

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
March 17, 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, Rick Fraites and John Schoonover. Also present were General Manager Chris DeGabriele, Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Leonard Charles of Leonard Charles and Associates and District employees Robert Clark (Operations/Maintenance Superintendent) and Doug Moore (Construction/Maintenance Superintendent) 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 amended.

GENERAL MANAGER'S REPORT

Water Shortage

Mr. DeGabriele reported that the Department of Water Resources will hold several drought workshops in the State and that he will speak about the local retail agency response to the drought at the workshop in Santa Rosa. He said that conditions have changed since February and supply is ample in Stafford Lake and Lake Sonoma; however, for the third consecutive year, Lake Mendocino supply is problematic. Mr. DeGabriele stated that if there are ample diversions out of the Eel River into Lake Mendocino to bring storage to 60,000 acre feet before early June, and if that level can hold steady through June with releases through the remainder of the year similar to 2007 and 2008, there will be 21,000 acre feet left in Lake Mendocino – the lowest ever experienced. He advised that normal year conditions currently prevail on the Russian River, and that the Water Agency will petition the State Water Resources Control Board for interim relief from normal instream flow requirements. Mr. DeGabriele further advised that if normal year releases are required and no relief is granted, Lake Mendocino will go dry. He said it is expected that the Water Agency will file the Petition for Urgency Change in April and by the first of June will know if the request has been granted. He said that he is expecting an order by the State Board to reduce Russian River diversions by 20%, and for the last two years diversions have been reduced by 15%.

Mr. DeGabriele said he is working with the contractors to strategize the next steps and is encouraging the group to act cooperatively as they have done the last two years. He said it is more challenging to deliver the message this summer, especially with ample water in the Lake Sonoma. He said contractors will definitely be obligated to reduce Russian River deliveries. He said Stafford Lake is in good shape and he will keep Board apprised.

North Marin Breakfast Club

Mr. DeGabriele stated that he will attend the North Marin Breakfast Club on Friday, March 20 and make a presentation about the current water supply situation in Novato.

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 item was discussed:

Water Education Foundation Workshop

Director Fraites reported that he attended the Water Education Foundation Water 2009 workshop in Sacramento and would like to make a formal report to the Board at the next meeting.

MONTHLY PROGRESS REPORT

Mr. DeGabriele presented the Monthly Progress Report for February and stated that Novato water production was 2,100 million gallons year-to-date, down 2% from the previous year. He noted that January production of 107 million gallons is low and probably reflects a meter reading error at the Sonoma County Water Agency's Kastania meter and production is likely on par with last year. He noted that production is down from the previous four years. Mr. DeGabriele reported that West Marin production is up from last year by 9% and down from all other prior years. He stated that there was no production at Stafford Treatment Plant in February and operators are getting ready for start-up. The Recycled Water Facility is also getting ready to start-up. He informed the Board of plans to make a proposal to Novato Sanitary District for the North Marin Water District to operate the Recycled Water Facility. He said that the Recycled Water Facility is a water treatment facility and is more suited to the District's treatment plant operators. The District will then have control over the day-to-day operations.

Mr. DeGabriele reported that rainfall recorded at Stafford Lake showed that 16.9" of rain fell through February and that lake storage was 1,019 million gallons at the end of February. He noted that in Oceana Marin, the effluent flow volume in February is down from a year ago. He reported that in Safety and Liability, there was a lost day accident in February; and the injured employee is now back to work. Mr. DeGabriele stated that in Water Conservation approximately 7,000 toilets have been rebated or distributed since 1998. He reviewed the Summary of Complaints and Service Orders and said February complaints are down 34% from a year ago and down 18% for the year.

Mr. Bentley reported that the cash balance at the end of February was \$8.7M and the ratio of total cash balance to budgeted annual operating expense stands at 68%, as compared with the District's target of 90%. He stated that the portfolio rate was 2.56%; 3% was budgeted for the year.

CONSENT CALENDAR

On the motion of Director Petterle, seconded by Director Fraites and unanimously carried the following item was approved on the consent calendar:

HAMILTON POOL, CITY OF NOVATO

The Hamilton Pool project, located in Hamilton Field, consists of renovating the public pool facilities, removing existing cabana and bathhouse and construction of a new office/bathhouse building. The pool facility is currently served via Coast Guard private water mains downstream of the NMWD Coast Guard master meter. The existing connections to the Coast Guard private pipelines will be abandoned and water service to the project will be provided from the existing 12" main on Hangar Avenue.

New on-tract water facilities include 450 feet of pipe, one steamer hydrant, one 4-inch fire service, one 2-inch domestic water service, one 1 ½-inch irrigation service with a RPP backflow prevention device for the pool area and one 2-inch irrigation service with a RPP for the adjacent ball field (located within the same parcel). The irrigation system will be plumbed according to recycled water standards for future connection when recycled water is available.

The Board approved Resolution No. 09-12 entitled, "Authorization of Execution of Water Service Facilities Construction Agreement with the City of Novato."

ACTION CALENDAR

APPROVE: BUDGETED FY08/09 2ND FEED TO AMAROLI TANK - APPROVE BID ADVERTISEMENT FOR TRENCHLESS PIPELINE INSTALLATION

Mr. McIntyre stated that this project is to install approximately 1,400 feet of 16-inch waterline from Bel Marin Keys commercial area to tie into the existing line on Igloo Road that feeds Amaroli Tank. He said the Board is being asked to authorize the bid advertisement for one-half of

the pipeline installation. He advised that this portion of the pipeline will travel through the wetlands area adjacent to Pacheco Creek using trenchless technology to lessen the environmental impacts in the area. Mr. McIntyre stated that District crews will perform the open trench portion of the pipe installation on Igloo Road. He said that the contract award will be brought back to the Board on April 21 for approval and the project is expected to be completed in mid-June.

Director Fraites asked if the work would be guaranteed against cave-ins over a period of time. Mr. McIntyre said that the typical warranty period for pipeline installation work is one year and that trenchless technology minimizes the possibility of cave-ins as there is no open trench. He said the 20 foot depth of the pipeline will also help prevent cave-ins and that the pipeline will be installed in an undeveloped wetlands area.

On motion of Director Baker and seconded by Director Schoonover, the Board authorized the bid advertisement for trenchless pipe installation for the 2nd feed to the Amaroli Water Tank.

APPROVE: GALLAGHER WELLS AND PIPELINE PROJECT – REQUEST FOR AUTHORIZATION TO CONDUCT CEQA PUBLIC REVIEW

Mr. McIntyre reminded the Board that at the December 14, 2007 meeting, the Board authorized an agreement with Leonard Charles and Associates to conduct an environmental review for compliance with the California Environmental Quality Act (CEQA) for the Gallagher Wells and Pipeline Project. He said that the Administrative Draft Mitigated Negative Declaration and Initial Study was circulated to the State Water Resources Control Board and Salmon Protection Network and there was no comment from either party. He advised that staff is prepared to move forward with the 30-day public review period required by CEQA. He said that a public hearing is scheduled for May 19 and the Board will be asked to consider adoption of the Mitigated Negative Declaration at that time.

Mr. McIntyre reviewed the key elements of the project. Using an aerial view of the project area, he identified the Gallagher Well site and the proposed pipeline that will follow the Point Reyes – Petaluma Road from the Gallagher Well site to the Downey Well site where the pipeline will be tied into an existing pipeline and then will feed into the Point Reyes Treatment Plant. He said the rationale for construction of the original Gallagher Well was that it was far enough upstream on Lagunitas Creek to not be subject to the salinity intrusion problem experienced at the Point Reyes wells; however, there is no pipeline currently connecting the Gallagher Well to the treatment plant. Mr. McIntyre stated that the well produces 160-170 gallons per minute, and it is proposed that a second well be constructed with a production rate of 160-170 gallons per minute resulting in 300

gallons per minute capacity. He said that it may be possible to lower the total salinity levels by blending the water from the Gallagher site.

Mr. McIntyre said that this CEQA project also includes water rights and licenses for three different permitted locations where the water has been diverted in the past: Giacomini Ranch, Point Reyes Station and the Downey Well. He said the CEQA document eliminates the Giacomini Ranch site and the Downey Well site as points of diversion and all permits and licenses will reference the point of diversion as being the Coast Guard Wells and the Gallagher Wells. Mr. McIntyre informed the Board that the project cost is \$1.5M and since the West Marin ratepayers cannot afford that amount, it will be necessary to obtain State and Federal grants. He said that the benefit of moving forward with the CEQA document is that if there is any federal money available, it will be beneficial to have the document completed. He noted that this project is not included in the next fiscal year's budget.

Mr. Charles addressed the Board. He stated that most of the project is straight forward with standard mitigations of a pipeline project. He said an unusual component of the project is the abandonment of the Downey Well which sits in the middle of Lagunitas Creek and will require technical expertise to ensure that its removal is done correctly. Mr. Charles discussed the impact of the use of Lagunitas Creek and the potential reduced flows in a 1.8 mile stretch of the creek, and the beneficial impacts of the project as reducing the salt water intrusion and reducing the off-tide pumping of the Coast Guard wells. He said the Gallagher streamgauge will be moved downstream.

Director Rodoni said that giving up the right of diversion at the Giacomini Ranch makes sense as well as removing the Downey Well from the creek, and he questioned if it makes sense to give up the right to divert water at the Downey Well site and if there may be a significant reason to hold on to that right for future needs.

Mr. DeGabriele agreed and said that he will investigate maintaining the point of diversion for license and permitted rights at the Downey Well location, and the District would continue to abandon the existing well.

Director Rodoni said he would prefer to hold the public hearing in West Marin but understands that the meeting scheduled in Point Reyes is not until July; however, he would like the public hearing to be well-noticed in both West Marin newspapers to insure that the West Marin community is aware of the hearing.

On motion of Director Petterle and seconded by Director Baker, the Board authorized staff to initiate the CEQA 30-day public review period for the project and to schedule the public hearing

for May 19, 2009 at which time the Board will consider adoption of the Mitigated Negative Declaration.

Mr. Charles left the meeting at 8:15 p.m.

CONSIDER: PROPOSED WEST MARIN WATER RATE INCREASE & RATE STRUCTURE REVISIONS

Mr. Bentley provided information to the Board on the proposed West Marin water rate increase and revisions to the rate structure to commence August 1, 2009. He said the following changes include: implement a 9% rate increase; implement a 25% increase to the bi-monthly service charge; institute a \$2 per 1,000 gallon seasonal rate applicable to non-residential accounts from April 15 through October 15; revise the existing bi-monthly tier threshold from 56,100 gallons to 900 gallons per day; institute an additional tier rate of \$2 per 1,000 gallons applicable to residential water use in excess of 300 gallons per day. Mr. Bentley requested feedback from the Board.

Director Rodoni stated that 300 gallons per day is low for families and that it is not the intent of the tier to impact inside use. He said he would be more agreeable to 400 gallons per day for normal years and lower in dry years. Director Rodoni stated it is important to outreach to West Marin customers advising of the public hearing and the reasons for the proposed rate increase.

The Board concurred.

INFORMATION ITEMS

REVISED VEHICLES TAKEN HOME POLICY

Mr. DeGabriele stated that the subject policy revision is to address use of District vehicles during staff lunch hours and provide clarity for supervisors charged with enforcing the policy. He said the revision reflects the District's long-standing practice of vehicle use to conduct District business. He said that the Operations/Maintenance Superintendent was omitted from the list of employees authorized to take a vehicle home and will be added to the final policy, and the policy will come back for Board approval at the next meeting.

COMMENT LETTER ON WATER PROJECT DRAFT EIR

Mr. DeGabriele provided the Board with the District's comments on the Sonoma County Water Agency's Water Supply Transmission and Reliability Project Draft Environmental Impact Report. He said the comments were focused on the South Transmission and Reliability component and how the report meets the District's water supply requirements.

DRAFT AGENDA - COUNTYWIDE WATER INFRASTRUCTURE SUMMIT

Mr. DeGabriele advised that the Countywide Water Infrastructure Summit scheduled for April 15th is being proposed by the Marin Association of Realtors and he presented the draft agenda. He stated that Mr. McIntyre will attend to represent the District.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements (3/4/09 and 3/11/09), Letter to State Coastal Conservancy, and MMWD Action on Desalination Project Postponed.

The Board also received the following news articles: Energy plan linked to tax bills, "Normal" Water Year Declared by SCWA Water Rights Permits, Recycled water: A smart solution, Novato water rates expected to jump 25%, Water officials dispute declaring North Bay at 'normal' levels, No salmon up the creek, Opposition, consumer confusion delay desal decisions, PG&E declines role in Marin energy plan, Lake Mendocino stake holders in difficult situation, H2O to cost more, Lake Mendocino critically dry, yet more water being released, Water Releases Increased from Lake Mendocino to Comply with State Instream Flow Requirements.

ADJOURNMENT

President Rodoni adjourned the meeting at 8:35 p.m.

Submitted by

Renee Roberts
District Secretary