.5 inches of rainfall was recorded, another one to two inches of rain is expected this weekend and Stafford Lake is now at 183.5 feet.

Point Reyes Homeowners Association

Mr. Bentley reported that he attended the Point Reyes Homeowners Association meeting last week to request information about the \$119 monthly HOA dues and what it covers. He said that the association board was unable to provide an answer, and they have scheduled another meeting in January to provide the requested information.

Sonoma County Water Agency Budget

Mr. Bentley informed the Board that he attended the Sonoma County Water Agency initial budget unveiling and there will most likely be a 6.5% rate increase to NMWD next year. He said the Agency is attempting to keep the rate increase at a moderate level, and advised that another budget meeting is scheduled in January.

Construction Department Activities

Doug Moore, Construction/Maintenance Superintendent, provided a brief summary of recent construction activities. He reported that WK McLellan paved the portion of South Novato Boulevard (near Rowland Boulevard) where a 12-inch main break occurred in October; a 6" main break occurred at approximately 2 a.m. on December 17 on Germaine Place and customers were out of water from 2 a.m. until approximately 2:30 p.m. Mr. Moore further reported that staff discovered that three backflow preventers had been stolen likely for the purpose of selling the scrap metal. He said that a police report has been filed. He also reported that the Paradise Ranch Estates Tank No. 2 retaining wall project is complete.

Public Policy Facilitating Committee

Director Rodoni reported that he and Mr. DeGabriele attended the Public Policy Facilitating Committee meeting on December 13. He said updates on the Biological Opinion were provided that included much technical information. He said residents who live near the mouth of the Russian River voiced their concern about the open estuary and its impact on flooding. Mr. Rodoni stated that there was an interesting conversation between elected officials and agency staff regarding

federal funding of the Biological Opinion requirements. He noted that it was Paul Kelley's last meeting as Chair and that Sonoma County Supervisor Efren Carrillo will now chair the committee.

MONTHLY PROGRESS REPORT

Mr. Bentley provided the Progress Report for November and reported that Novato water production was up 5% although billed consumption is down; in West Marin water production is down 2%. He informed the Board that a customer in Paradise Ranch Estates, whose house was destroyed during the Mt. Vision fire and which has not yet been rebuilt, experienced a significant service line leak. He said that the customer received a bill for over \$10,000 for 600,000 gallons of water, and he expects the customer will be contacting the Billing Department for a bill adjustment. He said that the customer would be eligible for a \$3,000 bill adjustment. Mr. Bentley stated that water production at Stafford for the first five months is identical with the same period last year although this year's production was spread out over time to avoid staff overtime. He stated that the recycled water plant is now shut down for the winter and no production occurred during November.

Mr. Bentley advised that as of November 30th, 637 days have been worked with no lost time accident. He noted that the Energy Cost section shows Stafford Treatment Plant energy cost fiscal year-to-date per kilowatt hour is at 16.9 cents for the first four months. He said that the proposed rate for the solar project is at 17 cents which can be locked in with a 3% annual increase. He said that as PG&E's rates rise, the solar project becomes more economically feasible with a power purchase agreement wherein the provider that will build and maintain the facility with no out-of-pocket costs to the District.

Mr. Bentley reported that complaints have increased 14% from last year and that high bill complaints are the major factor.

Mr. Bentley provided the Monthly Report on Investments and said in November the cash balance increased almost \$300,000, the fifth consecutive month of a cash balance increase. He reported that the portfolio is earning 1.12%.

CONSENT CALENDAR

On motion of Director Petterle, seconded by Director Baker and carried by those Directors present, the following items were approved on the Consent Calendar:

SET PUBLIC HEARING TO CONSIDER SOLAR POWER PROJECT

The Board set a Public Hearing for Tuesday, January 18, 2011 to consider construction and financing of a solar power project on Stafford Lake watershed lands in the vicinity of Stafford Treatment Plant.

AUTHORIZE CHANGE PETITIONS FOR LAGUNITAS CREEK WATER RIGHTS

The Board authorized the General Manager to submit Petitions for Change for Water Right License 4324B and Permits 19724 and 19725 and authorized a budget augmentation in the amount of \$4,000 for the petition fees. The Petition for Change will enable a new point of diversion at the Gallagher Well site to be used with License 4324B and Permit 19725 and will dedicate Permit 19724 to instream use.

ACTION CALENDAR

LEVERONI CREEK BANK REPAIR PROJECT –AGREEMENT FOR DESIGN AND PERMITTING SERVICES WITH PRUNUSKE CHATHAM, INC.

Drew McIntyre referred to the area on the map included with the Board item that identifies where the Leveroni Creek bank is eroding towards the Stafford Treatment Plant access driveway. He said this is the area that needs to be strengthened. He advised that the project design and permitting tasks have been budgeted this fiscal year and \$100,000 is included in next fiscal year's budget for construction. He further advised that in-house staff prepared the preliminary design. Mr. McIntyre informed the Board that Prunuske Chatham was solicited to provide hydrology and hydraulic analysis, assist staff with permitting applications and will prepare the final design.

On motion of Director Petterle, seconded by Director Rodoni and carried by those Directors present, the Board authorized the General Manager to execute an agreement with Prunuske Chatham for the Leveroni Creek Bank Repair project for a not-to-exceed fee of \$14,670 plus a contingency of \$1,500.

BUDGETED FY 09-10 LYNWOOD PUMP STATION RENOVATION CONSTRUCTION PROJECT – APPROVE BID ADVERTISEMENT

Robert Clark advised that the Board had authorized the design of the Lynwood Pump Station Renovation and that Daniel MacDonald Architects has completed the design and prepared plans and specifications; the project is now ready to go out for bid. He presented the project schedule with key dates including the proposed bid advertising date of December 22, 2010. He said that the project cost estimate has increased substantially due to the technical nature of the building design. He stated that the cost estimate increase is due to the cosmetically enhanced concrete structure required to match the existing facility as well as the reinforced footings required for the structure. Mr. Clark said that staff is hopeful that bids will come in lower than the construction cost estimate and that staff will re-evaluate the project once construction bids are received.

Director Baker asked if the electrical control equipment will be replaced and if the new area will be designated as a confined space. Mr. Clark responded that all electrical equipment will be

new and that the new electrical room will be above ground and will not be a designated confined space.

On motion of Director Baker, seconded by Director Rodoni, and carried by those Directors present, the Board authorized staff to advertise for bids for the Lynwood Pump Station Renovation project.

INFORMATION ITEMS

NORTH BAY WATER REUSE AUTHORITY (NBWRA): NEW GOVERNANCE TRANSITION, PHASE 2 PARTICIPATION AND OTHER GENERAL UPDATES

Mr. McIntyre updated the Board on the North Bay Water Reuse Authority new governance structure. He stated that quarterly meetings have been scheduled for next year with the Board of Directors and Technical Advisory Committee meetings will continue on a monthly basis. He reminded the Board that President Schoonover has volunteered to represent the District as its designated director with Director Baker as the alternate for the quarterly meetings.

Mr. McIntyre stated that Chuck Weir, the Program Manager for NBWRA, is requesting that each member agency advise him if the member agency will participate in the Phase 2 project. He said that from the beginning, it has been the District's position to focus on the Phase 1 projects included in the NBWRA EIR which is the Recycled Water Project in the North Service Area with Novato Sanitary District (NSD) and the South Service Area with Las Gallinas Valley Sanitary District (LGCSD). He said that in the next five to ten years, the District will be very busy with the Phase 1 implementation, and it is staff's position to stay focused on Phase 1.

Director Schoonover asked Mr. McIntyre if there would be any disadvantage to limit participation to Phase 1 and Mr. McIntyre responded that there would only be advantages. He briefly explained the other goals and objectives of the NBWRA which the District will not participate in. He said that the District's focus only on Phase 1 has been reiterated to the members of NBWRA.

Director Rodoni asked if other agencies choose to participate in Phase 2 how will that affect the NBWRA partnership.

Mr. McIntyre said that the partnership is structured so that the dues that are paid will be based upon the amount of participation by each member agency. He said fees for Phase 2 will be paid solely by those agencies participating in Phase 2.

Mr. McIntyre summarized the status of the interagency agreements. He said there is a draft of the Interagency Agreement between NSD and the District included in this agenda item and that

the agreement is ready to go to the NSD Board for approval prior to bringing back to the District's Board for action. He said that a similar agreement has been drafted between the District and LGVSD for the south service area. Mr. McIntyre said he attended the LGVSD Board meeting on December 9 at which time comments were received from LGVSD staff, and a meeting has been set up with LGVSD to review those comments. He said it is hoped to culminate the agreements by the end of January 2011.

Mr. McIntyre advised that the final step for federal approval of the Environmental Impact Report/Environmental Impact Statement for the North Bay Water Recycling Program is a completed Record of Decision (ROD) from the Bureau of Reclamation. He stated that it was hoped that the Record of Decision would be executed this month; however, it is delayed until January. He informed the Board that meetings with Graton Rancheria have been scheduled to discuss their concerns regarding impacts to cultural resources and artifacts.

FY 11/12 CALPERS EMPLOYER RATE

Mr. Bentley provided information on the FY11/12 CalPERS Employer rate and advised that the contribution rate will increase approximately \$115,000 annually. He noted that this is a larger increase than expected which is attributed to new actuarial assumptions (rate of salary growth, mortality rate, disability, etc.). He explained that North Marin's unfunded pension liability is difficult to calculate; CalPERS has grouped the District together (over District objections) with 163 agencies that have less than 100 employees and that participate in the 2.5% at 55 benefit plan. He said that the funded ratio for this pool was approximately 60% compared to 88% one year ago. Mr. Bentley stated that the reason for the significant decrease is due to the decline in the market value of assets available to pay benefits and increase in the projected value of benefits payable to both active and retired employees.

MISCELLANEOUS

The Board received the following miscellaneous items: Disbursements, Letter from DWR Re "Save Our Water" Exhibit, Cost of Annual Sick Leave Buy-back Benefit, Russian River Estuary Management Project Draft Environmental Impact Report, and Tomales Wins Coveted Award from Water Association.

The Board also received the following News Articles: Wrap Water Pipes to Ward Off Freeze and Informant Sues Water District.

CLOSED SESSION

President Schoonover adjourned the Board into closed session at 8:20 p.m. for Conference with legal counsel – Existing Litigation – Pursuant to Government Code subdivision (b) of Section 54956.9 (one case – Lauren Wayne).

OPEN SESSION

Upon returning to regular session at 8:40 p.m., President Schoonover stated that during the closed session the Board had discussed the issues and no reportable action had been taken.

ADJOURNMENT

President Schoonover adjourned the meeting at 8:41 p.m.

Submitted by

Renee Roberts
District Secretary