

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
May 5, 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, Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre, Acting General Manager. General Manager Chris DeGabriele was absent.

District legal counsel Carl Nelson, Novato Residents Ed Grundstrom and Stan Matsui, Wayne Mills representative of Cross Country HDI, San Rafael residents Robert Huntsberry, Bob Leedy, George Erickson and District employees Robert Clark (Operations/Maintenance Superintendent), and Doug Moore (Construction/Maintenance 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 presented.

**OPEN TIME**

President Rodoni asked if anyone in the audience wished to bring up an item not on the agenda and the following item was discussed:

Ed Grundstrom, Hatch Road, addressed the Board stating that he would be unable to attend the public hearing on May 26 and that he is opposing the 25% rate increase. He suggested the District "tightened its belt" to reduce the amount of the rate increase.

**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:

**Gallagher Wells and Pipeline Project**

Mr. McIntyre reported that the public comment period for the Gallagher Wells and Pipeline Project environmental review closed last week and that there were no comments received from state agencies. He further reported that comments received from the National Park Service and the Sierra Club were generally in support of the project. He said that Leonard Charles and Associates

will respond to the comments and will incorporate those comments into the final Mitigated Negative Declaration.

#### Grant Received from Department of Public Health

Mr. McIntyre stated that staff has applied for various state and federal grant funds for various projects, and it was learned today that a grant for \$75,000 from the Department of Public Health was awarded to the District to install a flow meter and check valve at the Stafford Treatment Plant to address cross-connection issues during backfeeding operations at Stafford Lake.

#### North Bay Water Reuse Authority Draft EIR

Mr. McIntyre reported that the Draft EIR related to recycled water expansion in Novato has been approved for release for public comment by the Sonoma County Water Agency. He said there is a public workshop scheduled for June 9 at the Margaret Todd Center.

#### Novato Clean and Green Day

Director Rodoni acknowledged the following people who volunteered at Novato Clean and Green Day on Saturday, April 25<sup>th</sup>: Drew McIntyre, Robert Clark, Doug Moore, David and Alex Bentley, Renee Roberts and Lauren Wayne.

#### **ACTION CALENDAR**

- **Reject:** Bay Pacific Pipeline's Bid as Non-Responsive for Budgeted FY 08/09 2nd Feed to Amaroli Tank
- **Award:** Construction Contract to Cross Country HDI for 2nd Feed to Amaroli Tank Project

Mr. McIntyre informed the Board that Carl Nelson, District legal counsel, was in the audience to answer any questions from the Board, and gave a brief overview of the 2<sup>nd</sup> Feed to Amaroli Tank Project. Mr. McIntyre said that three bids were opened on April 9, 2009 for the directional drill portion of the project and the apparent low bidder was Bay Pacific Pipeline, Inc. He said that after careful review of the bid documents, it was apparent that Bay Pacific did not conform to three requirements of the bid documents: Bay Pacific did not demonstrate five similar projects in last the three years; did not demonstrate that they successfully installed 16" or larger pipeline using directional drilling techniques; and did not provide a certification statement from the pipe manufacturer stating that they were approved to install the pipe. He said staff received a protest letter from the second low bidder, Cross Country HDI, citing the contested three points. He advised that this matter was referred to Carl Nelson; and it was Mr. Nelson's opinion that Bay Pacific's bid was non-responsive; and, further advised that Bay Pacific subsequent objections did not provide a proper basis for rejecting the bid submitted by Cross Country HDI. Mr. McIntyre said the difference

between the two low bids was \$4,000, and it is District legal counsel's recommendation that the Board reject the bid from Bay Pacific as being non-responsive and award the contract to Cross Country HDI for \$219,222 with a contingency of \$10,000.

On motion of Director Baker and seconded by Director Schoonover, the Board unanimously authorized staff to reject Bay Pacific Pipeline's bid as non-responsive.

On motion of Director Baker and seconded by Director Schoonover, the Board unanimously authorized the General Manager to execute an agreement with Cross Country HDI in the amount of \$219,222 with a contingency of \$10,000.

**APPROVE: SET PUBLIC HEARING TO RESCIND EMERGENCY WATER CONSERVATION ORDINANCE NO. 21 AND ADOPT EMERGENCY WATER CONSERVATION ORDINANCE NO. 22**

Mr. McIntyre advised that the District is currently operating under Phase 1 of the Emergency Water Conservation Ordinance No. 21 that became effective March 1, 2009 mandating 15% mandatory water conservation. He further advised that Ordinance 21 has a Phase 2 trigger to increase the mandatory water reduction to 25% should the Sonoma County Water Agency declare a critical dry year or a Stage 2 water emergency. He said as previously reported, rainfall in February provided enough inflow into Lake Pillsbury to require SCWA to declare a normal year even though storage levels in Lake Mendocino are critically low. Mr. McIntyre stated that SCWA requested a temporary impairment for reduced flows in the Russian River from the State Water Resources Control Board and the resulting State Water Board Order requires SCWA to reduce water deliveries from the Russian River by 25%. He advised that Jake Mackenzie, Chair of the WAC, will make a presentation to the State Water Board at a May 6, 2009 workshop in Sacramento and request that the SCWA's original request for 20% reduction be re-considered. He said that there will be a 20% or 25% reduction in water deliveries, and a public hearing is necessary to rescind Ordinance 21 and adopt Ordinance 22. He said that Ordinance 22 will change the Phase 2 trigger language to be based upon the State Water Board's Order.

On motion of Director Pettele and seconded by Director Fraites the Board unanimously approved to set a Public Hearing on May 19, 2009 to rescind Emergency Water Conservation Ordinance No. 21 and adopt Emergency Water Conservation Ordinance No. 22.

**APPROVE: REVISED INTER-AGENCY AGREEMENT FOR RECYCLED WATER BETWEEN NOVATO SANITARY DISTRICT AND NORTH MARIN WATER DISTRICT**

Mr. McIntyre stated that for the last two years the Recycled Water Facility has been operated by Novato Sanitary District and that the District has operated the distribution system and permitting for the facility. He said that the District was responsible for obtaining funding through the

State Revolving Fund (SRF) program to construct the Recycled Water Facility and that it was anticipated that once the recycled water plant was constructed, ownership would be transferred to NSD, but that SRF program requirements do not readily allow for this transfer. He said that the District is the permittee for all regulatory responsibility associated with the operation and the technology is more similar to water treatment than wastewater treatment. He said that after meeting with NSD, it was jointly agreed that the District take over the treatment as well as the distribution operations and the Inter-Agency Agreement has been revised to show North Marin Water District as producer and distributor of the recycled water. He said that NSD's Board has approved the agreement at their April 27, 2009 meeting.

On motion of Director Schoonover and seconded by Director Petterle, the Board unanimously approved the revised Interagency Agreement for Recycled Water between Novato Sanitary District and North Marin Water District.

**APPROVE: CHANGE ORDER TO CEQA CONSULTING SERVICES CONTRACT (STP SOLAR ENERGY PROJECT) – LEONARD CHARLES AND ASSOCIATES**

Mr. McIntyre stated the objective of the Stafford Treatment Plant Solar Energy Project was to offset energy consumption needs and costs associated with the operation of the Stafford Treatment Plant by installing solar panels. He stated that Leonard Charles and Associates was contracted to perform the environmental review work and the Draft Initial Study for the Stafford Treatment Plant Solar Energy Project was presented to the Board on October 7, 2008. That study identified an area approximately 600 ft west of Center Road as the most suitable location for the solar panels; and a public hearing was held on November 18 to consider adopting the Mitigated Negative Declaration for the project. Mr. McIntyre said that at that meeting several residents of the Center Road area expressed their concern about the noise, dust and aesthetics during construction and asked that the District consider alternate sites. He said after further investigations, an alternate site was selected and a public workshop to discuss the alternate site was held for area residents. He said this alternate site, on a hillside north of the 11<sup>th</sup> hole and 12<sup>th</sup> tee of the golf course, has a smaller footprint, has less visual impact to area residents and is closer to the treatment plant. He advised that story poles were erected on the new site, an article and editorial in the Novato Advance were published and that the District received four letters from people who use the golf course expressing of visual impact concerns.

Mr. Clark presented photo simulations of the solar panels at the alternate site from different vantage points. He stated that the solar panels would be visible from the 9<sup>th</sup>, 10<sup>th</sup>, 11<sup>th</sup>, 12<sup>th</sup> and 13<sup>th</sup> holes and that there will not be any glare or reflection into golfer's eyes caused by the solar panels.

Director Petterle said that after visiting the Las Gallinas Valley Sanitary District solar field, he felt more confident that glare will not be an issue for golfers. He said that, as a member of Indian Valley Golf Course, the impact on the golf course was a concern to him and he acknowledged the visual impact of the panels on the hillside. He opined that the time is ripe for this project to offset energy consumption of the treatment plant. He said he worked with staff and others to make sure the project was sited appropriately and have minimal impact on the golfers. He said there appears to be acceptance of the project by the golf course management.

Director Baker voiced his concern about security of the panels and that they be secure from theft. Mr. Clark responded that he fully intends to expand the security system to the solar panels.

Director Rodoni asked if the reduction in size of the number of panels makes it necessary to install additional panels at other locations to generate the same amount of energy. Mr. Clark said that the watts per panel were increased and the same kilowatt hours per year will be generated with the new configuration.

Bob Leedy, San Rafael, said he has been a member of IVGC since 1975 and asked why the project could not be moved closer to the plant. Mr. McIntyre said that the entire hillside was studied and mapped for landslides and other geological hazards and the alternate site is the only site that can be considered based on the analysis.

Robert Huntsberry, San Rafael, said that he felt the site is in a bad location and it will be a tremendous visual blight on hundreds of people who use the golf course. He said that he understands the report states that the solar panels will only supply 25% of electricity needed to run the treatment plant. Mr. McIntyre stated that the new site will generate 100% of the energy needed to run the plant.

George Eriksen, San Rafael, agreed that the golf course is in a pristine area and it is a shame to ruin the views.

Stan Matsui, Center Road, Novato, thanked the Board for considering the neighbors' concerns and moving the project site.

On motion of Director Schoonover and seconded by Director Fraites the Board unanimously authorized the General Manager to execute Change Order No. 1 to Leonard Charles and Associates in the amount of \$7,000 to revise the CEQA documentation based upon the alternate location near the 11<sup>th</sup> hole/12<sup>th</sup> tee.

## **INFORMATION ITEMS**

### **INITIAL REVIEW – FY 09/10 PROPOSED NOVATO OPERATIONS BUDGET**

Mr. Bentley presented the FY 09/10 proposed Novato Operations Budget for the Board's initial review and stated that the total budgeted expenditures is \$17.4M, 3% less than expenditures budgeted last fiscal year and that the "bottom line" deficit is \$293,000 compared to \$5.2M last year. He said included in this budget is an across-the-board 25% increase in water rates and a public hearing is scheduled on May 26. The proposed effective date of the rate increase is June 1, 2009. Mr. Bentley explained that the difference in the deficit, in addition to the rate increase, is due to \$1.6M in increased connection fee revenue based upon projected development, and a \$2M loan or grant for Phase 1 of the Stafford Treatment Plant Solar Project which will be constructed over two fiscal years. He further explained that there is \$1.4M less in capital improvements than the FY 09 budget. Mr. Bentley advised that also factored into the budget is the reduction in water sales. He explained that if customers cut their water use 15%, they will see a 9% increase. He said that the amount budgeted for water sales is 2.9 billion gallons, down 12% from last year and down 15% over the last 10 years. Mr. Bentley said that raw water rates are also proposed to increase 25%, however Phase 2 of the Water Conservation Emergency Ordinance will require that Indian Valley Golf Course and Marin County parks cut back 25% on water use; and therefore, their water cost will be less next year even with the rate increase.

Mr. Bentley advised that total operating expenditures are projected to increase 6%, source of supply is budgeted to increase 11% due to the 25% wholesale water cost increase, water treatment expense is budgeted to increase 9% and general administration will increase 5%. He noted that cost for retiree medical insurance will decrease next year and he has budgeted an 8% increase in group health insurance.

### **INITIAL REVIEW – FY 09/10 NOVATO RECYCLED WATER OPERATIONS BUDGET**

Mr. Bentley presented the Novato Recycled Water Operations Budget. He said that the budgeted water demand is 63MG next fiscal year and the 25% increase in the recycled water rate will add \$45,000 to the annual revenue. He said the budget projects a positive cash flow of \$55,000 which will be added to the Recycled Water Facility Replacement Fund. He advised that \$115,000 was calculated annually for the Recycled Water Facility Replacement Fund but that there was inadequate cash flow to add to the reserve in FY 09.

Director Rodoni queried if the costs to Stone Tree Golf Course should be increased to add funds to the replacement fund, and he suggested that a plan be put in place to generate repair and replacement funds for the recycled water facilities. Mr. Bentley explained that future water rate

increases will generate additional revenue. He added that Stone Tree Golf Course will not be affected by the Water Conservation Emergency Ordinance as recycled water use is not restricted.

Mr. McIntyre said that the way the recycled water budget is presented, the revenue from Stone Tree covers the cost for delivering recycled water to Stone Tree, but also covers costs for efforts to expand recycled water projects. He said that all costs are put into that the recycled water budget, but there is only one customer paying for it. Mr. McIntyre said if costs for the initial recycled water project are examined, Stone Tree is paying enough to cover those costs. He said staff is investigating other ways to fund the expansion of recycled water which will be needed for future water supply.

Mr. Bentley advised that the recycled water fund is maintained as a separate set of books to assure the operation is not subsidized by potable water ratepayers which generated a discussion on the pros and cons of consolidating the books.

### **THIRD QUARTER 2008/09 UPDATE – OPERATIONS/MAINTENANCE**

Mr. Clark provided the third quarter report for the Operations/Maintenance Department. He said the primary objectives for the department were to complete the shutdown of Stafford Treatment Plant, perform maintenance tasks and complete water quality reports to Department of Public Health. He said that 358 acre feet was backed into Stafford Lake to ensure sufficient water supply for the summer months; and the annual flushing program was curtailed to Zone 1 and Zone 2 saving 7M gallons of water. Water production at Stafford Treatment Plant is due to begin June 1<sup>st</sup>.

Mr. Clark said that in Oceana Marin, February showed a 30% increase of flow into the storage and treatment ponds from the previous month indicating that infiltration issues throughout the collection system continue. He said the most severe locations of root intrusions were identified and cleaned out and 15 feet of pipe was replaced.

Mr. Clark said asset management continues to be the focus in maintenance and that the hydrant database and map locations are being updated to correspond with District maps and the Mainscape process. He advised that Ms. Kessler is tabulating initial recurring maintenance work orders for all District facilities with a goal of having the Mainscape maintenance management software program track how much time is spent on maintenance at a particular facility.

Mr. Clark reported that the Electrical/Mechanical division is addressing AT&T interruptions in the communications line between Ignacio Valley tanks, pump stations and District central operations center.

Mr. Clark said that this quarter the fleet operations have completed evaluations of the Air Quality Control Board mandatory retrofit of diesel truck exhaust systems. He advised that because new diesel vehicles and the trucks retrofitted exhaust systems cannot run on bio-diesel fuel, use of bio-20 fuel will be phased out.

### **THIRD QUARTER IMPROVEMENT PROJECTS PROGRESS REPORT – ENGINEERING DEPARTMENT**

Mr. McIntyre stated that in Novato, the Improvement Projects expenditures are forecast to be approximately 82% of budget, and in West Marin's Improvement Projects expenditures are forecast to be 89% of budget. He advised that in Novato there are six projects anticipated to exceed the approved budget and four projects were added in the third quarter (Upsize Main on Plum Street, Upsize IVC Main – Future Looping, Aqueduct Relocation and STP Weather Station). He stated that some improvement projects are preventative maintenance in nature, and that one of those maintenance projects is service saddle replacements. Doug Moore showed the Board old service saddles that were taken out of the ground that were corroded and disintegrated and explained the procedure for replacement.

Mr. McIntyre stated that in West Marin only one project, the Replacement of Inverness Park Tank, exceeded the budget. He said the project is approximately 90% complete.

Mr. McIntyre ended his report by stating that labor hours for developer projects have trailed below budget while District projects labor hours are exceeding budget.

### **WATER CONSERVATION QUARTERLY UPDATE (JULY 2008 – MARCH 2009)**

Mr. McIntyre presented the Water Conservation Quarterly Update and stated that Water Smart Home Survey participation is up due to marketing efforts in the fall and may also be because of the water shortage and 15% water use restriction. He said that the Cash for Grass participation is almost double from last year and may be due to the increase in the rebate level and the water shortage awareness. High efficiency toilets rebates continue to increase for both residential and commercial.

### **NBWA – MEETING MAY 1, 2009**

Director Fraites stated that he was unable to attend the meeting.

### **WAC/TAC MEETING – MAY 4, 2009**

Mr. McIntyre stated that he and Director Rodoni attended the Water Advisory Committee meeting yesterday and provided highlights of the meeting. He reminded the Board that the Sonoma County Water Agency Board deferred action on the Temporary Impairment Resolution to allow the water contractors to meet. He said that Jake Mackenzie presented Chris DeGabriele's memo to the

WAC that requested the Agency not shut down collectors 1, 2 and 5 and the Wilford, Ely and Kastania booster pump stations and that these facilities should be in stand-by mode. He advised that SCWA staff stated that operations budget funding is not sufficient to allow operation of the facilities. Paul Kelley, SCWA Board member, said Agency staff will negotiate terms of the temporary impairment with the WAC. Mr. McIntyre stated that Director Rodoni pointed out that the SCWA Board resolution lacks any specific actions regarding the shut down of these facilities. He said there was much discussion followed by WAC direction to the Technical Advisory Committee to negotiate with SCWA staff regarding budget impacts associated with reduced water deliveries and curtailment of critical collectors and/or booster pump stations.

### **MISCELLANEOUS**

The Board received the following miscellaneous information: Disbursements, Postage Rate Increase, Letter from customer and response, Customer letter to editor.

The Board also received the following news articles: Santa Rosa to penalize heavy water users if drought worsens, Lester Snow and Timothy Quinn: Conservation is best, easiest water policy, Customers notified on water use restrictions, NMWD Employee Honored, Pages from the Past, Low snow, reservoir levels force rationing and Why does Sonoma get to see their water?

### **ADJOURNMENT**

President Rodoni adjourned the meeting at 9:54 p.m.

Submitted by

Renee Roberts  
District Secretary