

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
February 1, 2005**

CALL TO ORDER

President Baker called the regular meeting of the Board of Directors of North Marin Water District to order at 8:00 p.m. at the District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Steve Petterle, Dennis Rodoni and John Schoonover. Also, present were General Manager Chris DeGabriele, Secretary Joyce S. Arnold, Auditor-Controller David L. Bentley and Chief Engineer Drew McIntyre. District employees Mike McMaster (Operations Superintendent), Robert Clark (Facilities Maintenance Superintendent), and Marcia Davis (Water Quality Supervisor) were in the audience.

Fire Marshal Forrest Craig (Novato Fire Protection District), Mr. Mark Soldati (Winzler & Kelly) and Mr. Leonard Charles (Leonard Charles and Associates) were also in attendance for a portion of the meeting regarding the public hearing on the Wild Horse Valley Zone 3 Tank No. 2 Project.

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

Proposition 50

Mr. DeGabriele stated that he had submitted a grant proposal for a recycled water project under Proposition 50 recycled water provisions. He stated that it is the same project that has been authorized for State Revolving Fund funding except that it will include an extension up to the Novato Fire Protection District station on Atherton Avenue. He stated that on a future agenda staff would be returning with an addendum to the consultant's contract to design that extension.

He stated that he is also working with Marin Municipal Water District and North Bay Watershed Association to submit the same grant application for funding under the Proposition 50 Integrated Regional Water Management Plan provisions.

H₂O How 2 Fair

Mr. DeGabriele stated that last year Marin Municipal held a H₂O How 2 Fair in March. He stated they are planning another fair this year in late April, and they have asked North Marin to participate. He stated that he has agreed to participate and noted the District's participation will be funded out of the water conservation funding. As co-sponsors of the fair, the District's share will be

approximately \$15,000 out of proposed \$72,000 budget. He stated that at the next meeting there will be a letter agreement on the agenda outlining the District's commitment for this fair for Board consideration.

Environmental Forum

Mr. DeGabriele stated that he would be speaking at the Marin Environmental Forum Water Day on Saturday, February 12, 2005. He stated the topic for the event is a sustainable Marin.

OPEN TIME

President Baker asked if anyone in the audience or staff wished to bring up an item not on the agenda and the following items were discussed:

Flows in Point Reyes

Mr. McMaster stated that on last Friday, January 28, 2005 water demands in the Point Reyes system increased by 70,000 to 80,000 gallons per day. He stated that as yet it has not been determined what is responsible for the unusual demand spike at this time of year.

Flushing Program

Mr. Clark advised the Board that the District's annual flushing program has begun.

Directors Compensation

Director Fraites asked staff for clarification on the District Board Compensation Policy which states that vouchers must be submitted to District accounting staff no later than eight days prior to the Board meeting for inclusion in the agenda disbursement package. He asked if that meant calendar days or workdays. The Auditor stated that the eight days are calendar days.

Agenda Packets

Director Fraites noted that the agenda packets arrive late on Friday and agenda included a significant amount of reading necessary before the meeting on Tuesday. He asked if it is possible to have a better balance of the amount of material in each packet (or receive the material earlier in the week) so it would not be overwhelming as it was in this instance.

CONSENT CALENDAR:

On the motion of Director Schoonover, seconded by Director Fraites and unanimously carried the following items were approved on the consent calendar (Item #7 (Disbursements) were removed from the consent calendar and voucher #15 was considered separately):

ACWA Capitol Improvements Program Funding

The Board authorized a one-time \$500 payment to the Association of California Water

Agencies (ACWA) as a contribution to the Special District Public Education Program for support of a Special District Education Program being undertaken jointly by ACWA and the California Special District Association. The program will promote educational materials and improve public awareness on the role of special districts in California.

Annual Report

The Board approved the FY 2003-04 Annual Report reviewed at the last Board meeting as presented.

Vote for LAFCO Special District Member

Board authorized a vote for the current incumbent Einar Asbo of Homestead Valley Sanitary District as Local Agency Formation Commission (LAFCO) Special District Regular Member. The current term of office will end in May of 2005.

Disbursements

This item was removed from the consent calendar for additional discussion and separate vote.

Voucher No. 15 – Director's Fee

Director Rodoni stated that he would like to discuss the voucher payable to Director Baker for Director's fees. He stated that the District's Board Compensation Policy states that Directors may only be reimbursed for attendance at meetings where prior approval has been obtained from the Board so no abuse can be perceived. He stated in this case no prior approval of the Board was given for Director Baker to attend the Wild Horse Valley Tank project community meeting on January 6, and therefore, the disbursement should not be approved as it does not meet policy as intended. He noted that the Board is to police themselves, and it is not up to staff to determine whether or not a Director's request for reimbursement is appropriate. He stated that if a Director attends a meeting because they have been assigned to a committee or group such as the Water Advisory Committee, North Bay Watershed Association or Public Policy Facilitating Committee by the Board, they should be compensated; however, if they choose to go on their own to a particular meeting or event no compensation is appropriate.

Director Baker stated that he had believed it reasonable for him to attend the meeting as it was a milestone meeting for the Wild Horse Valley Tank project, and he believed it would be helpful and educational for him to be there and that requesting compensation was appropriate.

After further discussion by Directors Schoonover, Fraites and Petterle it was agreed that the Board Compensation Policy is clearly stated, and this event should be considered a wake up call to remind the Directors to carefully follow the policy in the future.

On motion of Director Schoonover, seconded by Director Fraites and carried by the following vote the Board approved payment of voucher No. 15 in the amount of \$300:

AYES: Directors Fraites, Petterle, and Schoonover

NOES: Director Rodoni

ABSTAIN: Director Baker

ABSENT: None

On motion of Director Petterle, seconded by Director Schoonover and unanimously carried the Board approved the remaining payroll and accounts payable vouchers. (The total disbursements were \$325,156.53 and estimated overheaded payroll for February was \$263,000.)

ACTION CALENDAR

CONSULTING ENGINEERING SERVICES AGREEMENT (POINT REYES WATER TREATMENT PLANT UPGRADE STUDY)

Mr. McIntyre stated that a request for Letters of Interest for the Pt. Reyes Water Treatment Plant Upgrade Study Project for engineering services was sent to twenty-two firms in October 2004. From this response, staff issued a request for proposal for the project on December 28, 2004 to six interested Bay Area firms. Two of these firms submitted proposals to the District for the project. He stated that District staff then reviewed the proposals and has recommended SPH & Associates for the project.

After a brief discussion, on motion of Director Fraites, seconded by Director Rodoni and unanimously carried the Board authorized the General Manager to execute an agreement between SPH & Associates and the District for consulting engineering services on a time and expense basis with a not-to-exceed limit of \$19,263, plus a \$1,000 contingency.

CONSTRUCTION CONTRACT AGREEMENT (REDWOOD LANDFILL BRIDGE OVERPASS – AQUEDUCT RELOCATION) – NORTH BAY CONSTRUCTION

Mr. McIntyre presented a PowerPoint presentation for the construction contract agreement for the Redwood Landfill Access Bridge and Marin Aqueduct Relocation by North Bay Construction. He noted that at the January 6, 2004 meeting, the Board authorized a Water Facilities Construction Agreement with Redwood Landfill to lower the District's existing 30-inch Marin Aqueduct Transmission Main approximately 12 feet in depth (for a distance of about 30 feet) to accommodate the new grading excavation in the vicinity of the southbound approach to the new Redwood Landfill access bridge. The relocation work includes critical time constraints to minimize potential water supply issues associated with interruption of Sonoma County Water Agency (SCWA) water deliveries. The original design intent called for the new pipeline installation work to occur parallel to the existing aqueduct. After receiving comments from contractors solicited to bid the work, it became apparent that a preferred approach for safety reasons was to construct a temporary 24-

inch pipeline bypass. This bypass pipeline would allow continued SCWA water deliveries during construction with a greater separation distance between installation of the new aqueduct lowering and the active (bypass) pipeline.

The continuous bypass approach allows the new 30-inch aqueduct lowering to be accomplished within the District's 20-foot right-of-way crossing the Silveira Ranch property. Deliveries through the existing aqueduct will not be interrupted until the temporary 24-inch bypass pipeline has been pressure tested and disinfected. At that time, the aqueduct will be temporarily shut down (a planned 24-hour period) to allow installation of two valve clusters at the north and south end of the aqueduct-lowering project. After tie-in of these valve manifolds, the 24-inch bypass line will be placed in service and remain operational throughout construction of the new lowering (approximately two months). Once the new aqueduct lowering has been installed, pressure tested and disinfected, the temporary 24-inch bypass pipeline will be removed from service and the new aqueduct lowering will become active.

The temporary bypass pipeline and new aqueduct lowering will be constructed by the Applicant's contractor, North Bay Construction (NBC). District staff in accordance with standard District practices and procedures will inspect construction work. The actual tie-in work to the District's aqueduct at the north and south ends of the project will be under the sole direction of the District. As such, staff is requesting approval of a contract with North Bay Construction in the amount of \$34,000 to work as a sub-contractor to the District for completing the required tie-in work for this project. District costs for this work are fully funded by the Applicant under terms of the existing Water Facilities Construction Agreement.

On motion of Director Schoonover, seconded by Director Petterle and unanimously carried the Board authorized the General Manager to execute an agreement with North Bay Construction in the amount of \$34,000 with a contingency of \$5,000.

AUTHORIZATION TO OBTAIN APPRAISALS FOR WEST MARIN SURPLUS PROPERTY

Mr. DeGabriele stated that the District has identified seven unused West Marin parcels of land ranging in size from 2,500 square feet to one acre that staff would like to have appraised for the purpose of determining fair market value. He noted that the Board declared these parcels as surplus at the October 5, 2004 meeting. After that meeting staff notified nine local, state and federal agencies soliciting their interest in acquiring the properties. Only the Point Reyes National Seashore (PRNS) expressed interest. He stated the next step in the disposal process is to have the properties appraised (by legal counsel so that confidentiality can be maintained) after which negotiations can be opened with PRNS for the properties they are interested in and advertise the remaining parcels for sale on the open market. He noted that staff proposes that proceeds to be

derived from sale of West Marin surplus property be established in a new fund for the Employer Assisted Housing Program.

On motion of Director Petterle, seconded by Director Fraites and unanimously carried the board authorized the District's legal counsel (Bold and Polisner) to order appraisals and preliminary title reports on the West Marin surplus properties.

LETTER RE PROPOSED FACILITY RESERVE CHARGE INCREASE (NOVATO WATER)

Mr. Bentley noted that at its last meeting, the Board scheduled a public hearing for March 1, 2005 to consider a 23% increase in the Novato Facilities Reserve Charge (FRC), which, when incorporating the service line and meter charge, would result in a 17% increase in the cost to connect to the system. At that meeting, Director Rodoni offered that staff's calculation, which credits revenue derived from the recently enacted Conservation Incentive Rate (CIR) into the FRC calculation, is not appropriate. The FRC calculation credits \$150,000 annually as an offset against the cost of the District's Water Conservation Program, thereby reducing the FRC by \$700. Previously, developers have picked up the full cost of the Water Conservation Program through the FRC. Eliminating the credit from the FRC calculation results in a connection fee of \$8,600, rather than the \$7,900 figure proposed.

After a discussion by the Board, it was determined that the letter being sent to the distribution list regarding the proposed FRC increase should also include information that the District is studying expanded recycled water delivery to further improve reliability of supply and capital costs for those facilities are not included in the proposed FRC. The letter will note that it is expected that the recycled water studies will be completed within the next one or two years, at which time the FRC may be adjusted again.

On motion of Director Petterle, seconded by Director Rodoni and unanimously carried the Board approved the amended letter being sent to developers and interested parties of the proposed increase in the Novato Facilities Reserve Charge to be \$8,600 per equivalent unit and noticing the public hearing scheduled for March 1, 2005.

PUBLIC HEARING: WILD HORSE VALLEY ZONE 3 TANK NO. 2 PROJECT

Mr. McIntyre briefly related history of the project before the Board and stated that at the December 7, 2004 meeting, the Board received the Administrative Draft of the Initial Study for the North Marin Water District's Wild Horse Valley Zone 3 Tank No. 2 Project. The Draft Initial Study stated in all areas in which potential adverse environmental impacts were identified, mitigation measures could be incorporated into the project design to mitigate potential adverse impacts to a less than significant level.

On December 9, 2004, a Notice of Intent to file a Mitigated Negative Declaration was sent to

the State Clearinghouse for distribution to the State agencies for a 30-day public review period. During the 30-day public comment period, the District received three letters containing comments on the project (California Dept of Fish and Game, County of Marin Department of Parks and Open Space and Mr. John Chiara). He stated that the document before the Board addresses the comments received.

The public hearing was noticed for February 1, 2005.

Mr. McIntyre noted that upon adoption of the Mitigated Negative Declaration for the project the next step would be to go back to Marin County Open Space and request the variance for the pipeline on Open Space property in the not too distant future.

Mr. Leonard Charles, District consultant for the project's environmental review, explained the process for determining that a Mitigated Negative Declaration of environmental impact was appropriate for the project. He stated of the impacts identified in the study were relatively standard construction impacts and were less than significant level and that there are standard mitigation measures for addressing them. He stated two additional issues addressed are: (1) the aesthetic impacts (putting up a water tank) and (2) construction of a pipeline through Marin County Open Space preserves. He stated that mitigation measures have been identified that reduces the impacts of those two issues to a less than a significant level.

Director Rodoni verified with staff that specifications regarding erosion control contained language that required weed free straw to prevent non-native grasses from being imported.

President Baker opened the public hearing and asked for public comment on the proposed Mitigated Negative Declaration on the Wild Horse Valley Zone 3 Tank No. 2 Project.

Fire Marshal Forrest Craig stated he was in attendance to speak on behalf of the Novato Fire Protection District Board of Directors and support of the proposed project. He stated that he has been working with Water District staff on capital projects and particularly fire flow issues since 1998 when he became fire marshal.

Mr. Craig stated that regarding this particular project he had attended a number of meetings including the initial Wild Horse Valley Homeowners Association meeting when the General Manager and Chief Engineer introduced the concept of this project and explained how it would improve the domestic water supply and the fire flow in the area. He stated that he believes that this project will improve the delivery of fire protection system and fire flows in particular; not only for the Wild Horse Valley area but other areas as well. He stated that Novato Fire Protection District supports the project and thanked staff for ongoing work on fire flow and fire protection improvements.

Hearing nothing more from the audience President Baker closed the public hearing.

Director Schoonover inquired what the path forward with the Marin County Open Space will be. Mr. McIntyre stated that Open Space cannot take any final action until the CEQA process is completed by the District and noted staff is keeping Open Space staff apprised of the project's status.

Director Petterle stated that he does not support the proposed project. He stated that while he supports the need for improved fire flows and believes that an additional tank is necessary in this area, he does not believe the proposed project is the best all around solution. He stated that he does not like the concept of gaining an easement to go through public open space property. He stated that there are at least a dozen agencies that would be thrilled to get easement through public open space, and he believes this is setting an unfortunate precedence and is disturbed that the District is endorsing such an action. He stated he would prefer other solutions (i.e., re-routing the pipeline or alternative location).

The Board took the following three actions:

(1) On motion of Director Schoonover and seconded by Director Rodoni and carried by the following vote the Board approved approve Resolution 05-1 entitled" RESOLUTION OF THE BOARD OF DIRECTORS OF THE NORTH MARIN WATER DISTRICT AUTHORIZING THE ADOPTION OF A MITIGATED NEGATIVE DECLARATION FOR THE WILD HORSE VALLEY ZONE 3 TANK NO. 2 PROJECT, MAKING FINDINGS PURSUANT TO THE CALIFORNIA ENVIRONMENTAL QUALITY ACT, AND DIRECTING THE FILING OF A NOTICE OF DETERMINATION."

AYES: Directors Baker, Fraites, Rodoni and Schoonover

NO: Director Petterle

ABSTAIN: None

ABSENT: None

(2) On motion of Director Schoonover, seconded by Director Rodoni and carried by the following vote the Board approved the project including Mitigation Monitoring or Reporting Program:

AYES: Directors Baker, Fraites, Rodoni and Schoonover

NO: Director Petterle

ABSTAIN: None

ABSENT: None

(3) On motion of Director Rodoni, seconded by Director Fraites and carried by the following vote the Board authorized staff to file a Notice of Determination with the Marin County Clerk.

AYES: Directors Baker, Fraites, Rodoni and Schoonover

NO: Director Petterle

ABSTAIN: None

ABSENT: None

Mr. Charles, Mr. Soldati and Fire Marshal Craig left the meeting.

INFORMATION ITEMS:

QUARTERLY PROGRESS REPORT – MAINTENANCE DEPARTMENT

Mr. Clark presented the Board with a progress report on the Maintenance Department activities for the second quarter of FY 04/05. He noted statistics on routine maintenance and improvement projects undertaken by the department and plans for future activities. He noted that staff is evaluating the purchase of a valve turner device to lessen injuries and expects the item will be on next year's equipment purchase budget for Board consideration.

Mr. Clark noted that Maintenance staff was able to practice confined space entry during a joint learning opportunity with the Novato Fire Protection District at the Amaroli tank site.

QUARTERLY PROGRESS REPORT – OPERATIONS DEPARTMENT

Mr. McMaster provided the Board with a PowerPoint presentation regarding the second quarter report on the Operations Department FY 04/05.

Mr. McMaster noted that he and treatment plant staff have trained with experienced treatment operators at the Bryght Water Bend Water Treatment Plant (City of West Sacramento) gaining hands on experience working with an operational Actifloc treatment system which is similar to one presently being installed at the new Stafford treatment plant. He noted that additional training for staff included visits to Lopez Lake and the Sweetwater (San Diego) treatment operations.

QUARTERLY PROGRESS REPORT - WATER QUALITY DEPARTMENT

Ms. Davis stated that water served to both Novato and Point Reyes customers met all primary federal and state water quality standards during the second quarter of fiscal year 2004-05. She noted that water served to Point Reyes customers continued to see problems due to the cumulative effects of high tides and salt-water intrusion during this period and three notices regarding sodium levels were published in the Point Reyes Light during this quarter.

MID-YEAR PROGRESS REPORT – ENGINEERING DEPARTMENT

Mr. McIntyre made a PowerPoint presentation regarding the mid-year Improvement Projects Progress Report. He stated that the information provided shows that Improvement Project expenditures are forecasted to be approximately \$2.1 million below the approved FY 04-05 budget for Novato. The year-end forecast represents approximately 82% of approved budget (versus a forecast of 71% at this time last year).

For the Novato system, actual District performance in completing Improvement Projects (i.e., 43%) is slightly trailing planned performance (i.e., 52%).

With respect to West Marin (including Oceana Marin), improvement project expenditures are forecasted to total approximately 65 % of the approved FY 04-05 budget value (versus a forecast of 53% at this time last year). Planned performance through mid-year was projected to be 45% but actual completion performance trails at 40%.

MID-YEAR BUDGET REVIEW AND FORECAST

The Auditor-Controller presented a mid-year budget review. He stated that operating revenue is projected to come in 1% over budget. Operating expenditures are projected to come in 2% under budget, resulting in an operating surplus before depreciation of \$650,000, compared to a budgeted surplus of \$360,000. Fifty of the fifty-nine Improvement Projects are forecast to be completed by June 30, 2005 and 81% of the \$12.3 million Improvement Projects budget is forecast to be expended. The District cash balance is forecast to decrease \$1.4 million, in line with the budget.

WATER ADVISORY COMMITTEE MEETING (JANUARY 24, 2005)

Mr. DeGabriele provided a recap of meeting held on January 24, 2005. He stated that the Water Advisory Committee (WAC) members have been diligently working on the Restructured Agreement for three years. He noted that the Sonoma County Water Agency (SCWA) seemingly has lost interest in the WAC, as the SCWA General Manager did not attend the WAC meeting.

Mr. DeGabriele stated that the other items discussed at the WAC meeting included: (1) status of discussion with SCWA regarding Santa Rosa's proposed language for Section 3.5, (2) SCWA applicability to 75,000 acre-foot permit limitations, (3) Petaluma's suggested change for Section 1.6, (4) discussion of MMWD option to firm up additional 5,000 acre feet and (5) new development, efficiency and water use.

NMWD COMMENTS ON ACWA BLUEPRINT FOR CALIFORNIA WATER FUTURE

Mr. DeGabriele stated that in June 2004 the Association of California Water Agencies (ACWA) launched a major effort to develop a "blueprint" for policy leaders, legislators and the governor to follow in meeting the state's future water needs. A statewide task force that represents a cross section of ACWA members with representatives from every ACWA region is developing the plan. The task force has provided a draft document for ACWA region members to review and an opportunity to provide written comments for consideration.

Director Fraites stated that he is concerned about the document and comments offered by the District staff. He stated that to him when he hears that there is an attempt to "streamline" state and federal regulations it means someone is trying to remove impediments and he personally does

not want oversight taken away. He noted that he continues to be concerned about the runaway rate of growth in California and stated he does not believe enough attention is being paid to declining California resources. He questioned whether the comments submitted in this case would have been more appropriate from the Board rather than from staff.

MISCELLANEOUS:

The Board received the following pieces of miscellaneous information: Review of Scheduled Agenda Items, Approved Budget Review Schedule FY 2005-06, Meeting Summary NBWA Watershed Council Meeting (January 20, 2005), Notice of Meeting of North Bay Watershed Association (February 4, 2005).

The Board also received the following news articles: A New Neighborhood is Born! (1/27/05), BPUD Manager Buchanan to Retire (1/27/05), Smith Sees Sonoma County Finances Stabilizing (1/27/05), Riverfront Regional Park Opens Today (1/24/05), New Water Tank (Point Reyes Station) (1/20/05) and Picture of Watershed Restoration Project (1/19/05).

ADJOURNMENT

President Baker adjourned the meeting at 10:40 p.m.

Submitted by

Joyce S. Arnold
District Secretary