

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
October 7, 2008**

**CALL TO ORDER**

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

Charles Carson, Home Builders Association and Bill Long, Marin Open Space Trust District, and District employee Robert Clark (Operations/Maintenance Superintendent), were in the audience.

**MINUTES**

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

**GENERAL MANAGER'S REPORT**

Mr. DeGabriele said that he had nothing to report at this time.

**OPEN TIME**

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

**Recycled Water Service Agreement with Novato Fire Protection District**

Drew McIntyre informed the Board that he attended the Novato Fire Protection District Board of Directors meeting on October 1 wherein their Board unanimously approved the Recycled Water Service Agreement for extension of recycled water to Fire Station #2. Director Rodoni inquired if recycled water could be used as an emergency supply of water for firefighting purposes, and Mr. McIntyre responded that the fire District is reluctant to use recycled water for that purpose and the agreement for recycled water use is strictly for irrigation purposes.

### Hybrid Prius Delivered

Robert Clark informed the Board that the District took delivery of a hybrid Prius and that he will use that vehicle and his truck will be added to the fleet. He further informed the Board that he received all bids back for the crew truck purchase and staff is reviewing the bids and will bring back to the Board for approval.

### **PUBLIC HEARING - REGULATION 1 – NEW SERVICE CONNECTION**

Mr. Bentley stated that the September 2<sup>nd</sup> Public Hearing to consider staff's recommendation to increase the charges for new connections was tabled until tonight's meeting and that staff was directed to meet with Charles Carson of Home Builders Association and Casey Mazzoni of Marin Builders Association to further review calculations and projections. He said that all agreed that the increase is huge, and staff continues to recommend that new development shoulder full cost to provide water service. Mr. Bentley said that staff looked at the cost of spreading the increase over three years, as suggested by Mr. Carson, but that could result in approximately \$1.4M in foregone revenue. He reported that staff met with Jim Albrecht and Dick Johnson of Barker Pacific Group who own an approved 27-single family home subdivision located in Hamilton and who are concerned with the additional cost of connecting to the District system. He said that staff explained that if an agreement was executed by Barker Pacific with the District before January 1, 2009, and financial arrangements were made, existing rates would be locked-in and they would be required to commence construction within one year. Mr. Bentley advised that Messrs. Albrecht and Johnson were satisfied with the explanation and promised to submit their application to meet the January 1, 2009 timeline.

Mr. Bentley further advised that staff surveyed surrounding agencies regarding their policy for affordable housing projects and stated that Marin Municipal Water District gives the most consideration with a 50% discount on connection fees based upon consumption estimates; City of Santa Rosa allows fees to be deferred and paid out of escrow; Contra Costa Water District has no formal plan but have financed connection fees over time; and East Bay MUD and City of Petaluma have no special consideration for affordable housing projects. He said that District Regulation 1.c(5) permits deferral of Initial Charges for affordable housing until a certificate of occupancy is issued or for a period of two years from the date of the applicant's Water Service Agreement, whichever is less. Mr. Bentley stated that staff continues to recommend no more additional considerations for affordable housing, that the connection fee be phased in over two years, that the Board continue the Public Hearing tonight and consider staff's recommendations, and that the Board adopt the resolution amending Regulation 1.

Director Rodoni asked if the Barker Pacific Group understands that if they do not commence construction within 12 months of signing the agreement that they will be subject to the increased fee. Mr. Bentley said that they are fully aware and understand that they need to commence construction within one year from date of agreement.

President Fraites opened the Public Hearing.

Mr. Carson, Home Builders Association, addressed the Board and stated that he appreciated the opportunity to meet with Mr. Bentley and Mr. DeGabriele to go over the calculations. He said that the figures are daunting and that the projected costs for SCWA over the next 20 to 35 years are huge. He said that it was pointed out that the last formally approved budget for the SCWA expansion project was \$183M in 2001. Mr. Carson said that as far as he understands there has not been a formally adopted budget since 2001 and he questioned how cost increases could be based on a budget that has not been formally adopted by the Water Agency. Mr. Carson stated that he understands that new development needs to pay its own way, but he continued to request that the fee increases be phased in over three years due to the current economy and low-cash flow now being experienced in the building and financial industries.

Mr. DeGabriele said that Mr. Carson's interpretation of the situation is correct. He stated that the Sonoma County Water Agency Water Transmission System project budget that the District uses in developing its share of SCWA costs and used in the connection fee calculation is not a formally approved budget. The last time it was approved was in 2001. He acknowledged the amount is extraordinary and likely not affordable for customers and there may be a change in the project due to the release of the Biological Opinion (which will be discussed later in the meeting) and which could scale the project back. He said, however, that even if the project were scaled back to half the size, the cost would not be one-half of what is projected today. He advised that the SCWA projects will still be expensive and the idea of phasing in the connection fee increase over time gives an opportunity to stay abreast of that cost and make adjustments going forward. He said that the District contract with SCWA obligates the District to pay those costs to SCWA and that facilities will not get constructed without the water contractors being able to pay those costs and those facilities are needed to serve new growth in the service area.

Hearing no further comments, President Fraites closed the Public Hearing.

Director Schoonover moved staff's recommendation and Director Rodoni seconded the motion and requested time to comment.

Director Rodoni said that he would like to make an amendment to the motion to include an annual review of the costs so that projections will be more realistic and that such review would begin in the second year of the connection fee increase.

Director Fraites stated his concern on how this will impact affordable housing and how phasing in the cost increase over a three-year period for affordable housing would affect the bottom line. Mr. Bentley said it would depend on how many affordable housing units come in. Director Fraites asked if there was any further comment received by the developer of a housing project that includes affordable housing units who attended the September 2<sup>nd</sup> meeting. Mr. DeGabriele said that staff had not received further comment, but that the proposed 10-unit development would include only one affordable housing unit. He reminded the Board that Regulation 1 had been revised in response to affordable housing advocates. He said that it is difficult to predict when affordable housing projects will come in. He said that any reduction in revenue has to be picked up from somewhere and that hopefully, in one years' time when the numbers are reviewed, staff will have a better understanding of the capital costs from SCWA.

The Board approved Resolution 08-22 entitled "Resolution of the Board of Directors of North Marin Water District Amending Regulation 1 – New Service Connections" as amended by the following vote:

AYES: Directors Fraites, Rodoni, Schoonover

NOES: None

ABSTAIN: None

ABSENT: Directors Baker, Petterle

### **CONSENT CALENDAR**

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

### **200 SAN MARIN DRIVE MEDICAL OFFICE**

This proposed project is for the construction of a 6,700 sq. ft. single story dental/general office building at 200 San Marin Drive. Two of the four proposed units will be used as dental offices and the other two will be used for general offices. New off-site and on-tract facilities include 150 feet of pipe, one steamer hydrant, one 4" fire service and one 1" domestic water service with a RPP backflow prevention device. High pressure water service will be provided from Zone 2 and total

water demand is 3 EDUs, however, after applying a credit of 1 EDU based on historical water use of the existing service, the new water demand is 2 EDUs.

The Board approved Resolution No. 08-23 entitled, "Authorization of Execution of High Pressure Water Service Facilities Construction Agreement with Catlin Fuller I, LLC."

#### **DESTRUCTION OF RECORDS**

The Board authorized the destruction of disbursement vouchers that had been scanned in accordance with District policy and the information is stored on an uneditable CD. Because of the limited space in the warehouse for storage, the 22 boxes of vouchers will be shredded now rather than wait for the usual records destruction in April.

The Board approved Resolution No. 08-24 entitled, "Resolution of the Board of Directors of North Marin Water District to Approve Destruction of Certain Records."

#### **LAGUNITAS CREEK STREAMGAGING STATION COST SHARING**

The District shares the cost of operating the streamgage at Lagunitas Creek, owned and operated by the U.S. Geological Survey, with Marin Municipal Water District and the National Park Service as all three benefit from the information obtained from this gage. The information obtained is used to make operational decisions and it serves as criteria for implementation of off-tide pumping from the District's Point Reyes wells. The District's share of the cost has increased \$335 this year.

The Board approved the funding request and District share in the amount of \$7,200 and authorized the General Manager to enter into the agreement with the U.S. Geological Survey.

#### **MINOR REVISIONS TO THE PURCHASING POLICY**

The Board approved minor revisions to the District's purchasing policy.

#### **RENEWAL OF HORIZON CATV LICENSE AGREEMENT**

The Board authorized extension of Horizon CATV License Agreement to October 31, 2010 for allowing use of the PRE tank site #4 for its 40' antenna and other equipment, including an emergency generator. Revisions to the agreement include extension of term dates beginning November 1, 2008 through October 31, 2010; noted that Horizon CATV does not currently have a generator; and updated the number of Horizon CATV customers (715) and basic cable rate (\$41.95).

Director Rodoni asked if the Horizon customer base has increased because of internet users and Mr. Bentley said he would get that information and report back to the Board.

## **AUDITOR CONTROLLER'S STATEMENT OF INVESTMENT**

The Board approved the Auditor-Controller's Annual Statement of Investment Policy which is presented to the Board annually. There were no changes in this investment policy from that approved by the Board last year.

## **ACTION CALENDAR**

### **CONSIDER: REVISION TO EMPLOYER ASSISTED HOUSING PROGRAM GOALS**

Mr. Bentley said that when the Employer Assisted Housing Loan Program was first adopted in 1992, staff set goals for Novato residency by employee classification to establish eligibility priorities for funding. He reviewed the table identifying the 1992 goal, the ultimate goal and the existing number of employees residing in Novato by employee classification. He pointed out that the Pipeworker classification has an ultimate goal of four and that there are now nine employees in that classification that reside in Novato; and of the nine, five have received employer assisted housing loans and a sixth employee will be closing soon on the purchase of a home. He said that there are certain classifications with no staff residing in Novato: the Operations/Maintenance Superintendent, Construction/Maintenance Superintendent; any Electrical/Mechanical Classification; any Engineering Tech position; and he noted that the one laboratory staff member rents in Novato. Mr. Bentley said that it is staff's recommendation to set aside the remaining \$295,000 for those classifications where no employee lives in the District service territory. The Ultimate Goal identifies adjustments (as shown in parentheses) in the following classifications: Heavy Equipment Operator (2); any Electrical/Mechanical Classification (2); any Engineering Tech position (1); and any Chemist or Lab Tech classification (2). He stated that it would be prudent, if the Board concurs with the recommendation, to alert staff of the goals and prioritization.

Mr. DeGabriele said that in 2005, he requested that the Board relax the residency requirement for Department Heads to live within 10 miles of the District service territory so that the Operations/Maintenance and Construction/Maintenance Superintendents did not have to relocate. He said that the District has made concessions in the residency requirement but at the same time wants to offer employer assisted housing loans to those positions.

Director Rodoni stated that he had been reluctant to change the residency requirement and it may reflect why some positions have not taken advantage of the housing loan program. He said that he felt strongly that the District needed to have management level live within the service area, and that from his perspective, the ultimate goal for employee residency should be 100%. He stated, however, that in today's housing market the District's young families may not have another opportunity to purchase a home in Novato, and he would hate to discourage that. Director Rodoni

stated that for that reason, he does not want to change the policy and supports finding more money if needed.

Director Schoonover stated that he agreed with staff's Ultimate Goal but also agreed with Director Rodoni. He said that the employees in classifications on the goal list should be encouraged to apply for a housing loan, but the District should not exclude other positions.

Director Fraites stated his concern that in the event of a major catastrophe, staff would not be able to get here if the freeway was inaccessible.

Mr. DeGabriele stated that there are two recommendations before the Board: 1) direct staff to advise employees that requests for Employer Housing Assistance Loans will be considered only for the classifications as discussed; and 2) approve the Ultimate Goal revisions.

The Board took no action on the first staff recommendation.

On motion of Director Rodoni and seconded by Director Schoonover and unanimously carried by those present, the Board approved the Ultimate Goal revisions as presented.

**APPROVE: STAFFORD TREATMENT PLANT SOLAR ENERGY PROJECT – REQUEST FOR AUTHORIZATION TO CONDUCT CEQA PUBLIC REVIEW**

Mr. McIntyre stated that at a previous meeting, the Board was provided an overview of the Stafford Treatment Plant Solar Energy Project and Board authorized staff to move forward with the environmental review.

Mr. McIntyre said that the California Environmental Quality Act review was conducted by Leonard Charles & Associates and an Initial Study and draft Mitigated Negative Declaration was prepared and is included in the Board packet. He said that it was determined that the environmental impacts are minimal and are the standard mitigated measures associated with any project including air quality, cultural resources, geology, noise and hazardous materials. He advised that the next step in the CEQA process is to move forward with a 20-day notice that will be recorded at the County. Mr. McIntyre advised that a public notice will be published in the newspaper, staff will conduct outreach to existing customers at the end of Center Road and a public hearing will be held at the November 4<sup>th</sup> Board meeting to approve the Mitigated Negative Declaration for the project. He said that the Board is requested to approve the Notice of Intent to Adopt a Mitigated Negative Declaration and initiate the 20-day public review period.

Director Fraites asked if there is any concern with wayward golf balls from Indian Valley Golf Course hitting the solar panels, and Mr. McIntyre said that it would be very difficult to hit a golf ball near the proposed panels location.

Director Rodoni stated that staff had been pessimistic in securing funding for the project and asked if something had changed. Mr. DeGabriele said that that would be discussed in the next agenda item.

On motion of Director Schoonover and seconded by Director Rodoni the Board unanimously carried by those Directors present, the Board authorized staff to initiate the CEQA 20-day public review period for the project and to schedule the public hearing for the November 4, 2008 Board meeting.

**APPROVE: STAFFORD TREATMENT PLANT SOLAR PROJECT – APPROVE BID ADVERTISEMENT**

Mr. McIntyre said that in an effort to move this project forward as expeditiously as possible, staff is recommending proceeding with the advertisement of the project concurrently with the CEQA review. He said that assuming Board approval, there would be a three week solicitation for bids. The schedule would be as follows: the advertisement for bids would be published on October 10<sup>th</sup>, bid opening on October 30<sup>th</sup>; the Board would consider the Mitigated Negative Declaration on November 4<sup>th</sup>. He said that by advertising for bids now will allow the District to obtain construction costs in time for a “go or no go” decision at the November 18<sup>th</sup> meeting.

Mr. Bentley advised that he learned this afternoon that part of the Federal bailout package addresses CREBS funds and extends the timeline for issuance of the CREBs bonds for an additional year to December 31, 2009. He said there will be additional CREBs bonds authorization and that it could be possible that the District will get the entire amount funded (\$4M) with a 0% interest rate. He said that this extension of the timeline takes the pressure off to complete the project quickly.

On motion of Director Schoonover and seconded by Director Rodoni and carried by those present, the Board authorized staff to advertise for bids for the Stafford Treatment Plant Solar Energy Project.

**APPROVE: COST SHARING AGREEMENT WITH GOLDEN GATE BRIDGE HIGHWAY AND TRANSPORTATION DISTRICT FOR SIGNAL UPGRADE COSTS AT PRIVATE RAILROAD CROSSING MP 5-28.35 (GOLDEN GATE PLACE)**

Mr. DeGabriele presented the proposed cost-sharing agreement with the Golden Gate Bridge Highway and Transportation District (GGBHTD). He informed the Board that the District currently crosses the railroad tracks at two locations: on Rush Creek Place in front of the District Headquarters and on Golden Gate Place at the entrance to the back construction yard which also serves as the entrance to the GGBHTD bus yard. He said there had been some contention over



the years in regards to cost sharing of the maintenance of the private crossing. He said that when the bus yard was installed in the 1970's, part of the water service agreement with the GGBHTD required that the GGBHTD would provide waterline easements and railroad crossing and access easements to the District property. Mr. DeGabriele stated that the GGBHTD reneged on the last two items, and that the District acquired a private railroad crossing on its own and for a time District staff was prohibited from using the back gate. He reported that on several occasions the GGBHTD has requested the District share the cost of maintaining the private crossing on a prorated amount basis based on the number of trips across the private crossing. This year with the potential start of freight rail traffic, the North Coast Railroad Authority has been improving signals along the way, including Rush Creek Place and Golden Gate Place and it will cost the GGBHTD \$74,000 for the upgrade. He said the District and GGBHTD have come up with a cost sharing arrangement of 23% (\$17,000) to NMWD and 77% to the GGBHTD.

On motion of Director Rodoni and seconded by Director Schoonover and carried by those present, the Board authorized the General Manager to concur with the Cost-Sharing Agreement.

**APPROVE: GENERAL MANAGER'S COMPENSATION – (REVISED RESOLUTION 95-12)**

On motion of Director Schoonover and seconded by Director Rodoni and carried by those present, the Board revised Resolution 95-12 entitled, "Condition of Employment – General Manager."

Mr. DeGabriele thanked the Board for the generous compensation package.

**INFORMATION ITEMS**

**MARIN OPEN SPACE TRUST (MOST) PRESENTATION – BILL LONG & KEN LEYDEKER**

Bill Long, representing Marin Open Space Trust (MOST), made a presentation to the Board on the new land trust for Marin County that will collaborate with Marin's environmental and land protection organizations to raise awareness and funds needed to save development-prone lands for wildlife and public recreation and has a goal of preserving 30,000 acres. He provided a history of the acquisition of open space and the formation of the Marin County Open Space District. He said that to attract other funding sources it is important to match local funding and that MOST wants to acquaint all agencies who might be involved in partnering or directly acquiring open space.

**BIOLOGICAL OPINION FOR WATER SUPPLY, FLOOD CONTROL OPERATIONS AND CHANNEL MAINTENANCE IN THE RUSSIAN RIVER WATERSHED**

Mr. DeGabriele presented the conclusions by the National Marine Fisheries Service (NMFS) on the Biological Opinion for the Russian River Project that addresses water supply, flood control operations and channel maintenance in the Russian River Watershed. He explained that the

Biological Opinion includes a jeopardy opinion for both steelhead and coho salmon that the project operations would likely jeopardize survival and recovery of these two fish and that the project adversely modifies their critical habitat. Mr. DeGabriele further explained that the BO recommends a Reasonable and Prudent Alternative (RPA) to avoid jeopardy and involves a list of actions to take; one is changing the minimum flows in the Russian River system especially in the summer months in both the mainstem and Dry Creek and would require a change in Decision 1610, which is the State Water Resources Control Board decision on water rights and operation of the Russian River project. He said that the Sonoma County Water Agency will, within 2 years, petition the State Board, develop environmental documents and seek changes to reduce the minimum flows in the Russian River system. In the interim, the Biological Opinion directs SCWA to request immediate interim changes to lower the flows. The RPA proposes that the Russian River estuary should function as a closed lagoon and that there should no longer be an artificial breaching of the lagoon thus enhancing rearing habitat for steelhead. Mr. DeGabriele reported that the biggest requirement in the RPA is that NMFS has proposed that there be six miles of channel habitat improvement in Dry Creek over the next twelve years, performed in stages, with monitoring after five years to see if habitat has improved. He said if the habitat has not improved, a by-pass pipeline in Dry Creek would be considered. He said that the Biological Opinion requires significant investment and there will be significant cost to water contractors and ratepayers and that this is to benefit everyone.

Mr. DeGabriele summarized the other measures including strengthening the coho salmon broodstock program, installing a backup water supply pipeline to the Warm Springs hatchery and continue monitoring of Salmonid migration during the fifteen year period of the Biological Opinion.

Mr. DeGabriele said that the Biological Opinion provides a road map for the agency to follow but it is a challenge to implement and it is expensive. It is estimated to cost \$100M over 15 years, with funds coming from ratepayers, from the Sonoma County general tax, portion of the warm springs tax and the Corps of Engineers. He stated that he and Director Rodoni attended the Public Policy Facilitating Committee meeting on October 1 and that the water agency has scheduled a series of four meetings to be held in November to review the Biological Opinion with the public. This is a final document, but there is time for public input as each measure will need environmental review. He said that it is unknown how the Biological Opinion will affect the water project and that the Water Agency intends to release the draft EIR likely in December.

### **FINANCIAL MARKETS**

Mr. Bentley updated the Board on the status of existing financial markets and how they are affecting District investments. He said that he is concerned that the State of California is in deep

financial trouble and may likely withhold disbursement of sales tax revenue as opposed to using funds currently deposited with the Local Agency Investment Fund (LAIF), and that he is considering moving the District funds in LAIF to a local bank temporarily to protect those funds and have cash reserves available should there be a prolonged problem with the state. He advised that CalPERS assets are invested approximately 56% in public stocks and is struggling; Lincoln National fixed accounts have guaranteed interest but that mutual fund accounts will be hit hard.

**NORTH BAY WATERSHED ASSOCIATION – OCTOBER 3, 2008**

Mr. DeGabriele said that the Executive Director of the NBWA requested that the NBWA Board adopt a policy of Integrated / Multi-Benefits Water Management Projects Policy and that he suggested the board endorse the policy overarching requirements but not the policy itself.

**TAC MEETING – OCTOBER 6, 2008**

Mr. DeGabriele briefly summarized the Technical Advisory Meeting of October 6, 2008. He said that retired employees of the Water Agency provided a history lesson on the development of the water transmission system, there was a briefing on Water Conservation in California and the Water Agency staff gave a detailed presentation on the Biological Opinion.

**MISCELLANEOUS**

The Board received the following miscellaneous information: Disbursements (9/17, 9/24, 10/1), Health Plan Open Enrollment, Department of Water Resources.

The Board received the following news articles: Autumn Awaits (9/22), Season's First Chinook Salmon Begin Spawning Run Up Russian River (9/20), Salinity Notice (9/18), MCE and PG&E Consider Working Together on Clean Energy Plan (9/17), Water Bosses Lag in Pay Rankings (9/13).

**ADJOURNMENT**

President Fraites adjourned the meeting at 8:56 p.m.

Submitted by

Renee Roberts  
District Secretary