

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
April 6, 2010**

CALL TO ORDER

President Baker 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 Frites, 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 (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance Superintendent), and Sue Kessler (Operations Tech), and Novato residents Sarah Lamson, Stanley Pearse, Ronald Saladino, Ron Leach and Richard Paulson were in the audience.

MINUTES

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

GENERAL MANAGER'S REPORT

Novato Watershed Plan

Mr. DeGabriele reported that he met with the Marin County Department of Public Works regarding the Novato Watershed Plan. He said that a pre-planning meeting will be held before the end of this fiscal year and that he informed the County of the District's interest in fishery evaluation, the ability to store more water in Stafford Lake, Stafford Lake erosion control and local groundwater development potential. He stated that he advised the County that the District is not interested in monitoring the Novato groundwater basin but will assist by providing available data.

Marin Clean Energy

Mr. DeGabriele advised that he met with Marla Fields and Alex Bischoff, two Marin Clean Energy advocates, who requested the meeting at the behest of Marin County Supervisor McGlashan. He said that they indicated that Marin Clean Energy is interested in assisting with local energy generation development, but that it is his understanding that Marin Clean Energy does not have money available to assist the District in the solar project development. He advised that the District is waiting to hear from PG&E if they are interested in assisting with funding the solar project. Mr. DeGabriele said that the District will have to decide whether to opt out of Marin Clean Energy

for District accounts outside of the city limits. He said this issue will be brought back to the Board for a decision in June or July.

OPEN TIME:

President Baker 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 Baker asked if staff or Directors wished to bring up an item not on the agenda and there was no response.

CONSENT CALENDAR

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

QUITCLAIM EXISTING UNUSED REDWOOD LANDFILL FLOATING EASEMENT IN TRADE FOR NEW EASEMENT (REDWOOD LANDFILL SCALE HOUSE)

A new waterline easement was secured from Redwood Landfill for new on-site water mains required for the Redwood Landfill Scale House project making the older floating easement on said parcel obsolete. In order to properly remove the old easement, a quitclaim to release said easement must be recorded with the County.

The Board approved Resolution No. 10-05 entitled, "Authorization of Execution of Quitclaim Deed to Redwood Landfill, Inc., a Delaware Corporation."

RECORDS RETENTION PROGRAM – DESTRUCTION OF RECORDS

The Board approved Resolution No. 10-06 entitled, "Resolution of the Board of Directors of North Marin Water District to Approve Destruction of Certain Records" in accordance with District policy which states that once a year documents designated as eligible for destruction will be destroyed in an appropriate manner. The list of records scheduled for destruction were reviewed and approved by the Department Head, Records Retention Manager, Auditor-Controller and the General Manager.

ACTION CALENDAR

CONSIDER: REQUEST FOR ADDITIONAL BILL ADJUSTMENT

Mr. Bentley summarized the request for an additional bill adjustment that was heard by the Board (and denied) at the previous meeting and that since the customer, Sarah Lamson, was not aware that she was invited to attend that meeting, the request for an additional adjustment is once

again before the Board. At the request of Director Baker, Mr. Bentley explained the current Bill Adjustment policy, and then he introduced Ms. Lamson who addressed the Board.

Ms. Lamson said that she received a bill identifying that 230,000 gallons of water was used during the December/January billing period. She stated that she was home during this time period and did not notice any unusual water use. She said that her irrigation system had been off since October and that only she and her husband reside in the home. Ms. Lamson stated that no leaks were found by District staff and that the meter is now correctly registering the water use. She said that she is requesting an additional adjustment because the District has not provided convincing evidence that she used the excess water.

Director Schoonover asked Ms. Lamson if there was an opportunity for someone to hook up to her house spigot without her knowledge. Ms. Lamson said that that would be difficult to do as there are bushes creating a barrier near the spigot. She stated that she did not think that there was opportunity for someone to fill a truck as she lives on a narrow street with limited parking and she would have noticed such an occurrence.

Mr. Bentley advised that staff verified that the meter is working properly and that the metered water use is back to normal. He said that the excess use of water occurred during the rainy season and it would be difficult for the customer to notice if there was a leak.

Director Rodoni commented that customers are responsible for water that flows through the meter and that District policy states that a customer is eligible for an adjustment even if the reason for the excess use is unknown. He said that a total adjustment would mean that other District customers would be subsidizing the adjustment. Director Rodoni said that the customer has already received a substantial reduction according to District policy, and that he is confident that the District's meters accurately recorded the amount of water going through the meter. He said that staff will be tracking the meter reads and if the meter is faulty, another misread will occur. Director Rodoni stated that staff has recommended denial for further adjustment based on District policy and that the Board has the flexibility to grant further adjustment; however, additional bill adjustments are rarely granted as the Board is concerned with setting a precedent.

Director Schoonover suggested that the meter be replaced.

Director Petterle stated that he supports the District Bill Adjustment Policy; however, based on this being an extraordinary circumstance, he supported an additional adjustment and moved that the difference between the average bill for water used during this period and the amount of the previously adjusted bill (\$425.31) be split again resulting in an additional adjustment of \$182.

Director Schoonover seconded the motion with an amendment that the existing meter be replaced in addition to granting an additional adjustment. The amendment to replace the existing meter was accepted by Director Petterle. Director Schoonover called for a roll call vote and the Secretary called each Director's name and the following vote was recorded:

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

ADOPT: EMPLOYEE HANDBOOK APRIL 2010 REVISION

Mr. Bentley presented the Employee Handbook as revised and stated that it incorporates changes agreed to in the negotiations with the North Marin Water District Employee Association. He cited the revisions as follows: a trial of flex-time/alternative work schedules; annual sick leave buy back benefit to part-time employees on a pro-rata basis; unpaid leave subject to General Manager's approval and employee paying cost of benefits; \$137/fte annually added to each employee's cafeteria plan contribution to offset employees' health insurance expense; dental benefit annual cap increased to \$1,500; and vision plan benefit rollover of unused entitlement to the following year – cap of \$368. Mr. Bentley stated that in addition, there were minor changes to the Smoking Policy and Cellular Phone Use Policy and an addition of the Return to Work Staff Policy.

On motion of Director Rodoni and seconded by Director Schoonover, the Board unanimously adopted the April 2010 revision of the Employee Handbook as presented.

APPROVE: GENERAL MANAGER'S COMPENSATION

President Baker stated that the Board met recently to consider an adjustment to the General Manager's compensation and after several discussions and deliberations, decided to increase his salary 2%. He noted that the General Manager has not received an adjustment since 2008.

Ronald Saladino asked the Board if the salary adjustments for the General Manager, Chief Engineer and Auditor-Controller are included in the budget. He also asked if the increase was based on performance or cost-of-living.

Mr. Bentley responded that a 3% increase for salaries was incorporated into the budget. Responding to the second question, President Baker said the increase was based on both performance and cost-of-living.

Mr. Saladino asked the Board to postpone the salary increase to the three employees until after the May 25th public hearing on the rate increase.

Stan Pearse stated that he has lived in Novato since 2000 and is employed with the Cal State University system. He stated that after the rate increase last year because of the drought, he stopped watering his lawn; and now he understands that the drought is over and he doubts whether the Board will reverse the planned 11% rate increase. He further stated that he has not had a pay increase for many years and since July, has had two days per month mandatory furlough imposed. He requested that the Board consider postponing raising the compensation of the General Manager, Chief Engineer or Auditor-Controller as it is not the appropriate time.

Ron Leach, said that he is a 26-year resident of Novato and that he read about the 2% pay increases in the newspaper and could not believe that in these difficult economic times the District would provide salary increases. He said people have been taking pay cuts and that he hasn't had a pay raise in three years. He cautioned against the "leap frog effect" and said that District employees, as well as employees of other public agencies, will also want a 2% increase or more.

Richard Paulson, stated he has lived in Novato 25 years and asked if District employees received a pay raise this year. Mr. Bentley stated that there was no salary increase for employees. Mr. Paulson asked that if the workers don't get a salary increase why should the General Manager, Chief Engineer and Auditor-Controller get raises? He opined that the workers should get raises also.

Director Rodoni commented that, as a business owner, he understands the concerns of the speakers. He said that the Chief Engineer and Auditor-Controller are evaluated by the General Manager and the Board evaluates the Manager and looks at salaries of comparable positions in other agencies. He stated that it is a goal of the Board to bring management salaries up to a level that would ensure that the District retain its key people. He said that should any of the three officers leave the District, it would have a tremendous impact on the District. Director Rodoni stated that the Board felt this was a reasonable increase even in these difficult times and that these increases have very little impact on rates. He further stated the majority of District employees' salaries are below most other agencies in Novato and that the North Marin Water District Employees Association negotiated a better benefit package for employees.

Mr. Paulson asked if the benefits were extended to the officers, and Mr. Bentley replied that some were and some were not. Mr. Paulson remarked that perhaps the rates are being increased because some key person was not doing their job correctly. He stated that the rates are being increased after the employees' contract was adopted and now there may be money for salary increases for all employees

Mr. Leach stated that no one is irreplaceable. He asked if there is not a concern that all employees will ask for a pay increase and there will always be other comparable agencies that pay more than the District.

Director Petterle addressed the subject of rate increases and stated that the rate increase is a result of long-range planning and is due to increases in District costs. He advised that last year a 25% rate increase was initially proposed to be followed by four successive 9% increases. He said that after listening to public comments, last year's rate increase was reduced to 20% with the understanding that it would be followed by 11% increases for four successive years. Director Petterle further stated that the Russian River water system is extremely complicated and the General Manager, Chief Engineer and Auditor-Controller are very knowledgeable, are the leaders in the region and are responsible for keeping the Novato water supply in good shape.

Director Rodoni suggested that the 2% increase incorporate the benefit changes that the officers have already received and that the salary increase not exceed 2% including those benefits.

Mr. DeGabriele advised that the adjustments do reflect monetary adjustments that were already provided to the rest of the employee group; however, it is not calculated 2% on total cost of salary and benefits and staff can recalculate if that is the Board's pleasure.

On motion of Director Rodoni and seconded by Director Schoonover, the Board unanimously authorized Revised Resolution No. 95-12, entitled "North Marin Water District Conditions of Employment – General Manager."

APPROVE: SALARY ADJUSTMENTS FOR CHIEF ENGINEER AND AUDITOR-CONTROLLER

Mr. DeGabriele stated that the 2% salary increase for the Chief Engineer and Auditor-Controller is based on their salary prior to any adjustment previously conveyed to the rest of employees. He said that the salaries for the Chief Engineer and Auditor-Controller are well below the median of comparable agencies. Mr. DeGabriele said that he relies on both positions for engineering and financial analyses necessary to carry out the District's business in both Novato and Sonoma County. He noted that these are spot adjustments for the Chief Engineer and Auditor Controller and they have not received a spot adjustment since 2004.

On motion of Director Schoonover and seconded by Director Fraites the Board unanimously approved a 2% salary increase for the Chief Engineer and Auditor-Controller.

INFORMATION ITEMS

STAFFORD LAKE DAIRY NUTRIENT CONTAINMENT

Mr. Clark stated that the current improvement project budget includes a study on dairy nutrient containment on the watershed, specifically on the Grossi Dairy Ranch for the purpose of reducing stormwater nutrient concentrations. He said that Prunuske Chatham has been contracted for a design to contain nutrients from the Grossi Dairy runoff, create catchment areas to collect manure, removal of the material before the rainy season and create a nutrient/sediment control area to keep the material on the ranch. He advised that Prunuske Chatham's quote was under \$20,000 for the design and that construction costs may be included in next fiscal year's improvement projects budget although some grant money will be needed to complete all of the planned projects.

Director Fraites asked if the Grossi Ranch will be contributing to the project, and Mr. Clark responded that they will contribute to the construction costs only.

Director Rodoni stated that the District has expended quite a bit of money on various projects on the watershed, for example new fencing on the Marindale Ranch and contributions to STRAW. He said that he has not seen any tracking of how those improvements are impacting water quality. Mr. Clark said that it is difficult to compare year-to-year due to different weather conditions. Mr. DeGabriele stated that first-flush samples are taken for nutrients and that data can be provided to the Board.

Director Rodoni suggested that the District begin a conversation with the Grossi family regarding their future in the watershed. He said that dairy prices are extremely low now and many dairies are going out of business. He asked if there is an opportunity that these issues can be addressed if the Grossi's are interested. He said he would not want to see our water supply be compromised at any time and this may be an opportune time to open the conversation.

Director Baker stated that dairies have been struggling for decades all over the county and those still in operation may be the survivors.

Mr. DeGabriele said that Dominic Grossi is now running the dairy, and he is making a go of it; and that up to this point, they have been reluctant to even consider a MALT easement. He said that there would no harm in opening up the conversation.

Director Rodoni opined that many of the District's issues can be addressed if the dairy's impact on the watershed is reduced.

Mr. Clark said that in conversations with the Grossi family, he has been impressed with their passion for their work.

LAGUNITAS CREEK FLOW INFLUENCE ON WELL SALINITY INTRUSION

Mr. Clark stated that Director Rodoni asked about Lagunitas Creek flows influence on salinity intrusion in the Point Reyes water supply. He reported that stream flow and rainfall data was compared with occurrence of high salinity levels, but that there was nothing conclusive to show the influence the rainfall and flows have on salinity levels. He advised that the groundwater aquifer system is extremely complex with the aquifer and more time and expertise would be needed to determine specific influences on the salinity levels.

Mr. DeGabriele said that it would be best to devote time to the relocation of the point of diversion upstream to the Gallagher well site and that staff will continue to pursue funding for that project.

REPRIORITIZATION OF GALLAGHER WELL AND PIPELINE PROJECT

Mr. DeGabriele informed the Board that a request for stimulus funding for the Gallagher Well and Pipeline Project was submitted to both Senator Boxer and Congresswoman Woolsey. He said that because the Point Reyes water supply has not exceeded a Maximum Contaminant Level, the project priority ranking is lower than projects that are in violation of a standard. He said that he contacted the California Department of Public Health regional engineer and the Department of Public Health chief in Sacramento and asked for a raise in project priority, and they were unwilling to change the project ranking.

NORTHERN CALIFORNIA COASTAL STREAMS INSTREAM FLOW POLICY

Mr. DeGabriele provided information on the Northern California Coastal Streams Instream Flow Policy including staff's two letters sent to the State Water Resources Control Board requesting an extension to the comment period for said policy. He stated that the State Board responded quickly that they would not comply with the request. Mr. DeGabriele said that he had a chance to talk with State Board staff on March 26th and again today to clarify questions that he raised in his comment letter of March 17th. He said as a result of the conversation with State Board staff, he thinks that the Lagunitas Creek change of diversion should not be a significant problem; however, he believes that there will be a challenge to add storage in Stafford Lake. He said that a science-based analysis will be needed, especially concerning the fisheries and what kind of flows will be

required; any incremental water stored in Stafford Lake would be subject to releases for instream flow.

WAC / TAC MEETING - MARCH 22, 2010

Mr. DeGabriele reported on the Water Advisory Committee/Technical Advisory Committee meeting held March 22, wherein the WAC took a vote on the proposed Sonoma County Water Agency budget for the next fiscal year. He said that, once again, the WAC vote was split 4 – 4 and the weighted majority voted “no.” He stated that the good news is that North Marin’s purchased water rate increase is now proposed at 7.5% instead of 9%; and he is hopeful that the Water Agency will maintain the budget and keep the Kastania pumps operating. He further stated that the Agency Board will consider the budget on April 20.

TAC MEETING – APRIL 5, 2010

Mr. DeGabriele provided a summary of the Technical Advisory Meeting of April 5, 2010. The Water Conservation Plan pursuant to last summer’s order has been submitted to the State Board with input from all the contractors. He further advised that the Agency also submitted its Temporary Urgency Change Petition for this summer’s flow reductions. Mr. DeGabriele stated that this is required by the Biological Opinion to ensure there is sufficient water in Lake Mendocino for the Chinook salmon and to have a closed estuary for the steelhead trout. He noted that in the Russian River system, the challenge is to balance the different needs of the three threatened/endangered fish. He referred the Board to the lake level charts which shows that storage levels in both lakes are in good shape.

Mr. DeGabriele advised that the TAC was presented with the Draft Water Supply Strategy Action Plan and noted the website for the Board to view the plan.

NORTH BAY WATERSHED ASSOCIATION – MARCH 5, 2010

Mr. DeGabriele reminded the Board that there will not be a North Bay Watershed Association meeting in April, but that the NBWA annual conference is on Friday, April 9.

MISCELLANEOUS

The Board received the following Miscellaneous Items: Disbursements, Letter from Judge Chouteau Re Carl Nelson, NBWA Watershed Council Meeting Summary, FY09 Auto Parts Purchases, Pt. Reyes and Oceana Marin Hazardous Materials Business Plan Inspection, Invitation to Meeting of Marin County Special District Association.

The Board also received the following news articles: 11% Hike in Water Rates Planned (w/NMWD customer letter attached), Winter Rains Wash Away Rationing, Habitat Restoration Will Benefit Trout and Salmon, Water Rate Hikes Bring Ire of Local Cities and Salinity Notices.

CLOSED SESSION

President Baker adjourned the Board into closed session at 9:09 p.m. for Conference with Legal Counsel – Existing Litigation Pursuant to Subdivision (a) of Government Code Section 54956.9 – Name of Case: North Coast Rivers Alliance v. California Department of Transportation (Named Real Party in Interest - North Marin Water District).

OPEN SESSION

Upon returning to regular session at 9:24 p.m., President Baker stated that during the closed session the Board had discussed the issues and no reportable action had been taken.

ADJOURNMENT

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

Submitted by

Renee Roberts
District Secretary