

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
November 21, 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 revised. Secretary Roberts noted the original mailed agenda had an incorrect date which had been revised and redistributed to the agenda mailing list. 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 L. Bentley and Chief Engineer Drew McIntyre.

District employees Doug Moore (Superintendent of Construction), Pablo Ramudo (Water Quality Supervisor), Mike McMaster (Superintendent of Operations), Robert Clark (Facilities Maintenance Superintendent), Dave Jackson (Associate Engineer), Pat Collins from Winzler & Kelly, Sophie Lau and Robert Hemphill were in the audience.

MINUTES

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

GENERAL MANAGER'S REPORT

Lagunitas Creek Water Rights Protest

Mr. DeGabriele reminded the Board that last month, the Board gave its approval for the General Manager to send a letter to Ryan Broderick, Director of Department of Fish and Game to help resolve their protest of the District's Lagunitas Creek Water Rights. He reported that the District has requested signatures from State Senator Carole Migden, State Assemblyperson Joe Nation, Supervisor Steve Kinsey, MMWD Director Jared Huffman and Director Rodoni and that all signatures have been received except for Supervisor Kinsey's which is expected this week.

Water Management and Technology Education Center

The General Manager reported that next week he will be meeting with a consortium consisting of representatives of the College of Marin, Marin Municipal, Marin Board of Supervisors (Charles McGlashen), Marin Workforce Investment Board and California Landscape Contractors Association who are interested in developing a Water Management and Technology Education Center at Indian Valley College.

Marin County Civil Grand Jury Questionnaire

Mr. DeGabriele said that the District received a Request for Response from the Marin County Civil Grand Jury regarding health benefits and is included in the agenda packet as miscellaneous information. He stated that District policy states that responses to Civil Grand Jury reports be agendized, but that this is a request for information only. Director Rodoni said that their letter is vague and suggested that the District response include that Directors do not receive District paid health insurance.

OPEN TIME

President Schoonover asked if anyone in the audience or staff wished to bring up an item not on the agenda and there was no response.

MONTHLY REPORT

Mr. DeGabriele reported that water production in Novato and West Marin are on par with prior years and noted that Stafford Treatment Plant production is lagging and will be discussed later in the meeting. He said that discharge in Oceana Marin continues and the storage and treatment ponds are in good shape for the winter months. He said that in the Safety and Liability category, the District worked 180 days without lost time or injury. Mr. DeGabriele stated that there was an 8% increase in service complaints and pointed out two areas with wide swings, specifically the high bill complaints were up 99% from last year and the consumer's system problem complaints were down 77% from a year ago.

CONSENT CALENDAR:

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

CHERRY HILL HOMES SUBDIVISION

This project subdivides an existing 1.4 acre parcel into seven lots for single family homes located at 727 Cherry Street, providing water service to six new homes and to one existing home. The 5/8 inch meter providing service to the existing residence will be abandoned and a 1.5 inch meter for irrigation of the common area will be included. New Zone 1 water facilities required include 685 feet of PVC main, 140 feet of copper, three residential fire hydrants, one 1.5 inch irrigation meter and seven 1-inch meters. New water demand is nine equivalent units.

The Board approved Resolution 06-49 entitled, "Authorization of Execution of Water Service Facilities Construction Agreement with Rose Marie Grayson."

ANNEXATION NO. 10 TO IMPROVEMENT DISTRICT OM-3- 37 OCEAN VIEW (SEWER)

At the October 3, 2006 meeting, the Board declared its intent to proceed with the annexation of 37 Ocean View Avenue in Oceana Marin subject to Local Agency Formation Commission approval. Said approval was received on November 9, 2006 and the owner has signed the Annexation Application and Consent form for annexation to Improvement District OM-3 and has paid all required fees.

The Board approved Resolution 06-50 entitled, "Resolution of the Board of Directors of North Marin Water District Ordering the Annexation of Territory Within Said District to Improvement District No. OM-3 of North Marin Water District."

ANNEXATION NO. 9 TO PT. REYES IMPROVEMENT DISTRICT PR-2 – 75 LAUREL ST.

At the January 3, 2006 meeting, the Board declared its intent to proceed with Annexation No. 9 to Point Reyes Improvement District PR-2 and Concurrent Annexation No. 8 to PR-3 and PR-6 and provide service to 75 Laurel Street, Inverness Park. The applicant has signed the Annexation Application and Consent and has paid all required fees.

The Board approved Resolution 06-51 entitled, "Resolution of the Board of Directors of North Marin Water District Ordering the Annexation of Territory Within Said District to Improvement District No. PR-2, the Concurrent Annexation of Said Territory to Improvement District No. PR-3 and the Concurrent Annexation of Said Territory to Improvement District No. PR-6 of North Marin Water District."

OUTREACH ADVERTISEMENTS

The Board approved placement of advertisements in the Novato Advance and Marin Independent Journal for a cost not to exceed \$2,000.

SALE OF SURPLUS REAL PROPERTY

The Board approved the sale of two surplus properties in West Marin to Doug Moore of Inverness Park for a purchase price of \$10,000. The proceeds of the sale will be put into the Liability Contingency Fund as an offset to the monies heretofore borrowed for the Employer Assisted Housing Program.

DISBURSEMENTS

The Board approved and authorized for payment payroll and accounts payable vouchers totaling \$1,423,770.23.

PUBLIC HEARING – CONSIDER ADOPTION OF MITIGATED NEGATIVE DECLARATION & APPROVAL OF PROJECT - PALMER DRIVE TANK

Mr. McIntyre briefly reviewed the recommendations before the Board and introduced District Engineer, Dave Jackson, who summarized the CEQA process that the District undertook in order to bring the project forward. Mr. Jackson stated that after Board review of the Initial Study, a Notice of Intent to file a Mitigated Negative Declaration was sent to the State Clearinghouse for distribution to state agencies for a 30-day review period and was also noticed in the newspapers. He said that a Notice of Public Workshop was mailed to over 400 addresses in the vicinity of the tank project and that three members of the public attended the October 30th workshop. Mr. Jackson reported that a letter was received from the Novato Fire Protection District requesting the use of native, non-pyrophytic ignition resistant plants and that during construction, the tank contractor acquire a permit from the Fire District to conduct welding operations. He said that an email was also received from a nearby resident with concerns regarding tank screening, and stated that all concerns were addressed in the Mitigated Negative Declaration. Mr. Jackson said that during this period, the City of Novato has been working on the lot line adjustment necessary for the tank project and the City is awaiting Board approval of the Mitigated Negative Declaration so that the lot line adjustment can be approved.

The Board asked questions regarding the alarm signal and visibility of the access road to the tank. Director Rodoni asked that the road base color be brown to blend in with the rural surroundings.

President Schoonover opened the Public Hearing. Hearing no comment, President Schoonover closed the Public Hearing.

On motion of Director Petterle and seconded by Director Baker, the Board unanimously approved: Resolution 06-52 entitled, "Resolution of the Board of Directors of the North Marin Water District Authorizing the Adoption of a Mitigated Negative Declaration for the Palmer Drive Water Tank Project, Making Findings Pursuant to the California Environmental Quality Act, and Directing the Filing of a Notice of Determination;" the project including Mitigation Monitoring or Reporting Program; and authorized staff to file the Notice of Determination with the Marin County Clerk.

ACTION CALENDAR

BILL ADJUSTMENT REQUEST- LAU

Mr. Bentley summarized Ms. Lau's request for a bill adjustment and told the Board that Ms. Lau owns a vacation residence on Wild Horse Valley Road. He stated that the Lau's water usage history very often shows zero usage and that the September bill they received for \$673 and showing water usage of 168,000 gallons came as quite a shock to them. He said that District field personnel checked the property and found no leaks but noted a hose running into the pool house

and surmised that vandals may have left a hose running. Mr. Bentley reported that the Laus received a leak adjustment in 2005 and District policy states that only one adjustment is permitted every two years. Mr. Bentley recited three options for Board consideration: Let the bill stand as is; grant an additional bill adjustment of \$372 incorporating the \$67 adjustment given last year, rendering a net amount of \$300 due; or waive all water use charges and reduce the bill to \$10 as requested by the Laus. He introduced Ms. Lau who requested to speak to the Board.

Director Baker asked for clarification on the Bill Adjustment policy since an adjustment was given last year. Mr. Bentley said that policy states one adjustment is allowed every two years; however, it has been an internal practice that if the first leak is small and the customer suffers a larger second leak, the bill is adjusted with the first adjustment factored into the second adjustment.

Ms. Lau summarized her situation and stated that since her bill has always been \$10 and that the usage was likely caused by vandalism, she felt that the District should waive the \$673. She stated that she has put a padlock on the meter to prevent this situation from happening again.

Director Baker made a motion to let the bill stand as is, but the motion died due to lack of a second.

Director Fraites moved to grant an additional bill adjustment of \$372, incorporating the \$67 adjustment given last year into the credit calculation, rendering a net due of \$300. Director Petterle seconded and the motion passed by the following vote:

Ayes: Directors Fraites, Petterle, Rodoni, Schoonover

Noes: Director Baker

Abstain: None

Absent: None

Ms. Lau thanked the Board and she left the meeting.

CENTER ROAD WATER TANK COATING INSPECTION CONTRACT – CSI SERVICES

Mr. McIntyre gave a brief progress report on the Center Road water tank project and stated that the tank site is ready for the sub-contractor to begin the construction of the tank super structure which is expected to begin next week. He stated that, as for past tank projects, the District is seeking the services of a certified coating inspector to insure quality inspection of the exterior and interior of the tank during construction. He said that the District solicited Request for Proposals from two inspection firms, DB Gaya Consulting and CSI Services, and that CSI Services is the preferred consultant.

On motion of Director Baker and seconded by Director Fraites, the Board unanimously authorized the General Manager to execute an agreement with CSI Services for coating inspection services on a time and expense basis with a not-to-exceed limit of \$8,800 plus an approved contingency reserve of \$1,000.

CHANGE ORDER #6 – RECYCLED WATER PROJECT

Mr. McIntyre stated that as is consistent with District practices, any change orders in excess of \$10,000 are brought before the Board for approval and that prior to the change order presented tonight, five change orders of lesser amounts were previously issued for this project. He said that Change Order No. 6 is related to the excavation at the plant site and because all facilities were not shown on old as-built drawings, extra costs were incurred. Mr. McIntyre said this is a time and expense change order. He reported that the project is over 50% complete and the total amount of change orders issued amount to 1.2% of the contract value or 2.5% of the work completed.

On motion of Director Baker and seconded by Director Rodoni, the Board authorized the General Manager to execute Change Order No. 6 to Maggiora & Ghilotti, Inc. in the amount of \$19,510.

RECOMMENDATION TO REJECT ALL BIDS - STAFFORD TREATMENT PLANT SECURITY

Mr. Clark reviewed the Stafford Treatment Plant Security project design that includes installation of additional lighting, camera system, motion detectors, door alarms, fencing repair and brush clean up and that the bid documents described in detail how to integrate all electronic systems. He said that the project was originally bid in August and no bids were received and that the project was re-bid in the fall. He advised that three contractors submitted bids which were opened and read on October 26, 2006. He stated that bids were reviewed and investigated and it was staff's opinion that subcontractors did not understand the scope of work required to satisfy the contract and that the integration portion of the project was over-priced. Mr. Clark stated that the low bid was 216% over the engineer's estimate. He presented three options for the Board to consider: 1) move forward with construction as bid; 2) review the scope of work, separate tasks and re-bid the project tasks using in-house construction management; 3) reduce the scope of security measures and construct an onsite residence.

The Board asked for clarification of the scope of work, definition of "integration" and asked if other agencies have installed systems similar to this project. Director Baker suggested that Option 3 be discussed as a separate item and not be included in the plant security project. Mr. Clark stated that staff is recommending authorization to develop a plan to build a residence as part of on-site security. Director Rodoni requested that staff determine what security measures would be off

set by an on-site security residence and also requested that staff investigate what the maintenance costs would be on a security system.

On motion of Director Rodoni and seconded by Director Petterle, the Board unanimously approved the following: reject all bids for the Treatment Plant Security Project, authorize staff to execute Option 2 to perform a review of the project and develop an alternative scope of work and implementation plan and authorize staff to develop a plan to construct an on-site residence at a future date.

Director Petterle stated that he would like to hear more about staff's recommendation on the on-site residence.

INFORMATION ITEMS:

TIER RATE OPTIONS - ROBERT HEMPHILL

Mr. Bentley presented a letter from District customer, Robert Hemphill of 75 Chamberlain Avenue, regarding his water conservation efforts and stated that this letter offers an opportunity to discuss alternatives to the proposed conservation incentive tier rate before the public hearing scheduled for the next meeting. Mr. Bentley introduced Mr. Hemphill who addressed the Board.

Mr. Hemphill stated that he is a fifteen-year resident of Novato and that because his 4.25 acre property uses a considerable amount of water, he has undertaken costly steps to conserve water. He said that before he purchased the property, there was a major wildfire event and that the fire district recommended sprinklers on the roof of his house and ground cover around the house. Mr. Hemphill reported that since 2004, he repaired or replaced irrigation lines, adjusted his irrigation controllers periodically, put in a well for the amount of \$35,000, and a 2,500 gallon storage tank. He said that he wanted to apprise the Board of his efforts to conserve water resulting in his usage being reduced on average by 48%, and asked the Board to consider a compromise or credit for customers who have taken extraordinary measures to conserve, yet still find themselves in the conservation tier.

Director Rodoni said that the District is trying to protect its valuable resource for all customers and that the tier rate makes high users reconsider their water usage. He said that Mr. Hemphill's entitlement is 650 gallons per day and that he is using approximately five times that amount, and that other District customers are subsidizing the cost of his usage. He acknowledged that Mr. Hemphill's efforts to conserve are extraordinary.

Director Fraitres inquired if Mr. Hemphill has considered changing or reducing his landscaping. Mr. Hemphill said that Ryan Grisso came to his property and made suggestions and

that he has reduced his turf area, removed irrigation lines and has replaced some plants with native varieties.

Director Petterle commended Mr. Hemphill's efforts and stated that, nonetheless, he still is using a lot of water and that making a special benefit for people who are using more than their entitlement would be hard to justify to other people who are using less water. He said Mr. Hemphill has chosen to have extensive landscaping. Director Schoonover said that the Board is still looking at alternatives and will include his suggestions in their consideration. Director Baker agreed with Director Petterle and said he was impressed with Mr. Hemphill's efforts to save water, but that he is using a huge amount of water. Director Rodoni cautioned on the real possibility of another drought in which case Mr. Hemphill's well will go dry and he will lose all the landscaping. Director Petterle suggested further reducing the turf area and he said that the District's job is to insure that water supply is available for all residents.

Mr. DeGabriele said that Option 1 in Mr. Bentley's memo acknowledges cases such as Mr. Hemphill's. He said that customers subject to CIR, including Mr. Hemphill, have collectively reduced their water use by 44%, but he said that it is unlikely that further water reduction will be seen in this group as they have taken measures to conserve as much as possible. The addition of the Conservation Incentive Tier Rate will further penalize those customers.

Mr. Hemphill requested follow-up from staff after the public hearing and thanked the Board and left the meeting.

STAFFORD TREATMENT PLANT WATER PRODUCTION

Mr. McMaster advised the Board of problems with production at the Stafford Treatment Plant and that on October 19, high levels of manganese were detected in the treated water because the chlorine dioxide oxidation process had not been working properly. He said that this resulted in manganese concentrations in the finished water that exceeded the secondary maximum contaminant limit and the plant was shut down on October 20. He stated that a consultant was hired to troubleshoot the problem and that the consultant recommended modifications to the chlorine dioxide injection process to improve oxidation. Mr. McMaster commended Pablo Ramudo, Stacie Goodpaster and Marc Reischmann for identifying the manganese problem.

Mr. Ramudo advised that the Solar Bee circulator units in the lake are doing a good job with the bluegreen algae growth; however, he stated that there is little dissolved oxygen at the bottom of the lake and the metals and sediments are rising in the water column, requiring oxidation for treatment. He stated that modification of the Solar Bee units will help treat the lake water before it enters the plant.

Directors Rodoni and Petterle both expressed concern that the problems may be design issues and that if it is determined that the problems are, the District may need to hold the design engineer responsible.

Mr. McIntyre advised the Board that the design engineer has been kept apprised of the problems and that costs the District is incurring are being tracked.

QUARTERLY PROGRESS REPORT – WATER QUALITY

Mr. Ramudo reported that in Point Reyes during the first quarter there were no complaints and that water quality is good. He said that in Novato, production of water began at the Stafford Treatment Plant on August 21 and the quality was excellent, disinfection by-products were reduced and there was a lower demand for chlorine. He advised that perchlorate was detected in the raw water after the Labor Day and the Lake event and that staff will make a recommendation about further fireworks displays at a future meeting.

QUARTERLY PROGRESS REPORT – OPERATIONS

Mr. McMaster reported that the peak flow on the aqueduct occurred in August and that water production at Stafford Lake Treatment Plant began on August 21. He noted that 235 tank visits were performed for security and chlorine level checks. Mr. McMaster said that the water year ends in September and that 35.35 inches of rain were recorded, less than the previous year. In Point Reyes, Mr. McMaster reported that off-tide pumping was used to avoid salinity increases in the finished water.

WATER POLICY STRATEGIC PRIORITIES

Mr. DeGabriele stated that the Sonoma County Water Agency Strategic Priorities document has been in development for a number of years and that the Agency has requested the Water Advisory Committee to review and provide feedback on the Water Policy Statement and the priorities identified for SCWA's planning. He stated that he advocated that SCWA focus on three priorities: fulfill their contractual obligations; protect water quality and improve reliability of the transmission system; and address impacts on listed salmonid species. He said that he also requested that the Agency define "sustainability" in regards to water related issues and offered his definition to the Agency as borrowed from the District's Regulation 15, which is: "Assure that the water resources available to Sonoma County Water Agency and its customers are put to reasonable beneficial use, that the instream values of the Russian River are preserved to the maximum possible extent and that the benefits of water service extend to the largest number of persons." Mr. DeGabriele requested comments from the Board.

Director Baker said that the list of priorities are all good causes, but that the list is too long. He stated that SCWA's main endeavor should be water supply.

Director Fraites stated that he would like to see SCWA fulfill their water supply obligations using state of the art energy reduction methods and reduce greenhouse gas emissions. He suggested that "and energy conservation" be included in the sentence that reads, "Work with the Water Contractors to increase water conservation *and energy conservation* in Agency service area."

Mr. DeGabriele stated he will solicit input from each contractor after they receive comments from their elected officials. He said that the Technical Advisory Committee will review comments and then make a recommendation to the Water Advisory Committee at the February 5, 2007 meeting.

IRWP DISCHARGE COMPLIANCE PROJECT DRAFT SCREENING REPORT

Mr. DeGabriele provided an excerpt from the Draft Screening Report for the Santa Rosa Subregional Water Reuse System Incremental Recycled Water Program and said that all of the District's comments have been considered except for the use of solar powered circulators to oxygenate effluent.

MISCELLANEOUS:

The Board received the following miscellaneous information: Letter from Customer Catherine Rucker, BAWWA Connections, Memo Re Marin IJ versus Novato Advance Ads, Change in Bill Format.

The Board also received the following news articles: Water Rate Hearing Notice (2) (11/15); North Coast Recommended to Receive \$25 Million (11/14); Healdsburg sewer bills "big shocker" (11/13); Thompson receives water quality award (11/9); Petaluma faces new water crisis (11/6); Eel River Relicensing (11/19); Water District Proposes Conservation Incentives (11/21).

ADJOURNMENT

President Schoonover adjourned the meeting at 9:50 p.m.

Submitted by

Renee Roberts
District Secretary