

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

CALL TO ORDER

President Baker 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 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 Brent Collins (Construction Superintendent) were in the audience.

Mr. Charles Carson representing the Home Builders Association and Mr. Mark Buckwalter were also in the audience for a portion of the meeting.

MINUTES

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

AYES: Directors Baker, Petterle, Rodoni and Schoonover

NO: None

ABSTAIN: Director Fraites

ABSENT: None

GENERAL MANAGER'S REPORT

Joint Meeting with Marin Municipal Water District Board

Mr. DeGabriele stated he would be meeting with the General Manager from Marin Municipal Water District in order to plan for a prospective joint meeting of the two boards. He requested Board members contact him with dates that would work for scheduling the meeting and suggestions of possible topics to be discussed.

North Bay Watershed Association Meeting

Mr. DeGabriele stated that the North Bay Watershed Association (NBWA) meeting is scheduled for this Friday, March 4, 2005 at the Novato Sanitary District offices. He provided the Board with the agenda and supporting information for that meeting which was received this date.

He stated that one thing to note is that NBWA will be looking for direction on this year's budget but no substantial changes are anticipated; North Marin's allocation is comparable to last year's total. He stated that final approval for the proposed NBWA budget is scheduled for April.

State Water Resources Control Board Notice

Mr. DeGabriele stated that a notice had been received from the State Water Resources Control Board regarding a workshop that will be held on March 17, 2005 in Sacramento. The workshop is being requested by Trout Unlimited and a chapter of the National Audubon Society and is intended to provide their perspective on implementation of AB 2121 that was chaptered last year. That bill requires the state board to make annual reports on instream flows and appropriate water rights in coastal streams of Marin, Napa, Sonoma, Mendocino and Humboldt counties. He stated it is unclear at this point whether the legislation will impact North Marin as seemingly the legislation does not affect Novato Creek but would affect Lagunitas Creek if there were new appropriative rights.

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 item was discussed:

Point Reyes Billing Error

Mr. Bentley stated that as suggested by the Board at the last meeting, staff issued a press release regarding the meter reading errors in West Marin, and as a result, a small story had appeared in the Point Reyes Light. He stated that to date there have been forty-six bill adjustments requested and ten leaks discovered in West Marin. He stated that he would be able to supply the Board with complete information on the incident in approximately one month.

Director Rodoni inquired what steps are being taken to prevent such a mishap in the future, and Mr. Bentley stated that rotating the meter reading personnel who read the West Marin routes should prevent a similar situation.

CONSENT CALENDAR:

On the motion of Director Schoonover, seconded by Director Petterle and unanimously carried the following items were approved on the consent calendar (Item #4, Rudnick Estates Subdivision, was removed for additional discussion):

Water Agreement - Rudnick Estates Subdivision

This item was removed from the consent calendar for additional Board discussion.

The Rudnick Estates Subdivision project is located approximately one mile east of Highway 101 and north of Olive Avenue. The project consists of building 24 new single-family homes on three undeveloped parcels that total 44.7 acres. Seven homes will be built on Zandra Place, 12 on Sherwood Place, and 5 on Robinhood Drive. The Board approved the Water Service Agreement for this project on September 2, 2003; however, the applicant failed to commence construction within the one-year deadline and the agreement must be renewed. Staff has revised the agreement to reflect current connection fees and updated construction labor/material costs. The Storage and Pump Station Upgrade Contribution Costs and credits from the previous agreement have been removed, since they are no longer assessed but are included in the current connection fees.

Director Fraites inquired whether additional piping should be installed to facilitate the use of recycled water in this area in the future. The General Manager stated that due to its elevation, the project is not in an area that is expected to benefit from recycled water.

Director Fraites requested an explanation for the change in pipe size for the project and how the reimbursement to the applicant is calculated. Mr. McIntyre stated that the project will allow the District to require the installation of a larger main in certain areas of the project in anticipation of future development within the vicinity. Based on hydraulic calculations, the Rudnick Estates Subdivision would require an 8" main from Robinhood Drive to Zandra Place. However, since the District intends on using the pipeline from Robinhood Drive to Plum Street as a transmission main (for Cherry Hill Pipeline Extension) to supply water for the proposed Novato Gateway Development and Oleander Subdivision, a 12" pipeline will be required. In addition, the 12" main proposed for Plum Street has been upsized from an 8", to adequately supply regulated Zone 3 water in case this line is extended to switch over more lower pressure Zone 1 customers in the area. Based on District Regulation 22, an estimated credit in the amount of \$21,669 will be given to the applicant for all costs related to upsizing the line. Also, credit will be issued for costs incurred as a result of switching over lower pressure services to higher pressure. Since the improvement to existing customers is not necessary for the Rudnick Estates project, it is appropriate that the agreement reflects a credit in the amount of \$43,506 for the estimated cost of the materials and labor to construct the upgrade improvements for existing customers. A total of \$65,175 credit has been incorporated into the agreement (approximately the same credit amount as authorized in the previous agreement for this project).

Mr. DeGabriele stated it might be appropriate for staff to review with the Board at a future meeting the District regulations covering reimbursement policy and upsizing of facilities.

On motion of Director Fraites, seconded by Director Schoonover and unanimously carried the Board authorized Resolution 05-03 entitled "Authorization of Execution of Amendment to High Pressure Water Service Facilities Construction Agreement with Rudnick Estates Associates, LLC."

Director's Participation in ACWA Symposium (Fraites)

The Board approved an expenditure of \$165 for Director Fraites to attend the 2005 ACWA Legislative Symposium in Sacramento on Tuesday, March 29, 2005.

Disbursements

The Board approved revised accounts payable vouchers totaling \$324,293.65 and estimated overheaded payroll for March of \$263,000.

PUBLIC HEARING:

PROPOSED FACILITIES RESERVE CHARGE FEE INCREASE – NOVATO WATER

Mr. Bentley presented information on the proposed Facilities Reserve Charge (FRC) for Novato Water Service effective July 1, 2005 and reviewed the package of materials regarding the proposed increase that was mailed to ninety-seven interested parties. In addition, a notice of the public hearing was advertised twice in both the Independent Journal and the Novato Advance. He introduced Mr. Charles Carson from the Home Builders Association who was in the audience for the public hearing regarding the increased FRC.

Mr. Bentley stated that he had spoke with Mr. Dave Bernardi, General Manager of the Marin Builders Association, and Mr. Bernardi had thanked staff for the information he had received, said that he understood it, and agreed that new development should pay its own way and was not opposed to the increased fees.

Mr. Bentley stated that he had received calls from two developers (one wanting to know how the proposed increase would affect a project being considered for the old Nave Bowling Alley site, and another who has an application in for the Davidson Street Land Division but is still endeavoring to put his financing package together). Mr. Bentley advised both parties that the proposed increase would be effective July 1, 2005.

Mr. Bentley gave a PowerPoint presentation showing the justification for the increased FRC based on major factors including: significant increases in the District's allocated share of SCWA projected costs; funding of water conservation programs; an increase in the cost of rehabilitating the Stafford Treatment Plant debt service; building storage capacity; and the cost of the projects identified in the District's June 2002 Master Plan. He stated that staff is recommending an increase

in the Facilities Reserve Charge for the Novato Service Area from \$6,400 to \$8,600 per equivalent dwelling unit effective July 1, 2005.

President Baker opened the public hearing.

Mr. Charlie Carson, representing the Home Builders Associated (previously known as Building Industry Association), stated that in reviewing staff's report it is understandable that the increase is prudent and necessary. He requested clarification on what the effective date would be for projects that are currently being planned. Mr. DeGabriele stated that if an application has been completed for water service and submitted to the Board for consideration prior to July 1, 2005 then it will qualify under the old rate. However, if the agreement does not go to the Board before July 1, 2005 due to District staff limitations, then the old fees would be extended on a case-by-case basis.

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

On motion of Director Schoonover, seconded by Director Fraites and unanimously carried the Board approved Resolution 05-04 entitled "Revision of North Marin Water District Regulation 1 – New Service Connections" increasing the Facilities Reserve Charge for the Novato Service Area from \$6,400 to \$8,600 per equivalent unit effective July 1, 2005.

ACTION CALENDAR

DENY: CLAIM FOR DAMAGES (BUCKWALTER)

Mr. Bentley stated that at its February 15, 2005 meeting, the Board reviewed a claim from Mr. Mark Buckwalter, 2385 Center Road, Novato, who alleged that his sewer lateral failure in January 2005 was caused by the District's replacement of his polybutylene water service line in 1986. At that meeting, before taking action on the claim, the Board requested staff return at the next meeting with additional information including possible options for compromise based on the slight possibility of any District responsibility.

Mr. Bentley reviewed Mr. Buckwalter's claim for \$6,860 in damage. He noted that Allstate, Mr. Buckwalter's insurance carrier, has subrogated against the District for \$1,288, the amount of damage to repair and repaint water-damaged walls in two bathrooms. Mr. Bentley noted that in reviewing the claim, staff questions the \$500 insurance deductible that is included and does not believe that the toilet replacement is an appropriate charge to be considered. Mr. Buckwalter, in responding to the question about the charge for the toilet, indicated that the charge was for what a portable toilet would have cost to rent (although he did not rent one) to make up for the loss of the use of the bathroom during the repair period. He also stated that the claims should be changed to include a day of lost work for him at \$82/hour.

There was a Board discussion regarding the options available and there was a consensus that there is no evidence that the District caused Mr. Buckwalter's sewer lateral failure. Director Rodoni indicated that if a flawed installation of a water line by District staff had caused the sewer lateral failure, it would more than likely not have taken nearly twenty years to occur. He stated has not seen enough evidence to establish that the District had in any way caused this sewer lateral failure.

On motion of Director Rodoni, seconded by Director Petterle and unanimously carried, the Board denied Mr. Buckwalter's claim.

Mr. Buckwalter stated he will pursue the matter in Small Claims Court and left the meeting.

INFORMATION ITEMS:

SECURITY ACTIVITIES UPDATE AND PLAN

Mr. Clark made a presentation regarding current security measures being undertaken at the District. He reviewed the Security Policy that is a general overview policy and is intended as a guideline for standard security practices and applying security measures and will be applied at the District offices, construction and maintenance shops and yard, Stafford Treatment Plant, Point Reyes Treatment Plant, Oceana Marin sewer treatment facilities, pump stations, tank sites and various access points along the water distribution system. He noted that the policy is a living document and will evolve as experienced is gained.

Mr. DeGabriele stated that the Security Policy is an administrative policy and not a Board policy. It was noted that the new policy will impact the District's retirees who are not familiar with the new procedures, and Mr. DeGabriele stated that he will insert an article in an upcoming *Wellspring* newsletter to make sure retirees are aware of the new security measures.

BILL INSERT ADVERTISEMENT FOR THE MARIN H2O HOW2 FAIR

Mr. DeGabriele provided the Board with a copy of the bill insert for the upcoming Marin H2O How2 Fair. He stated that as a full partner in the fair, the District will provide bill inserts to all customers regarding the April 23, 2005 event.

COMMENTS ON NOVATO SANITARY DISTRICT WASTEWATER PROJECT EIR

Mr. DeGabriele reviewed the District's comments on the Novato Sanitary District (NSD) Wastewater Facility Plan Project EIR. The NSD project is for proposed improvements to and expansion of the existing Novato and Ignacio treatment facilities. He noted that when the NSD Manager attended the January 4, 2005 Board meeting, she had noted that the aging treatment facilities and lack of redundancy affect the NSD's ability to meet discharge requirements with the

degree of reliability currently required by their National Pollutant Discharge Elimination System (NPDES) permit, and in order to comply with regulatory requirements, the NSD will need to upgrade its treatment facilities. The NSD also needs to slightly expand its facilities to provide for buildout conditions, which are estimated to occur in 2025. The proposed project would make improvements to bring the treatment facilities into compliance with permit requirements for continued discharge into San Pablo Bay.

Director Fraites stated that he has reservations about the population and wastewater flow projections used in the EIR that are based on Association of Bay Area Governments (ABAG) data. Mr. DeGabriele stated that he believes 2.67 residents per household factor is more appropriate (rather than the 2.53 to 2.56 numbers in the report) for estimating population for the Novato planning area as it is believed that future household density will increase as the cost of housing in Novato continues to increase.

FEBRUARY 28, 2005 WATER ADVISORY COMMITTEE MEETING

Mr. DeGabriele reviewed information from the February 28, 2005 Water Advisory Committee / Contractor Negotiation meeting. He stated that some of the issues discussed included:

(1) A previous draft budget of Sonoma County Water Agency (SCWA) has been determined to be in error, and staff has been notified that cost of water from SCWA next fiscal year for North Marin will be \$441.82/AF.

(2) Regarding the SCWA Applicability to 75,000 acre-foot permit limitations, SCWA General Manager Randy Poole advised the WAC that a combination of existing demands, current will serve letters and water supply assessments for each contractor will be the basis on which the SCWA will determine the distribution of 75,000 AF supply.

(3) A new draft of the Restructured Agreement was distributed. Mr. Poole indicated that the SCWA and Santa Rosa have agreed on language for Section 3.5. Mr. DeGabriele stated that staff would review the revised language and comment at a later date.

(4) Paul Helliker, General Manager of Marin Municipal Water District (MMWD), distributed a proposal for extending MMWD's deadline to exercise the option on an additional 5,000 AF of Russian River water supply. Mr. Helliker reported that the MMWD Board is not interested in giving up the option but wants to avoid making the decision by June 30, 2005. MMWD's proposal is two-fold: either (a) pay \$1M now to extend the option until July 1, 2014, or (b) pay \$2M at the time MMWD exercises the option with an extension to do so until July 1, 2014. He further advised that

the proposed financial contribution to extend the option to July 1, 2014 is a starting point and that MMWD is willing to negotiate.

(5) Collector 6 is expected to be on line this summer (July).

MISCELLANEOUS:

The Board received the following miscellaneous pieces of information: Memo re Staff Participating in the AWWA National Conference, Press Release re West Marin Billing Error, Review of Scheduled Agenda Items, Regional Residential Clothes Washing Machine Rebate Program Update and Sustainable Marin Invitation to "Who Owns Nature?" (March 4, 2005).

The Board also received the following news articles: Regional Water Board Vacancies Filled (2/19/05), Petaluma Wastewater Plant on Table, Petaluma Oks Treatment Plant and A NMWD Billing Error.

CLOSED SESSION:

At 8:55 p.m. President Baker adjourned the meeting into closed session for conference with Real Property Negotiators (Chris DeGabriele and David Bentley), regarding purchase of property in West Marin (Government Code Section 54956.8).

Upon returning to open session President Baker stated that no action had been taken during closed session and staff had been given direction.

ADJOURNMENT

President Baker adjourned the meeting at 9:30 p.m.

Submitted by

Joyce S. Arnold
District Secretary