

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
February 3, 2009**

CALL TO ORDER

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

Michael H. Joly, Brent Ainsworth, Ron LoVetri, Pam Gould, Tim Omarzu and District employees Robert Clark (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance Superintendent) and Ryan Grisso (Water Conservation Coordinator) were in the audience.

MINUTES

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

GENERAL MANAGER'S REPORT

The General Manager distributed the bulletin from the Tomales Bay Watershed Council (TBWC) and noted that the TBWC is running out of money and surmised that a request for a contribution from the District may be forthcoming.

OPEN TIME

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

Water Outage

Mr. Clark informed the Board that during the operation of the flushing program in the Indian Valley Road area on January 31, 2009, approximately 128 customers were out of water. He said that staff hand-delivered "Precautionary Water Alert" notices to those customers affected and that an investigation is underway as to the cause of the outage. He said the lab results of collected

samples came back clean, the system is back in operation and that he will have a full report at the next meeting.

Sonoma-Marín Narrows Project

Mr. McIntyre reported that two weeks ago, he and the General Manager met with CalTrans, three engineering design firms working with CalTrans and a representative from Transportation Authority of Marin (TAM) regarding the Sonoma-Marín Narrows Project. He said the proposed contracts with the design firms have been finalized by TAM and that the purpose of the meeting was to coordinate the project between the entities involved. He advised that the EIR has not been released yet and another meeting will be held in the coming months.

CONSENT CALENDAR

At the request of Director Baker, Item 8, Vote for LAFCO Special District Member, was pulled from the Consent Calendar for further discussion.

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

GILEAD HOUSE, 7TH STREET, NOVATO

This proposed project is to construct a 5,449 square foot two-story duplex and the Novato Fire District requires a dedicated fire service for the project. New water facilities required include a 4-inch fire service, one commercial fire hydrant, one 1-1/2 inch meter, and 95 feet of pipe. This project is eligible for 2008 connection fees since all necessary information was provided and requirements were satisfied by the Applicant by December 31, 2008.

The Board approved Resolution 09-07 entitled, "Authorization of Execution of Water Service Facilities Construction Agreement with John and Cynthia Klock."

QUITCLAIM EXISTING UNUSED JCC PROPERTIES LLC EASEMENT IN TRADE FOR NEW EASEMENT

With execution of the Costco Warehouse Expansion Water Service Agreement, staff secured a waterline easement from JCC California Properties LLC (the owner) for new on-site water mains required for the project. One old easement existed on said parcel for prior water facilities that have since been removed. The District must record a quitclaim to properly remove the old easement encumbering said parcel.

The Board approved Resolution 09-08 entitled, "Authorization of Execution of Quitclaim Deed to JCC California Properties, a Delaware Limited Liability Company."

SURVEY SERVICES CONTRACT (CREST TANK SITE) – CARLENZOLI ASSOCIATES

The existing drawings for the construction of a second tank at the Crest Tank site do not show adequate topographic and utility details required for design; therefore, a topographic survey and location of parcel boundaries and the access road easement is proposed. Six proposals were received.

The Board authorized the General Manager to execute a topographic survey contract to Carlenzoli and Associates for a not-to-exceed amount of \$9,900.

VOTE FOR LAFCO SPECIAL DISTRICT MEMBER

This item was pulled from the Consent Calendar for further discussion at the request of Director Baker. Director Baker queried why staff recommends Einar Asbo of Homestead Valley Sanitary District over Craig Murray of Las Gallinas Valley Sanitary District. Mr. DeGabriele responded that the selection of members represent a balance of geographical locations and size of districts. Director Rodoni added that Mr. Asbo has good LAFCO and special district experience and brings people to the table for discussion on issues.

On motion of Director Petterle and seconded by Director Fraites, the Board approved voting for Einar Asbo as first choice for Marin LAFCO Special District Regular Member, with second and third choices as Craig Murray and Peter Sullivan, respectively, by the following vote:

AYES: Directors Fraites, Petterle, Rodoni, Schoonover

NOES: None

ABSTAIN: Director Baker

ABSENT: None

ACTION CALENDAR

APPROVE: CHANGE ORDER FOR STAFFORD LAKE OUTLET TOWER

Mr. McIntyre stated that at the last Board meeting, Associate Engineer Dave Jackson provided an update on the project and identified various change orders. He said that consistent with policy, any change order in excess of \$10,000 must go to the Board for approval. Mr. McIntyre explained that based upon an underwater inspection conducted in 2001, it was hoped that the replacement of the service gate enclosures could be avoided. He said that it is apparent now that the service gates are corroded beyond economic repair and must be replaced.

Director Baker questioned the use of carbon steel versus stainless steel as material used for the gates. Mr. McIntyre responded that the carbon steel is galvanized and coated with epoxy;

and therefore, equivalent to stainless steel. Mr. DeGabriele added that there will be cathodic protection and sacrificial anodes that will be corroded first.

On motion of Director Schoonover and seconded by Director Baker, the Board unanimously authorized the General Manager to execute Change Order 03-09 to Syblon Reid in the amount of \$24,000.

APPROVE: MILLER PACIFIC ENGINEERING GROUP GENERAL SERVICES AGREEMENT

Mr. McIntyre stated that Miller Pacific Engineering Group has provided general engineering services to the District for many years and that their work is of high quality at reasonable rates. He stated that the General Services Agreement presented for Board approval is for two years with a not-to-exceed amount of \$20,000 and will be on a task order basis.

On motion of Director Baker and seconded by Director Petterle, the Board unanimously authorized the General Manager to execute a two-year agreement for FY09 and FY10 for consulting engineering services between NMWD and Miller Pacific Engineering Group with a not-to-exceed limit of \$20,000.

APPROVE: STAFFORD LAKE BACKFEEDING

Mr. DeGabriele stated that at the last Board meeting, he informed the Board that Novato is in a drought, and that through the end of January, 6.61" of rainfall has been recorded in Novato and that Stafford Lake is approximately 26% of capacity. He said that the chart enclosed in the agenda packet compares 2008/2009 rainfall with 1976 and 1977, the Drought of Record. He said that the chart shows that, had it not been for significant rainfall in January 2008, the area would be on par with the drought of record. He stated that there has been no rainfall since February 2008, last year's spring was very dry and no runoff into the lake has been accumulated this year.

Mr. DeGabriele informed the Board that the system is in place for backfeeding Russian River water into Stafford Lake and, although it will be expensive, he is recommending that this be done immediately. He explained that the water comes from the aqueduct, is pumped through San Marin Pump Station and valves are open at Stafford Treatment Plant that will allow the water to flow back into the lake through the outlet tower. He said the gates that are being worked on at the outlet tower are open so that this can be accomplished and the outlet tower work can be completed while backfeeding is being done. He advised that the water will have to be purchased from Sonoma County Water Agency and that the cost of pumping to Stafford Lake and treating the water at Stafford Treatment Plant will factor into District costs. He said that water produced out of Stafford Lake will free up capacity in the North Marin Aqueduct in the summer months and that will benefit Marin Municipal Water District. He stated that he has proposed to MMWD that they pay for

backfeeding up to 750 acre feet; however, they would prefer 1,000 acre feet. A backfeeding agreement is being drafted. Mr. DeGabriele advised that there are reserves available to pay for the backfeeding as designated by the Board - the Conservation Incentive Rate Fund and the Drought Contingency Fund. He further advised that District finances will be analyzed to determine how it will be impacted by the impending water shortage. Also included in the Board packet is a press release from Sonoma County Water Agency and a Press Democrat article warning of mandatory rationing.

Mr. DeGabriele said that he attended the Water Advisory Technical Advisory Committee meeting yesterday and the Agency press conference on the Russian River wherein it was pointed out that storage levels are extremely low on the upper Russian River and that Lake Pillsbury only holds 14,000 acre feet out of a capacity of 90,000 acre feet. It is a critically dry year on the Eel and Russian River watersheds. He explained that Eel River diversions have been reduced over the last four years to comply with the Biological Opinion to protect fisheries in the Eel River and that in the spring, PG&E shut down the diversion to repair the diversion tunnel resulting in less water conveyed from the Eel River into the Russian River. He further explained that the Agency's water rights established instream flows for normal year, dry year and critically dry year and those instream flow requirements are based upon historical diversions out of the Eel River before reductions came about four years ago. These instream requirements are, therefore, based on old information that is no longer applicable. Mr. DeGabriele stated that the Agency believes it will reach critically dry conditions by March 1st; He said that currently Lake Mendocino holds 31,000 acre feet out of 72,000 acre feet and without some relief from instream flows and concerted conservation by agricultural and urban users, it is likely that Lake Mendocino will go dry. Mr. DeGabriele presented a chart provided by the Agency that showed current conditions through February, and if relief is not achieved, showed Lake Mendocino going dry in mid-July. He said it is hoped that with relief from instream flow and conservation, 17,000 acre feet could remain in Lake Mendocino for fall release for Chinook salmon. Mr. DeGabriele said that Lake Sonoma has 181,000 acre feet available and the Agency is predicting a 30% reduction in deliveries in the lower Russian River and 50% or more on the upper river.

Mr. DeGabriele said that in addition to authorizing backfeeding Russian River water into Stafford Lake, the Board is being asked to authorize a notice of a public hearing for February 17, 2009 to consider a resolution to adopt a water shortage emergency and emergency water conservation ordinance.

Director Petterle asked for an explanation how backfeeding aids Marin Municipal Water District without impacting North Marin customers.

Mr. DeGabriele responded that it is important that North Marin customers are protected. He said that water produced out of Stafford Lake is water that will not have to be taken from the Russian River. He said that there will be a call for conservation and Marin Municipal will help pay for backfeeding which will temper the call for conservation. The Agency indicated that they do not plan to run the Ely or Kastania Pump Stations this summer and this will limit the District's supply to gravity next summer. He said 3 million gallons per day will need to be produced to make up the difference of gravity feed from SCWA. He advised that less than 14 million gallons per day is used in the summer from the Russian River and 4 to 5 million gallons per day produced by Stafford Treatment Plant is possible if water is available.

Director Petterle asked if MMWD would be entitled to draw from the pipeline. Mr. DeGabriele responded affirmatively and added that all water would go into the system and whatever is available at Ignacio Pump Station, MMWD would take.

Director Rodoni asked for clarification on the limitations of backfeeding. Mr. DeGabriele explained that the District hasn't backfed since 1991. He said operating staff tested backfeeding on Friday and Monday. He said it is unknown how much will be able to be backfed and that 750 acre feet was backfed in the past before the new treatment plant was in operation. He opined that it's possible to backfeed through February and March and that Marin Municipal would like backfeeding to continue through April.

President Rodoni offered the public an opportunity to comment, but there was no response.

On motion of Director Schoonover and seconded by Director Petterle, the Board unanimously authorized backfeeding of Russian River water into Stafford Lake effective immediately.

On motion of Director Petterle and seconded by Director Fraites, the Board authorized staff to notice a public hearing to be held on February 17, 2009.

INFORMATION ITEMS

WATER CONSERVATION MID-YEAR UPDATE (JULY - DECEMBER 2008)

Ryan Grisso, Water Conservation Coordinator, presented the mid-year report and provided highlights of the water conservation programs. He reported that there has been a significant increase in participation in the Water Smart Home Survey and that a temporary water conservation tech was hired to perform the audits. He said a mailer was sent to a targeted population who fall

within a usage threshold of 700 to 1,200 gallons per day. He said that 200 toilets have been rebated so far this year and participation has more than doubled for Cash for Grass since the rebate amount was increased. Mr. Grisso summarized the other rebate programs and stated that new development standards are being strictly enforced.

Mr. Grisso advised that his report to the Board was written before the SCWA press conference warning of possible mandatory rationing. He said that staff is prepared to follow the stages of action listed in the Water Shortage Contingency Plan and will focus on stage 2 which is to “approve an Emergency Conservation Ordinance that calls for strict enforcement of the currently listed prohibitions of water waste as listed in Regulation 15, section b. with additional non-essential uses of water prohibited and any other measures necessary to accomplish the goals for water use reduction.” He said that an analysis of what can be produced in the local supply, how much can be saved with conservation and water-waste prevention and non-essential use prohibitions and that report will be presented to the Board along with the Emergency Water Conservation Ordinance. He said there will be outreach to customers via the WaterLine newsletter and website.

Director Rodoni stated that the District has been preparing for this drought with its good water conservation program and the customers that have participated will be able to get by with the restrictions. He thanked Mr. Grisso for coordinating a good program. Director Baker said that Mr. Grisso is doing a great job.

Mr. DeGabriele stated that the agency has advised all contractors that 45,000 acre feet of water will be diverted from the Russian River next year and that the contractors have not had an opportunity to coordinate a response. He said that the District is trying to be pro-active in getting the word out that we are in a drought and that emergency conditions exist. He said customers will be asked to phase in restrictions so that they will be prepared and have time to make adjustments. Director Rodoni asked if after the public hearing action will be immediate. Mr. DeGabriele said that restrictions would most likely begin March 1st.

President Rodoni asked the audience if they have any comments and there were none.

WATER PROJECT DRAFT EIR DATES & ROLE OF HEARING OFFICERS

Mr. DeGabriele stated that the Draft Environmental Impact Report for the Water Project has been released and that the public hearing is scheduled for February 18 in Petaluma. He said that Directors Rodoni and Baker have agreed to act as hearing officers along with representatives from the city of Petaluma and Sonoma County Supervisor Kearns from SCWA. The role of the hearing officers is to listen and acknowledge public comments and they are not expected to answer questions of the project.

Mr. DeGabriele stated that the Agency is not contemplating moving forward with the Water Project since the current water shortage and work on the Biological Opinion will supplant work on the Water Project DEIR. He said that contractors will be asked to reevaluate their entitlement requests and that the District has concluded, in its Urban Water Management Plan analysis, that it can get by with 13,000 acre feet instead of its 14,100 acre feet entitlement. Mr. DeGabriele stated that the Water Project is very expensive and the District's connections fees have been increased to address that; and the costs associated with implementing the Biological Opinion which is an obligation among all customers for protection of the fish will be evaluated. Mr. DeGabriele said that comments by all contractors are being formulated.

INTER-DISTRICT LOAN HISTORY

Mr. Bentley, in response to Director Baker's request, presented a history of loans from the Novato district to the West Marin districts. He noted that in the past 20 years there was not a time when Novato was not owed money by the other service areas, and that West Marin is the only district that now owes money to Novato (\$442,000). He presented a chart that showed West Marin water's debt to Novato will be fully repaid in 2014 assuming the annual 9% water rate increase continues. He said it is assumed in the forecast that funds for large projects (Gallagher Pipeline and Pt. Reyes Treatment Plant reconstruction) would borrow funds from outside sources. Mr. Bentley advised that there are a number of projects in the West Marin Long Range Improvement Projects Plan which are not included in the five-year planning window, and if those were to be added, that would also stretch out District payments.

MID-YEAR IMPROVEMENT PROJECTS PROGRESS REPORT – ENGINEERING DEPARTMENT

Mr. McIntyre provided a summary by service territory of the status improvement projects for the first half of the fiscal year. Novato expenditures are forecasted to be approximately half a million dollars below budget at year end. He noted that 50% of expenditures are represented by two projects, the Palmer Drive Water Tank and the Stafford Lake Outlet Tower projects. He said that this year a 90% completion rate is forecasted versus 56% completion last year.

Mr. McIntyre said that in West Marin, improvement projects are forecasted to be very close to budget with planned performance through mid-year projected at 46% and actual completion performance is 46%.

Mr. McIntyre said that in the beginning of the fiscal year, 56 projects were budgeted, and since then two new projects were added and eight projects were carried over from last year for a total of 66 projects. He advised that five out of the 66 projects are projected to exceed the budget; however, the project savings on the remaining projects offset the overages and there will be no

need to augment the budget this year. He further advised that in West Marin, the Inverness Park Tank No. 1 project may exceed its budget but savings in other West Marin projects will offset that exceedence. Mr. McIntyre said that Engineering labor hours are below budget for developer jobs and hours for District projects over budget but will most likely even out during the second half of the fiscal year.

TAC MEETING – FEBRUARY 2, 2009

Mr. DeGabriele provided a recap of the Technical Advisory Committee meeting. He said that the maintenance staff responsible for the transmission system gave an informative report. He reported that there was discussion on water conservation and Windsor and Marin Municipal Water District are next in line for signing the Sonoma-Marín Saving Water Partnership MOU. Mr. DeGabriele stated that the draft WAC resolution recommending that the top SCWA strategic priority is to address impacts on listed fish species pursuant to the Reasonable and Prudent Alternative established in the Biological Opinion was reviewed. He advised that the agency budget currently reflects a 32% increase for North Marin, and he reminded the Board of the Agency's junket to Washington, DC in February and that if any director wants to join them to let him know.

NBWA MEETING- FEBRUARY 6, 2009

Director Fraites provided a brief summary of the North Bay Watershed Association meeting.

NORTH BAY RECYCLED WATER PROGRAM UPDATE

Mr. McIntyre reported that a Recycled Water Sub-committee meeting with representatives of North Marin, Novato Sanitary District and Las Gallinas Valley Sanitary District was held on January 28, 2009 wherein an update on the current project status was provided. He said that the local Phase 1 projects were reviewed and includes all recycled water projects in the Recycled Water Implementation Plan prepared by Nute Engineering. He advised that the release of the Environmental Impact Report/Statement is scheduled for early March and staff has been working on an outreach plan which includes an Op-Ed article notifying the public of the release of the draft EIR/S. He said that a press release will be released once the US Senate passes the Omnibus Public Lands Management Act that authorizes a federal 25% cost share up to \$25 million for design/construction of local Phase 1 projects.

Mr. McIntyre stated that the operation of the existing recycled water facility at Deer Island was discussed with the sub-committee members. He said the interagency agreement stated that the District would turn over the facility for Novato Sanitary District operations and that the District would distribute the recycled water. He noted that the facilities have not been transferred and that there are complexities with the State Revolving Fund loan and grant that stipulates that once money

is loaned, the state has tighter control if the facility is transferred to another agency. He advised that there is discussion that the recycled water treatment facility remain under District authority and be used as a training area for District treatment operators. He said that Novato Sanitary District may be agreeable to this.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements, Solar Energy Public Workshop No. 2 Notice. The Board also received the following news articles: EIR next step in 3-county cooperative effort to recycle water and Direction to protect watershed for fisheries...at a price.

ADJOURNMENT

President Rodoni adjourned the meeting at 8:54 p.m.

Submitted by

Renee Roberts
District Secretary