

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
January 3, 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 presented. Present were Directors Jack Baker, Rick Fraites, Steve Petterle, and John Schoonover. Also, present were General Manager Chris DeGabriele, Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre. Director Dennis Rodoni was absent.

District employees Robert Clark (Facilities Maintenance Superintendent); Mike McMaster (Operations Superintendent); and Doug Moore (Construction Superintendent); Michelle Leonard, Project Manager, Harris & Associates; Susan Stompe and Tom Walsh, Community Strategic Plan Oversight Committee were in the audience.

CLOSED SESSION

President Schoonover immediately adjourned the Board into Closed Session for the purpose of Public Employee Discipline/Dismissal/Release in accordance with California Government Code Section 54957.

OPEN SESSION

Upon returning to regular session at 7:55 p.m., President Schoonover stated that during the Closed Session the Board had discussed the issues regarding embezzlement discovered on December 1, 2005 and no reportable action had been taken.

MINUTES

On motion of Director Petterle, seconded by Director Baker and unanimously carried by those Directors present, the minutes from the previous meeting were approved as mailed.

GENERAL MANAGER'S REPORT

Weekend Storm

The General Manager reported that the recent storm event resulted in over 6.5 inches of rain in the Novato area and that over 4,750 acre feet has been discharged over the Stafford Lake dam since Thursday and that the Point Reyes' wells were inundated under 6 feet of water. He stated that system problems were power related and that emergency generators were used to keep pump stations operating and that water service to customers went uninterrupted. Mr. DeGabriele reported that Mike McMaster, Kerry Lemos, Roman Latanyzsyn and Mike Baccei deserve kudos for

their outstanding job performed during the weekend. The Board also extended their appreciation and thanks to the Operations, Maintenance and Construction staffs for their good work.

LAFCo

Mr. DeGabriele advised the Board that next Thursday he will be making a briefing to the LAFCo commissioners on water supply issues in preparation for their municipal water supply review.

Assistant Engineer Resignation

Mr. DeGabriele apprised the Board that Assistant Engineer Kenji Teshirogi has resigned and that the Engineering Department will be advertising for a new engineer.

OPEN TIME:

President Schoonover asked if anyone in the audience or staff wished to bring up an item on the agenda and no one responded.

CONSENT CALENDAR

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

Revised Bill Adjustment Policy

The Board approved the revision of the Bill Adjustment Policy. The revised policy states that a customer who uses more than 1-1/2 times their normal seasonal bi-monthly water use will be credited for one-half of the difference between the dollar amount of the normal bill and the dollar amount of the disputed bill. Bill adjustments will continue to be offered once in any consecutive 24-month period.

Disbursements

The Board authorized payroll and accounts payable vouchers totaling \$412,221.01 and estimated overheaded payroll for January of \$263,000.

ACTION CALENDAR

REQUEST FOR ANNEXATION TO POINT REYES – INVERNESS IMPROVEMENT DISTRICTS (PR-2, PR-3 AND PR-6) – APN 114-251-10

Mr. McIntyre reported that Mr. Tad Minor of Inverness Park has requested to be annexed into the Point Reyes Improvement District Nos. PR-2, PR-3 and PR-6 for the purpose of receiving water service to his property where a single family residence is planned to be constructed. He stated that water service can be provided to the site by extending the District's existing 6" water

main on Laurel Street by approximately 60 feet, and by doing so, it does not expand the District's service territory.

On motion of Director Petterle, seconded by Director Fraites and unanimously carried by those Directors present, the Board declared intent to proceed with the requested annexation and provide service to the said parcel subject to Marin County permit approval and compliance with District regulations.

STONETREE RECYCLED WATER FACILITY AND PIPELINE PROJECT BID ADVERTISEMENT (RE-BID)

Mr. McIntyre reminded the Board that on October 4, 2005, the Board authorized rejection of all bids for the Recycled Water Facility and Pipeline Project because the applicant, Black Point Partnership, could not secure financial guarantees as required by the Water Service Agreement. He stated that financial arrangements by Black Point Partnership were successfully completed in November 2005 but that staff delayed re-bid of the project because of the cost implications resulting from shortages of construction materials due to the severe hurricanes in the south. Mr. McIntyre said that it is not prudent to wait any longer and that the new estimate is 17% higher by calculating a 10% increase in overall costs plus the average of the three lowest bids received. He stated that actual costs will be borne by the applicant.

Director Baker asked when construction will start, and Mr. McIntyre stated that the pipeline construction will commence in the spring.

On motion of Director Baker, seconded by Director Petterle, and unanimously carried by those Directors present, the Board authorized bid advertisement of the StoneTree Recycled Water Facility and Pipeline project.

PURCHASE OF EMERGENCY TEMPORARY PIPE WITH TRAILER

Doug Moore stated that the Board had approved \$65,000 for the purchase of an emergency temporary pipe with trailer and that staff was able to modify the specifications for a smaller trailer that accommodates the same amount of pipe in the amount of \$56,408 for a savings of approximately \$8,600. He stated that this equipment is used to convey potable water over a considerable distance in the event of a main break.

Director Baker inquired how often this equipment would be used, and where and how it would be stored. He stated that he is concerned that the condition of the equipment may degrade if not used often.

Mr. Moore stated that the smaller pipe would be used more often than the larger pipe. Mr. DeGabriele stated that it would be prudent for the District crews to occasionally use this equipment for training purposes or practice and that this should be incorporated into our emergency operations plan.

On motion of Director Baker, seconded by Director Fraites and unanimously carried by those Directors present, the Board approved purchase of the Emergency Portable Pipeline System (trailer, reel and 660' of 6" pipe) from Allied Packing & Supply Co., Inc. for a total of \$56,408.01.

INFORMATION ITEMS:

NOVATO STRATEGIC PLAN COMMITTEE PRESENTATION

Susan Stompe and Tom Walsh, members of the Community Strategic Plan Oversight Committee gave a PowerPoint presentation to the Board on the Novato Community Strategic Plan that was adopted by the Novato City Council in 2003. The committee identified quality of life issues that they believe are important to maintaining Novato's small-town environment among which are preserving community history, embracing a sustainable community, enhancing public safety, supporting arts, culture, parks and recreation, encouraging affordable and accessible health services, and offering a range of educational opportunities. They stated that Novato enjoys safe, reliable and affordable utilities that increasingly rely on clean and renewable energy sources and that Novato's infrastructure includes safe, pedestrian-friendly and traffic-reducing intra-city transports.

Susan Stompe and Tom Walsh thanked the Board and Mr. Walsh left the meeting.

2006 MEDICAL PLAN COST INCREASE

Mr. Bentley provided an update of the 2006 Medical Plan Cost increase for employees and retirees age 55 - 65 and retirees over age 65. He stated that the District contribution toward employee medical insurance is equal to 90% of the 2006 Kaiser family premium and that effective January 1, the Kaiser premiums will increase 9.8%.

HARRIS & ASSOCIATES RE STAFFORD TREATMENT PLANT REHABILITATION PROJECT PROGRESS REPORT NO. 9

Mr. McIntyre stated that the Stafford Treatment Plant Rehabilitation Project has exceeded its contract completion date and that he has increased the total cost estimate by \$166,000 recognizing that the project is going into an extended period.

Michelle Leonard, Project Manager with Harris & Associates, provided the Board with Progress Report No. 9 with a PowerPoint presentation that summarized construction progress as of November 30, 2005. She stated that the project is 92% complete by costs and 102% complete

by time and the total amount of processed change orders is \$178,000. She said that the estimated completion date is March 8, 2006. Ms. Leonard stated that cost impacts are due to the following reasons: change orders generated for which Harris agrees that Frontier is to be compensated; Frontier Contracting, Inc. (FCI) generated impacts for which FCI may request reimbursement after project completion; process fine of \$4,000 per day for the period of April 1 to September 27 levied against FCI for not completing Phase 1 by April 1 and liquidated damages of \$1,000 per day commencing December 1 until the date of final completion.

Ms. Leonard answered questions from the Board and then left the meeting.

SCWA WATER ADEQUACY EVALUATION UPDATE

Mr. DeGabriele provided the Board with a Sonoma County Water Agency board agenda item requesting their Board of Directors authorize a letter to the Department of Health Services (DHS) asking for an update to DHS' November 2000 Water Adequacy Evaluation. He stated that, the agency will be asking DHS to evaluate the transmission system and what may be done from the Agency's perspective, and will also ask for direction to the water contractors on what they can do to reduce water demand and to rely on local supply during the next impairment period. He stated that the agency wants to make sure that DHS is aware of the necessary reliability improvements in the transmission system.

Mr. DeGabriele stated that in regards to the Restructured Agreement, he has suggested changes in the proposed language dealing with the Potter Valley Project (Section 2.4) which addresses the effects of the reduced diversion into the Eel River; and also to address the District Board's concern regarding the fiscal obligation should there be acquisition or operation of the Potter Valley Project undertaken by the Water Agency. He is preparing a comparison of what the range of financial obligation among contractors would be and the amount contractors are now paying and stated that the difference will most likely be small. He stated that he will ask the Auditor-Controller to update cost data and have it available for the Board before the next meeting.

North Bay Watershed Association Meeting, January 6, 2006

Mr. DeGabriele provided the Board with information on the North Bay Watershed Association meeting scheduled for Friday, January 6, 2006.

MISCELLANEOUS:

The Board received the following miscellaneous information: Review of Scheduled Agenda Items, Photo of Robert Maddow et al at Conference, Memo re Network Server Software Bug, Memo re Decrease in 2006 SDI Tax Rate, Memo re Postage Cost Increase, Marin County Special Districts

Association Annual Dinner Meeting, NWRA Election Results, Sonoma County Urban Water Management Plan Status.

The Board also received the following news articles: Local Leaders Need to Address Energy Policies (12/25), Quest to Save Coho (12/21), Bay-Delta Authority Votes for its Own Elimination (12/21).

ADJOURNMENT

President Schoonover adjourned the meeting at 9:28 p.m.

Submitted by

Renee Roberts
District Secretary