

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
December 19, 2006**

CALL TO ORDER

President Petterle 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, 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 employee Mike McMaster (Operations Superintendent), Doug Moore (Construction Superintendent), Robert Clark (Facilities Maintenance Superintendent), Pablo Ramudo (Water Quality Supervisor), Dianne Landeros (Human Resources Supervisor), John Mello, Luis Ortiz, Carmela Chandrasekera, and SEIU Representative Jim Firth, District Legal Counsel Joe Wiley, Frank Rebelo, Marian and Glenn Farrell, Jignesh Desai, Sam Mather and Sister Chandru were in the audience.

CLOSED SESSION

President Petterle immediately adjourned the Board into Closed Session for: Public employee appointment, hiring, performance evaluation, discipline / dismissal / release pursuant to Government Code Section 54957.

OPEN SESSION

Upon returning to regular session at 7:55 p.m., President Petterle stated that during the closed session the Board held a grievance hearing with Ms. Landeros and Messrs. DeGabriele, Firth, Ortiz and Wiley in attendance. SEIU requested Mr. Ortiz be compensated for leave time (paid and unpaid) taken while on administrative leave to reinstate his driver's license. President Petterle stated that the Board had discussed the issues and voted unanimously to deny the request.

Ms. Landeros, Mr. Ortiz, Mr. Wiley and Mr. Firth left the 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

The Manager reported that a water outage occurred at Old Ranch Road and that Precautionary Water Quality Alerts were issued to the six customers affected. He said that the

interruption of water service lasted three hours and that a full report will be presented at the next meeting.

Mr. DeGabriele said that he will be meeting with the City of Novato and the County of Marin to discuss the perchlorate detected in Stafford Lake after the Labor Day at the Lake fireworks display and that staff recommendations will be brought before the Board at a future meeting.

Mr. DeGabriele advised that he will be out of the office on Friday, December 22 and that David Bentley will be Acting General Manager.

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 items were discussed:

CITR Public Hearing Comment

Frank Rebelo, Vineyard Road, Novato, addressed the Board to share his perspective of the public hearing held on December 5. He stated that he understood that the new tier rate is being put in place to encourage water conservation because of the transmission system impairment crisis and he also understood that the District is required by law to provide water service to any new development approved by the City of Novato. He stated, however, that he did not hear any plan the District has to address the water shortage other than imposing additional tiers. Mr. Rebelo further commented that the people who spoke in favor of the new tier rate were representing those groups who are responsible for delaying the Russian River transmission system expansion project.

D1 Certification Test

Mr. Clark reported that fourteen employees are registered to take the D1 Distribution Operator Certification test in February and employees will undergo six to eight weeks of training to help them pass the test.

County Amnesty Program

Drew McIntyre alerted the Board that the District received a letter from the County of Marin regarding their amnesty for illegal second units program that will waive permit fees by 50%. He said the letter was sent to county districts requesting that they consider similar good faith efforts to help these second units become legal and in compliance. He said staff is evaluating the request and will come back to the Board with options for consideration.

Director Rodoni followed up on Mr. McIntyre's comments regarding second units and suggested that staff look into the water use history of the property and if they are not using more than their entitlement, he felt that the District should not charge anything.

STRAW Project

Mike McMaster reported that the 2006-2007 STRAW project took place at Stafford Lake Park on December 14.

MONTHLY PROGRESS REPORT

Mr. DeGabriele provided the monthly Progress Report for November and stated that water production in Novato and West Marin are on par with prior years and that Novato production is down slightly and that high bill complaints are also down from last year. Mr. DeGabriele stated that Stafford Treatment Plant did not produce water in November and that the chlorine dioxide problem has been solved and repairs are being made and production is expected to begin in early January. He reported that in Oceana Marin, irrigation field discharge continues and the ponds are at safe levels for the winter season, and advised that there has been a lost time accident resulting in one loss day.

Mr. Bentley reported that the cash balance is \$11,585,669 as of November and that in early December the District received its first reimbursement of \$2M for the Recycled Water Project SRF loan and that the District is beginning to be reimbursed.

CONSENT CALENDAR

On motion of Director Fraites and seconded by Director Rodoni, the Board approved the following items on the Consent Calendar:

AMENDMENT TO WATER SERVICE AGREEMENT - PT. MARIN PHASE I

The original Pointe Marin Phase 1 agreement was approved by the Board in September 2001 and consisted of 100 senior condominium units and 186 single family residences. The proposed amendment addresses a redesign of the irrigation meters wherein during the construction phase three 1-1/2" meters were deleted and two 2" meters were installed in their place for irrigation of the median islands and open space. There is no change in irrigation area and there is no change in water demand. This revised agreement is necessary to memorialize the final installed water facilities.

The Board authorized Resolution No. 06-54 entitled, "Authorization of Execution of Amendment No. 1 to Water Services Facilities Construction Agreement with Novato Community Partners, LLC."

CONSENT - APPROVE DISBURSEMENTS

The Board authorized for payment payroll and accounts payable vouchers totaling \$809,111.90.

ACTION CALENDAR

PURCHASE OF ATL SAMPLEMASTER LIMS

Pablo Ramudo reviewed the process the Laboratory staff went through to recommend the purchase of Accelerated Technology Laboratories' (ATL) SampleMaster Laboratory Information Management System. He stated that Lab staff developed criteria that were given to each provider, and of the three systems that fit their criteria, one was eliminated due to high cost. He said that staff evaluated the remaining two systems and attended demonstrations and visited laboratories using the systems. Mr. Ramudo stated that staff is recommending purchasing the ATL SampleMaster system because they offered the District to participate in their "customer spotlight program" and that this system has a good history of timely installation. He said that the spotlight program will highlight the District system implementation as a special advertisement in trade magazines and ATL will also provide benefits to the District including an opportunity to test and use new modules and functions, free training, etc. and the vendor will ensure the implementation is completed smoothly and on time.

On motion of Director Schoonover and seconded by Director Fraites, the Board unanimously authorized the purchase of the ATL SampleMaster system for a price not to exceed \$85,846.

Mr. Rebelo left the meeting.

APPEAL OF COST OVERRUN - BRAHMA KUMARIS MEDITATION CENTER

Mr. McIntyre stated that representatives of the Brahma Kumaris Meditation Center have requested that the Board consider their appeal of payment for cost overrun on the installation of water facilities and are here tonight to address the Board. He stated that Ms. Chandrasekera, District project engineer, will provide an overview of the project.

Ms. Chandrasekera provided drawings of the project design and explained the scope of the project and reasons for the cost variance. She said that the original scope called for the District crew to install pipe to the tie-in point near the existing 16-inch water main in Bel Marin Keys Boulevard at which point the applicant's contractors would install pipe to the property. She stated that upon excavation it was discovered that the water line was at a 6' depth and interfered with an existing sewer line which necessitated having to do a reverse tap to go above the sewer line and that the extra materials and related backfill materials contributed to the cost variance. She noted

that the pipe was originally installed in 1962 and the as-built drawing did not show the correct depth. Ms. Chandrasekera stated that the second reason for the cost variance was that the project was located on a busy street within a dangerous curve and that increased traffic control was necessary. She noted that the total cost overrun was 19% of the engineering estimate.

Director Rodoni inquired if the conditions had been known or if a pothole had been performed if the cost estimate would have reflected the higher cost. Mr. McIntyre responded that the cost estimate would have reflected those costs as well as included the cost of potholing.

Director Baker asked if normally the District crew would have performed the tap and installed pipe on a busy street such as Bel Marin Boulevard. Mr. McIntyre stated that the District tries to let the applicant's contractor do the bulk of the work, and in hindsight, the District crews should have originally been scheduled to perform the work and those costs charged to the applicant.

Mr. Jignesh Desai addressed the Board and stated that he is a professional engineer employed by the San Francisco Water Department and has been providing pro bono engineering services to the applicant for this project. Mr. Desai stated that there are two reasons why the cost overruns should be borne by NMWD: 1) During construction a decision was made in the field by District staff to change the tie-in point and that they were not informed of this change, and 2) the District should have made an exploratory pit to determine the exact elevation of the tie-in point and therefore, would have designed the project to go over the gas utility and eliminate the need for a reverse tap and/or the necessity of a wider trench.

There was a discussion on the need of an exploratory pit and whether this is industry standard practice.

Sam Mather addressed the Board and stated he is a civil engineer employed as an environmental manager for the San Francisco International Airport and is also working pro bono for the applicant on this project. He stated that the cost overrun incurred was a result of the reverse tap and that in his opinion, if an exploratory pit had been done, the reverse tap could have been avoided. Mr. Mather requested a continuance of this matter until the first meeting in February so that additional technical experts could present further independent information.

President Petterle asked the Board for their opinion on a continuance of the matter.

Director Rodoni stated that he had no problem with a continuance but that if the applicant does not pay for the overrun, then District customers would incur those costs.

Director Baker stated that he preferred to make a decision tonight. He stated that the District is not a profit oriented enterprise and thus should not be bearing any costs for private improvements and agreed with Director Rodoni that District customers would end up paying the additional incurred costs which are being disputed by the appealants.

Director Schoonover stated that a continuance would serve no purpose.

Director Fraites stated that he would want more input from staff as to whether it is standard practice to perform a reverse tap in this situation.

Sister Chandru of the Brahma Kumaris organization appealed to the Board saying that they rely on donations and that this cost overrun presents a hardship for them.

Mr. McIntyre said that potholing during the design phase would not have led to an alternative installation design and that the need for a reverse tap could not have been eliminated by advance potholing. He also said that when this reverse tap was performed, District crews did the work quickly and efficiently. He also stated that when it became apparent that the cost would exceed the estimate a call was made two months prior to the applicant receiving the invoice.

On motion of Director Schoonover and seconded by Director Baker, the Board approved staff's recommendation to deny the appeal for the District to absorb actual District costs in excess of the original estimated District costs by the following vote:

AYES: Directors Baker, Petterle, Schoonover

NOES: Directors Fraites, Rodoni

ABSTAIN: None

ABSENT: None

Messrs. Desai and Mather and Sister Chandru thanked the Board and left the meeting.

REQUEST FOR EXEMPTION - OCEANA MARIN SEWAGE FACILITIES CONNECTION CHARGE INCREASE (FARRELL)

Mr. McIntyre stated that Mr. and Mrs. Farrell, owners of 14 Waikiki Lane in Oceana Marin are here tonight to request an exemption from the Sewage Facilities Connection Charge increase which became effective August 1, 2006 because they were not aware of the connection fee increase. Mr. McIntyre explained that the District notified by letter all applicants and developers of a pending connection fee increase from \$4,500 to \$9,000 in June 2006, but that the Farrell's name was inadvertently omitted from the mailing list because their project was not an "official" county referral. He did note, however, that the public hearing was noticed in the Point Reyes Light. Mr.

McIntyre stated that Mr. Farrell became aware of the increase in connection fees during construction in November and that had Mr. Farrell been notified of the connection fee increase he would have paid sooner. Mr. McIntyre told the Board that a similar situation occurred in 1992 and the Board at that time approved the requested waiver.

Mr. Farrell addressed the Board and reiterated what Mr. McIntyre said. He said that he would have paid the \$4,500 connection fee before the increase had he known about the fee increase.

Director Rodoni said he agreed with staff recommendation and stated that the District consider time limits to the application being completed and connection fees to be paid for future projects be included in District policy.

Director Baker stated that there are financial considerations of the applicant for payment of fees to the many agencies that are involved in the issuance of permits.

On motion of Director Rodoni and seconded by Director Schoonover the Board unanimously approved the requested waiver provided funds are received within ten days.

Mr. and Mrs. Farrell thanked the Board and left the meeting.

INFORMATION ITEMS:

STAFFORD DAM OUTLET TOWER SLUICE GATE REPLACEMENT – PROJECT UPDATE

Mr. McIntyre presented key points of the project and stated that since last summer the District has been working with Creegan & D'Angelo on the sluice gate replacement project with the objective being the rehabilitation of the existing sluice gates, including replacement of both submerged and non submerged sluice gate mechanisms and appurtenances. Mr. McIntyre stated that the District received a letter from the Division of Safety of Dams (DOSD) that included required seismic evaluation procedures and stated that the outlet tower had not been evaluated for seismic stability. He stated that this added requirement has made the project much more complex. He said that the current outlet tower modifications differ greatly from the original concept and to prevent tower failure the proposed modifications include strengthening the connection at the base and removing the top section of the tower. He reported that the Division of Safety of Dams lengthy review time has contributed to the delay of the project since the project cannot proceed to the final design until the project is approved by DOSD. Mr. McIntyre advised that due to the changed scope precipitated by the seismic evaluation, re-evaluation of the basic design has required that the consultant prepare an additional 95% design submittal and that a change order is being negotiated with Creegan & D'Angelo. He stated that this change order will be brought to the Board for

approval at the January 16, 2007 meeting. He also advised the Board that this project has been added to the existing Stafford Treatment Plant Rehabilitation SRF Loan and that due to the extent of the delays in the design and DOSD review, staff will be requesting another extension of the project completion deadline for the SRF loan funding. Mr. McIntyre stated that the earliest expected project completion date is March 2008.

POLICY NO. 29 – RECOGNITION AT RETIREMENT

Mr. Bentley provided a draft of Policy No. 29 – Recognition at Retirement for Board review. Director Pettele requested that the policy state that the District will not provide alcoholic beverages at any District retirement gathering nor on District property. He also requested that staff draft a separate District policy on alcohol use.

DECEMBER 14, 2006 SALMON COALITION MEETING

Mr. DeGabriele apprised the Board of the Sonoma County Salmonid Coalition meeting he attended with other water contractors and that this meeting was also attended by the National Marine Fisheries Service and environmental groups. He stated that this coalition was originally formed primarily by agricultural property owners and that they were unaware of the efforts of urban water users to reduce demand on the Russian River system and fund watershed/fishery improvement projects. He stated that he presented a chart (included in the Board packet) that illustrated that the water contractors and Marin Municipal Water District combined have spent approximately \$156M over the last ten years for water conservation, development of recycled water and local supply, fishery and watershed restoration projects, including the Healdsburg fish ladder and many other projects. Mr. DeGabriele shared a graph that was also presented at the meeting that showed the data of the Russian River water supply, local water supply and recycled and conserved water and showed the projected total water demand and the amount of storage in Lakes Mendocino and Sonoma. He said that this graph reflects that a lot of money is spent by the local water agencies to help themselves and that the contractors are not using as much water as may be believed. Mr. DeGabriele said that the National Marin Fisheries Service representatives were impressed with the presented information and advised that this information is supportive of their recovery planning efforts for the listed fisheries which is due to be drafted by June 1, 2007. He also advised that the Technical Advisory Committee will add narrative to the table and graphs identifying the activities and what have been accomplished.

MISCELLANEOUS:

The Board received the following miscellaneous items: Memo Re Meter Reading Accuracy, Selected California Climate Extremes, Our Changing Climate, Memo Re Summary of Mandated

Costs, Letter to Vendors and Suppliers, Cost of Annual Sick Leave Buy-Back Benefit, Letter from The Bay Institute. The Board also received the following news articles: Pages from the Past (2) (12/13), Flushing Waste (12/10).

ADJOURNMENT

President Petterle adjourned the meeting at 9:35 p.m.

Submitted by

Renee Roberts
District Secretary