

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
February 6, 2007**

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, 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.

District employees Robert Clark (Facilities Maintenance Superintendent) Mike McMaster (Operations Superintendent), and Doug Moore (Construction Superintendent) were in the audience.

MINUTES

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

GENERAL MANAGER'S REPORT

North Bay Water Reuse Authority Workshop

Mr. DeGabriele reported that he and Director Baker attended the North Bay Water Reuse Authority workshop on January 31 and that there is considerable interest in the project. He said that a summary of the workshop will be provided at the next meeting.

Desalination Study

The General Manager advised that he will attend Marin Municipal Water District's special meeting on Thursday, February 8, where they will discuss the findings of the Desalination Study engineering report.

OPEN TIME

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

CONSENT CALENDAR

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

MAJAUSKAS RANCH

The Majauskas Ranch requested temporary water service while awaiting land use approval to build a residence and has been receiving water under a temporary water service agreement approved by the Board in August 2000, and amended in August 2003. The amended agreement extended the agreement termination date to August 1, 2006 and staff approved a time extension until December 29, 2006 to allow time for the applicant to obtain a livestock water service agreement to normalize the existing service. A livestock water service agreement for six equivalent units was approved by the Board in September 2006 but was not executed by the applicant. Since that time, the applicant has restored a well on the property and the applicant contests the basis for the equivalent unit calculation is now invalid and requests the water service agreement be revised to four equivalent units. The revised agreement proposes Facilities Reserve Charges totaling two equivalent units will be collected immediately in cash and an additional two equivalent units will be placed in a Certificate of Deposit. Following a two-year period, the usage will be reviewed and, if justified, any excess charges will be returned to the applicant.

The Board approved Resolution 07-02 entitled, "Authorization of Execution of Livestock Water Service Agreement with Ray and Pam Majauskas."

RESOLUTION FOR QUITCLAIM - ANTONIOLI EASEMENT

At the January 16, 2007 Board of Directors meeting, the Board approved the Quitclaim of the original Antonioli easement recorded in 1979. Authorization of the execution of quitclaims is typically by resolution and, therefore, the Board authorized Resolution 07-03 entitled, "Authorization of Execution of Quitclaim Deed to Ronald Antonioli."

REVISION OF REGULATION 53.d. – CREDIT CARD TRANSACTION CONVENIENCE FEE

The Board authorized the revision of Regulation 53.d. to read: "A customer's account shall be charged a 2% Convenience Fee (\$2 minimum) to recover the additional administrative expense incurred when payment is made by credit or debit card."

The Board approved Resolution No. 07-04 entitled, "Resolution of the Board of Directors of North Marin Water District Revision of Regulation 53 – Billing."

SURPLUS LISTED LABORATORY EQUIPMENT

The Board authorized the Water Quality Department to surplus laboratory equipment that no longer meets the needs of the District.

PROPOSED FY 07/08 BUDGET REVIEW SCHEDULE

The proposed FY 07/08 Budget Review Schedule was approved and the initial review for Novato budget is April 17 and the public hearing and final approval is scheduled for June 19. The West Marin budgets will be reviewed initially on June 5 and the public hearing and final approval is scheduled for July 3 in Point Reyes Station.

DISBURSEMENTS

The Board authorized payment of vouchers totaling \$509,890.55.

ACTION CALENDAR

RESPONSE TO HEMPHILL LETTER

Mr. Bentley presented the draft response letter to Robert Hemphill's letter regarding the Conservation Incentive Tier Rate. He stated that Mr. Hemphill's letter was rather lengthy and he did not respond to all points. Directors Schoonover and Petterle said that the response was appropriate.

On motion of Director Schoonover and seconded by Director Frites, the Board unanimously authorized President Petterle to sign the letter.

COMMENT LETTER GIACOMINI WETLANDS RESTORATION PROJECT DEIS/DEIR

Mr. DeGabriele presented a draft comment letter to the National Park Service regarding the Giacomini Wetlands Restoration Project Draft Environmental Impact Statement. He stated that the Wetlands Restoration project is a huge project that will return the Giacomini Ranch to tidal wetlands and he reviewed the four alternatives as outlined in the Executive Summary. He stated that Alternative C, which removes all levees on the east side and most of the levees on the west side and extends restoration back into Olema Marsh, and Alternative D, which includes Alternative C plus additional restoration near the mesa in Point Reyes Station are the preferred alternatives. He stated that these two alternatives would result in 15% more salt water into the area of the District's Coast Guard wells.

Mr. DeGabriele stated that even with off-tide pumping, the District has experienced salinity intrusion exceeding 100 milligrams per liter chlorides in the water supply and that disinfection by-products concentrations increase as a result. He said that the District is requesting that the National Park Service commit to fully funding a pipeline from the Point Reyes Treatment Plant to the Coast Guard wells to protect against salinity intrusion. Mr. DeGabriele said that this project will be of great environmental benefit to Tomales Bay and the Point Reyes community and the District has no intention of holding up the project, but that the District must protect the water supply of its customers.

Director Fraites asked what the District's response is during salinity intrusion events. Mr. DeGabriele explained that when sodium levels go up the District may ultimately violate one or more water quality criteria and the District notices the public, but the bigger issue is the potential increased disinfection by-products levels. He said that the District could ask for more water to be delivered from Marin Municipal, but that it takes months for salinity to be flushed out of the groundwater.

Director Baker stated that the District has had a good relationship with the National Park Service but that maintaining water quality for District customers is of the utmost importance.

On motion of Director Schoonover and seconded by Director Fraites, the Board unanimously authorized the General Manager to send the comment letter to the National Park Service.

JOINT ABAG, MTC, BAAQCMD MARIN COUNTY WIDE MEETING – FEBRUARY 12, 2007

Mr. DeGabriele stated that the District received a request from County Supervisor Susan Adams for a Board member to participate in a joint Association of Bay Area Governments, Metropolitan Transportation Commission, and Bay Area Air Quality Management District county wide meeting to discuss growth, development and environmental concerns for the region. Director Rodoni said that he would attend.

On motion of Director Fraites and seconded by Director Schoonover, the Board designated Director Rodoni to attend the county wide meeting on February 12, 2007.

INFORMATION ITEMS

QUARTERLY PROGRESS REPORT – MAINTENANCE DEPARTMENT

Mr. Clark provided the Maintenance Department's quarterly progress report and stated that the overall progress has been as planned and scheduled and that there were no lost time accidents or injuries reported. He reported that the District's reliability was impacted when a pump at Old Ranch Road was left off after maintenance work. He said that the Maintenance Management software system was restored and updated with the manually-tracked work orders, and that recurring maintenance tasks are now automatically generated. Mr. Clark listed the special projects that the Maintenance Department has worked on this past quarter which included cathodic protection at Bel Marin Keys, security modifications in the lobby/receptionist area, and Stafford Treatment Plant control modification and air quality testing. He reported that the scope of work for the Stafford Treatment Plant Security Project is being revised with a goal to reduce cost and will be brought back to the Board for approval at a future meeting. Mr. Clark informed the Board that two

new vehicles were delivered and that the large crew truck is scheduled to arrive by the next meeting and he would like to show it to the Board.

LOSS OF WATER SERVICE AT WILSON AVENUE AND INDIAN VALLEY ROAD

Mr. Clark reported that on Monday, January 29, while performing its annual flushing program in the area of Wilson Avenue and Mill Road, the flushing crew shutdown a 16" water transmission main, mistakenly shutting down the only water supply to customers in the Wilson Avenue - Indian Valley Road area. He said that approximately 40 homes were dewatered or experienced low pressure and that the Lab staff notified the Department of Health Services and distributed Precautionary Water Quality Alert notices to those residences. He stated that the crew believed that two adjacent pipelines, a 16" line on the north side of Mill Road and a 12" line on the south side, were connected and that when the 16" line was turned off, the crew did not realize that it was turning off the only supply of water to that area. He said the office began receiving calls of no water from customers who then alerted the flushing crew of the situation. Mr. Clark said that the cause was operator failure in interpreting the drawings and that staff has reviewed and revised the flushing standards, reviewed each flushing route and identified two more potential trouble areas. He said that better detailed flushing drawings are recommended to ensure that this does not occur again.

The Board asked questions and expressed their concern that this was a very serious incident.

STAFFORD TREATMENT PLANT OPERATIONS STATUS AND UPDATE

Mr. McMaster provided an update on the operations of the Stafford Treatment Plant that included reviewing the events from start-up in August to the plant shut-down in October and current chlorine dioxide problems. He reported that during trial runs in December, there were problems with the control of the chlorine dioxide generator and that the equipment supplier worked with staff to resolve the problems. He stated that during the January trial runs, successful oxidation of manganese was achieved; however, some level of chlorine dioxide overdosing took place which caused off-gassing inside the building. He said that Don Gates, an industry expert on chlorine dioxide, was contracted with and he was able to conclude that the chlorine dioxide generator is sized too large to reliably produce the lower dosages needed to effectively oxidize the manganese at lower plant flows and not off-gas inside the plant. Mr. McMaster addressed problems with the building ventilation system and stated that the chlorine dioxide levels are within OSHA standards; however, chlorine dioxide is an irritant and affects people differently. He said that the HVAC system does not keep the office area under positive air pressure, thus enables chlorine dioxide off-gas to

enter the office, laboratory and lunchroom. Mr. McMaster outlined a plan of action and expressed confidence that the problems will be solved and the plant will begin operation.

The Board discussed the situation at length and asked questions of staff. Director Baker asked if off-gassing happens often in treatment plants and Mr. McMaster replied that Don Gates said he hasn't seen this problem too often in his experience.

Director Rodoni asked if staff is getting the proper assistance from the design engineer and suppliers during this time. Mr. McIntyre stated that problems during start-up were expected, and that problems with chlorine dioxide that are equipment-related have been addressed with the vendor. He stated that the District does not have a contract with the design engineer for work during the start-up phase and opined that the District has the expertise needed. He noted that Sig Hansen, the design engineer, has been assisting the District without additional compensation and that it is not necessary to bring in another consultant. He stated that a lot of the problems are normal for start-up operation and that the chlorine dioxide generator has been the biggest problem.

Director Petterle expressed his deep concern about the problems experienced at the plant and suggested the Board review the situation in closed session should there be a potential for litigation. He stated that he recognizes that there is a learning curve to the operation, but that the District is incurring extra costs to an already \$14M project and that there are potential safety issues and health risks.

Mr. DeGabriele stated that staff will provide a breakdown of costs for the Board to review.

Director Baker stated that while it is disappointing to experience these problems, it is not unusual in his experience for problems to be encountered in such a complex facility during the initial breaking-in period.

Director Fraites stated that he agreed with Director Baker; that it takes time to iron out the kinks and that the Board should only go into closed session if it becomes apparent that contractors may be at fault.

Director Petterle commended the staff on doing a good job and stated that it is unfortunate that staff has been put into this position. He stated that he would like to have regular updates on the situation at Stafford Treatment Plant at future Board meetings.

DRAFT ANNUAL REPORT

Mr. Bentley presented the draft Annual Report for review by the Board and requested that any comments be relayed to him by the end of the week.

WAC MEETING – FEBRUARY 5, 2007

Mr. DeGabriele provided a summary of the Water Advisory Committee meeting and said that the meeting was well attended. He stated that in regards to the SCWA Water Policy priorities, it was the consensus of the committee that the water agency focus on the first three priorities: fulfill contractual water supply obligations; protect water quality and improve transmission system reliability; and address impacts on listed salmonid species. He said that topics of discussion included the Dry Creek Pipeline Parameters/Water Project EIR; Biological Opinion for Salmon; LRT2 Subcommittee recommendation to allocate \$2.2M to City of Santa Rosa's two recycled water projects; Report Card on BMP Compliance (NMWD received an A); Draft SCWA Budget in which David Bentley provided assistance; North Coast and Bay Area IRWMP Funding; WAC approval of a letter to SCWA requesting input in the selection of an Assistant General Manager; and the Draft Russian River Urban Water User/Water Supply and Demand Management. The WAC did approve the draft SCWA budget and proposed water rates for next fiscal year. NMWD cost of purchased water from SCWA is projected to increase 3%.

NORTH BAY WATERSHED ASSOCIATION MEETING – JANUARY 5, 2007

Director Fraites reported that the main topic at the North Bay Watershed Association meeting was the presentation by Dan Carney of Marin Municipal Water District of their water conservation program. He stated that he was pleased to know that North Marin is doing much more to encourage water conservation in Novato and that the District is a leader in this field.

MISCELLANEOUS:

The Board received the following miscellaneous information: Notice of Public Hearing – Marin County Wide Plan Update, Letter from MMWD Re Special Meeting on Desalination, Letter from SEIU Re Reorganization of SEIU Locals, Water Education Foundation Letter, Western Water, A Match Made at Sea, Decrease in 2007 SDI Tax Rate, Forfeiture of Reg 15 Reimbursements to Fund HET Distribution Program, Oceana Marin Homeowners Association Meeting, Review of Scheduled Agenda Items.

The Board also received the following news articles: Feds Demand Fish Ladders for Klamath Dams (1/31), Plenty of Cold, But Little Rain (1/31), NMWD Official Details How to Save Water Supply (1/30), Sonoma Closing In On Dry January Record (1/30), Richard H. Owens – Obituary (1/30), Holland Now Presides Over Planning Commission (1/25), Low Water Level Prompts Raising Dam to Summer Level (1/24), Why Are We In a Water Crisis, and What's Being Done? (1/24), River's Rebirth (1/21).

ADJOURNMENT

President Petterle adjourned the meeting at 9:10 p.m.

Submitted by

Renee Roberts
District Secretary