

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
May 19, 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.

There were eight people in the audience including Leonard Charles of Leonard Charles and Associates, and District employees Robert Clark (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance Superintendent), Ryan Grisso (Water Conservation Coordinator) and Pablo Ramudo (Water Quality Supervisor).

**MINUTES**

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

**GENERAL MANAGER'S REPORT**

Mr. DeGabriele expressed his appreciation of Drew McIntyre and District staff for their support and good work during his absence.

Mr. DeGabriele reminded the Board that next Tuesday, May 26, 2009, there will be a special meeting to hold a public hearing to consider the proposed 25% water rate increase for the Novato Service Area.

**OPEN TIME**

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

Ed Grundstrom, Hatch Road, stated that he believed that the information in the customer letter sent to all Novato customers regarding the proposed 25% rate increase contained inaccuracies and that Novato residents are not being treated fairly. He stated that the District is the only Sonoma County Water Agency water contractor that is imposing mandatory water use restrictions and imposing a 25% rate increase. He said that water use has decreased 32% since

2004 and District revenue has increased. He is asking for a fair rate increase, and that in these difficult economic times, the District should “share the pain”.

Rodney Bosche, President of Indian Valley Association, Indian Valley Road, stated that consumption is down and asked if the District has plans of selling its extra water.

Director Petterle clarified for the audience the purpose of open time and that pursuant to the Brown Act, the Board could not respond to comments from the public as the subject of comments was not on the agenda.

Bob Abeling, Indian Valley Road, asked the Board to put restrictions on new development in Novato and Marin County. He stated that 5% or 10% increase in water rates is reasonable, but that 25% increase is too much. He stated that he has notified the District when he sees violations and suggested that the District develop the authority to enforce the prohibitions.

John Isaacs stated that because of the economy people are being encouraged to put in home vegetable gardens and that the water restrictions and rate increase will hurt those people.

#### **STAFF / DIRECTORS' REPORTS**

President Rodoni asked if staff or Directors wished to bring up an item not on the agenda and there was no response.

#### **WASHING MACHINE GIVEAWAY 2009**

President Rodoni drew the winning entry for the 2009 Washing Machine Giveaway. Robert Rhinehart's coupon was selected out of 500 entries.

#### **PUBLIC HEARING –ADOPTION OF ORDINANCE 22 AMENDING ORDINANCE 21-EMERGENCY WATER CONSERVATION ORDINANCE**

Mr. DeGabriele stated that this public hearing was contemplated in February when the Board approved the Emergency Water Conservation Ordinance 21 declaring a water shortage emergency in the Novato Service Area and imposing a mandatory 15% reduction in water waste and non-essential water use prohibitions. He explained that February rains provided enough inflow into Lake Pillsbury for normal year conditions to be declared on the Russian River; however, Lake Mendocino storage levels are 65% of capacity. He further explained that the normal year determination eliminated the triggering mechanisms for Phase 2 of Ordinance 21. He said that when normal year conditions on the Russian River were determined, the Sonoma County Water Agency (SCWA) petitioned State Water Resources Control Board (State Board) requesting relief from normal year flow requirements in order to prevent Lake Mendocino from going dry. Mr. DeGabriele said that the State Board issued a Temporary Urgency Change Order on April 6<sup>th</sup>

granting relief from normal year flow requirements, and required SCWA to reduce diversions from the Russian River by 25% and to implement further water conservation requirements. He said some of the more onerous requirements are being discussed with the State Board, but that the restriction on Russian River diversions will remain at 25% of 2004 diversions. Mr. DeGabriele said that Phase 2 of Ordinance 21 will now be tied to the State Board Order WR 2009-0027; and Ordinance 22 reflects the changes stated in the State Board Order including the effective date (June 1 through October 2). He said that Ordinance 22 establishes a threshold for which customers using less than 200 gallons per day will not be affected by the provisions of the ordinance requiring a 25% reduction in water use. Mr. DeGabriele stated that the ordinance does not impose water rationing.

Director Rodoni inquired what percentage of customers use less than 200 gallons per day and Mr. McIntyre responded 34%. Director Rodoni stated that the Board requested that that provision be inserted into the Ordinance 22 so that people who have been conserving water and using less than 200 gallons per day will not be penalized.

Mr. Grisso summarized restrictions in Phase 1 and noted that the new triggering mechanism for Phase 2 is tied to the State Board Order 2009-0027 and discussed the changes made to Phase 2 to comply with the State Board Order. He said that the effective date for Phase 2 restrictions is June 1 through October 2, 2009. Mr. Grisso reiterated that there is no water rationing.

Mr. DeGabriele pointed out that Ordinance 22 adds “teeth” to affect change of customers’ water use and said that violators will be noticed; and if the violator does not respond, service will be disconnected with a reconnection fee of \$100. He said the second violation will result in disconnection with a \$200 reconnection fee, and a flow restrictor will be installed on their water meter. He said that he believes that the 25% reduction in water use can be achieved through eliminating water waste and non-essential use prohibitions and stated that Stafford Lake is full and will run at full capacity during the summer months, but that customers’ help is needed.

Director Rodoni asked Mr. DeGabriele to explain what rationing would mean to Novato customers.

Mr. DeGabriele responded that rationing would be the next step if the 25% reduction in water use is not achieved and that each customer would be allocated a certain amount of water over a billing period. He added that he does not expect any rationing to occur this year.

President Rodoni opened the public hearing at 8:03 p.m.

Mr. Grundstrom commented that these measures are “draconian” and effects the health and safety of tenants who may be provided water but disregard the District’s prohibitions. He said landlords cannot disconnect a tenant’s water.

Rodney Bosche asked for clarification on the 200 gallons per day in relation to the 25% restriction.

Mr. Grisso responded that customers using 200 gallons or less per day would not be affected by the provisions of the ordinance requiring a 25% reduction, but would still be subject to the non-essential use and water waste prohibitions. He advised that those customers using drip irrigation can water during any time of day or night. He further advised that District staff will be patrolling and when violations are observed, the customer’s meter will be read to determine if the usage exceeds 25% of their 2004 water use.

Mike Foley, Indian Valley Road, asked how agriculture application fits in with the water restrictions and Mr. Grisso responded that it depends on the type of irrigation – drip irrigation is allowed but that overhead spray irrigation is not.

Director Rodoni stated that the District’s responsibility is to provide water for the health and safety of its customers not for irrigation or for livestock. He said that the District has been providing that service. He asked Mr. Grisso, for clarification purposes, that if a customer is using 600 gallons per day, the billing system would not flag the usage; however, if a complaint was registered or if District patrol noticed a violation, the meter would be read to see if the customer is using 25% less than their usage in 2004, and if not, the customer would be given a violation notice. Mr. Grisso said that was correct.

Bob Abeling, said that the Indian Valley Road area zoning consists of a minimum one acre to sixty acres and asked that specific usage amounts for certain types of zoning be considered especially for areas like Indian Valley or Black Point.

Hearing no other comments, President Rodoni closed the public hearing at 8:19 p.m.

Director Petterle commented that there have been 15% reductions in water use in the last two years and that this year a 25% reduction is proposed. He asked the General Manager to explain what the future holds for water supply in Novato.

Mr. DeGabriele said that water supply is driven by storage in Lake Mendocino. He said that diversions out of the Eel River have been reduced for protection of the fishery and that fish regulators want more water in the Eel River. He said that less Eel River water is diverted through PG&E’s Potter Valley Project into the Russian River and Lake Mendocino; and until that situation is

resolved, this will be a chronic problem for Sonoma, Mendocino and Marin Counties. Mr. DeGabriele advised that the Biological Opinion on the Russian River requires that there be improvements made to protect the fisheries in Dry Creek and once those improvements are in place, fuller access to Lake Sonoma will be available for diversion. The timeline is approximately 12 years; therefore, in the near term water supply will continue to be problematic, but there is a solution available for the long term.

Director Rodoni stated that the improvements to Dry Creek and other river systems are estimated to be \$165 Million at this time; and that another possibility is to construct a pipeline from Lake Sonoma along Dry Creek to the Russian River System and that the cost is estimated at \$700 Million. He said that Sonoma County Water Agency had requested 140,000 acre feet in diversions and will be able to deliver only 51,000 acre feet this year due to the conditions on the rivers and on the watershed. He stated that all District customers need to use water wisely and conserve and he urged that they take advantage of the District's water conservation programs.

On motion of Director Schoonover and seconded by Director Petterle, the Board unanimously approved Emergency Water Conservation Ordinance No. 22.

**PUBLIC HEARING – GALLAGHER WELLS AND PIPELINE PROJECT – CONSIDER ADOPTION OF MITIGATED NEGATIVE DECLARATION AND APPROVAL OF THE PROJECT**

Mr. McIntyre gave background information on the proposed Gallagher Wells and Pipeline Project and said that the Coast Guard Wells that supply water to West Marin are periodically subject to salinity intrusion and that there are two ways to address the salinity intrusion problems. He said that one option to address salinity intrusion is to install an inflatable dam in Lagunitas Creek to back up water over the Coast Guard wells; another option is to move the point of diversion upstream to the Gallagher Well site which is out of the influence of salinity intrusion. He noted that the current Gallagher Well (put into service in the 1990's) has a capacity of 170 gallons per minute and that the combined capacity of the Coast Guard wells is 550 gallons per minute. He said that the proposed project would construct one additional well at the Gallagher site and install a 12-inch pipeline down the Petaluma-Point Reyes which would connect the Gallagher well site to the Point Reyes Treatment Plant. Mr. McIntyre further advised that an application will be made to the State Water Resources Control Board to authorize the District to utilize the Gallagher Well site as another point of diversion. He noted that the currently authorized point of diversions are at the Downey Well and Coast Guard Well sites.

Mr. McIntyre further advised that once construction is complete, another aspect of the project is to address the impact that the new and existing wells would have on streamflows in that

vicinity of Lagunitas Creek. He advised that the existing US Geological Survey streamgauge is located upstream of the existing Gallagher Well site and that the proposed new well site would be downstream of the gauge. Mr. McIntyre further advised that the gauging station would be relocated downstream of the new well to record the impact of the well on the flows in the creek. He said that the National Park Service (NPS) staff expressed a concern that relocating the gauging station site to a new location would result in different reference data being collected. He said that the NPS requested that the existing gauging station be kept at least temporarily, in addition to the new gauging station to assure that there is no impact in the readings before the final determination is made. Mr. McIntyre advised that other comments received were minor. He stated that it is hoped that federal or state grant funds can be obtained to complete the project and that having all environmental requirements completed will be advantageous in that process. He said that this document can be used to help satisfy requirements when applying to the State Water Board for a new point of diversion at the new Gallagher well site.

Mr. McIntyre introduced Leonard Charles of Leonard Charles and Associates who is the District consultant hired to do the Initial Study and prepare the Mitigated Negative Declaration as required by CEQA.

Mr. Charles informed the Board that the project does not impose any significant impacts on the environment after mitigation. He said that mitigation measures for a project such as this are standard and addresses construction related impacts (e.g. dust, traffic control and noise). He further stated that other concerns would be archeological resources and geologic stability and erosion. Mr. Charles confirmed Mr. McIntyre's description and assessment of the project and added that Lagunitas Creek is one of the most important coho salmon creeks in the world; and that the 1.8 mile stretch from the Gallagher Well to the existing Coast Guard Wells is a very sensitive fish habitat. He stated that the additional well will have beneficial impacts on Lagunitas Creek because off-tide pumping will not be necessary to prevent salinity intrusion in the wells; and therefore, more instream flows would be available for the benefit of fish, wildlife and riparian habitat.

President Rodoni opened the public hearing at 8:45 p.m.

Novato resident Mike Foley asked if the District uses chlorine to treat the water and asked for an explanation of disinfection by products.

Pablo Ramudo said that sodium hypochlorite is used and he provided an explanation of disinfection by products.

Hearing nothing further, President Rodoni closed the public hearing at 8:47 p.m.

On motion of Director Petterle, seconded by Director Schoonover, the Board unanimously approved Resolution No. 09-15 entitled, "Resolution of the Board of Directors of North Marin Water District authorizing the adoption of a Mitigated Negative Declaration for the Gallagher Wells and Pipeline Project, making findings pursuant to the California Environmental Quality Act and directing the filing of a Notice of Determination."

On motion of Director Petterle, seconded by Director Fraites, the Board unanimously approved the Gallagher Wells and Pipeline Project including Mitigation Monitoring or Reporting Program.

On motion of Director Petterle, seconded by Director Baker, the Board unanimously approved authorization of staff to file the Notice of Determination with the Marin County Clerk.

**MONTHLY PROGRESS REPORT W/LAB QUARTERLY BACTERIOLOGICAL REPORT**

Mr. DeGabriele presented the Monthly Progress Report for April and stated that in Novato, water production is down 27% from one year ago and down 7% for the year; and in West Marin, production is down 19% since last year and up 5% for the year. He said that no water has been produced from Stafford Treatment Plant, but that the plant is scheduled for start-up on Tuesday, May 26. Mr. DeGabriele reported that recycled water production began in April and 8.8 million gallons were produced, up significantly from one year ago. He further reported that at the end of April, Stafford Lake held 1,349 million gallons. He stated that in Oceana Marin, there was no irrigation field discharge and freeboard levels are good going into the summer season. Mr. DeGabriele advised that staff worked 62 days without a lost time accident and that high efficiency toilets and clothes washer rebates continue to be popular. He said that no bacteriological samples tested positive and all chemical monitoring was within standards. Complaints were down 43% compared to last year and down 23% for the year.

Director Rodoni noted that water use in April was 10% more than the same period in 2004. Mr. DeGabriele agreed and stated that water use and production in the spring are variable depending on weather and that 2004 is the comparative year.

Mr. Bentley reported that at the end of April the District's Investment Portfolio was below \$8 Million, the cash balance decreased by \$756,362 and the market value increased by \$99,505. He said that the ratio of total cash balance to budgeted annual operating expense is 61% and that the District's target ratio is 90%.

**CONSENT CALENDAR**

**CONSENT – APPROVE TEXT FOR “WATER LINE” VOLUME 10, ISSUE 21**

Director Petterle requested that this item be removed from the consent calendar.

Director Petterle asked when the new District logo will appear on the “Water Line”. Mr. DeGabriele stated that the stationery with the new logo will be used beginning July 1 so that remaining stationery can be used up.

On motion of Director Petterle and seconded by Director Fraites the Board unanimously approved the text for the spring “Water Line”, Volume 10, Issue 21.

**ACTION CALENDAR**

**APPROVE: RATE INCREASE LETTER TO WEST MARIN WATER CUSTOMERS**

Mr. Bentley presented the draft letter to West Marin water customers advising of proposed increases to water rates effective August 1, 2009. He said it is necessary to get this letter to customers by Friday, May 22 pursuant to Prop 218’s 45-day notice requirement pertaining to water rate increases for the July 7, 2009 public hearing scheduled in Point Reyes Station.

Ed Grundstrom, Hatch Road, stated that Marin Municipal Water District’s notice of a rate increase included text that stated if 50% of ratepayers protest the rate increase, the proposed rate increase will not be enacted and said that, in the interest of fairness, North Marin Water District’s notice should state the same.

Mr. DeGabriele stated that the District has complied with the legal requirements of Prop 218 to notice all customers of a rate increase.

Director Rodoni said the letter has already been distributed to Novato customers, but that the statement can be added to the West Marin customer letter if the Board agrees.

Director Baker stated that the letter is fine and should be mailed as written.

Director Fraites said that he felt that, although he understood Director Baker’s position, Mr. Grundstrom makes a good point and that he would not object to that statement being added to the letter.

On motion of Director Baker and seconded by Director Petterle, the Board approved the West Marin customer letter advising of a proposed rate increase as written by the following vote:

Ayes: Directors Baker, Petterle, Rodoni, Schoonover

Noes: Director Fraites

Absent: None

Abstain: None

**INFORMATION ITEMS**

**THIRD QUARTER FY 08/09-WATER QUALITY REPORT**

Mr. Ramudo provided the FY 08/09 third quarter Water Quality Report. He advised that Stafford Lake was not used as a source of drinking water this quarter although chemical and mineral components monitoring were performed on a weekly basis; and microbiological activity was monitored on a monthly basis. He further advised that total algae numbers were down during the winter months and that an unnamed creek draining from the Grossi Dairy area had a high number of nutrients. He said that approximately 3% of drainage into the lake comes from this unnamed creek. Mr. Ramudo stated that there were no coliform positive samples and disinfection byproduct concentrations were well below the MCL in the Novato distribution system.

Mr. Ramudo reported that Pt. Reyes water continues to have salinity problems and that it is expected that Pt. Reyes water system will see saltwater intrusion at levels similar to last summer.

**SECOND REVIEW – PROPOSED FY 09/10 EQUIPMENT BUDGET**

Mr. Bentley said that there were no changes to the proposed FY09/10 Equipment Budget since the last review. The proposed budget totals \$281,000, down 9% from the adopted FY09 Equipment Budget and a public hearing is scheduled for June 16 to approve the budget.

**SECOND REVIEW – PROPOSED FY 09/10 & FY 10/11 IMPROVEMENT PROJECTS BUDGET**

Mr. Bentley advised that the only change since the last review is descriptive changes to the Water Conservation section of the budget and the total remains the same. He reported that the major projects are the Stafford Treatment Plant Solar Panel project, Crest Tank #2 and Zone A Pipeline to Ignacio Area.

**SECOND REVIEW – FY 09/10 PROPOSED NOVATO OPERATIONS BUDGET**

Mr. Bentley said that there was a change since the last review; there is a decrease of \$10,000 in retiree medical because two retirees have passed away. He said that the voluntary contribution to the Tomales Bay Watershed Council of \$1,000 was omitted and will be added to the final budget.

Mr. Bentley stated that the bottom line deficit which includes equipment and improvement projects and all revenue and expenditures, will be \$283,000; however, that does not include revenue budgeted from the proposed 25% rate increase. He said that water sales volume is budgeted at 2.9 billion gallons, down 12% from the current fiscal year and down 15% from the 10-year average. He advised that SCWA wholesale water rates have been increased 25% which adds

\$796,000 to the District's cost of purchased water. He summarized by stating that the total operating expenditures total \$745,000; the largest cost increase is in purchased water, the second largest cost increase is labor charges. He said that he continues to fine tune the budgets and will return on June 16 for approval at the public hearing.

**PRESENTATION RE PROPOSED NOVATO WATER RATE INCREASE**

Mr. Bentley conducted a draft run through of the proposed Novato water rate increase presentation for the public hearing scheduled for May 26, 2009 and solicited comments from the Board. His presentation included information on the Russian River water system, the State Water Resources Control Board's Temporary Urgency Change Order, major projects completed by the District, 2008 water consumption by sector and rate structure analysis.

Director Petterle asked that Mr. Bentley try to streamline his presentation and Director Schoonover suggested that he include recent water rate increases by other agencies with whom the District compares rates.

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

Mr. Bentley said that there has been no change to the Recycled Water Operations Budget since the last review. He said the District has taken on the operation of the Recycled Water Facility and that the rate for recycled water is subject to the 25% proposed rate increase.

**NORTH BAY WATER RECYCLING PROGRAM - RELEASE OF DRAFT ENVIRONMENTAL IMPACT REPORT AND SCHEDULED PUBLIC HEARING DATE**

Mr. McIntyre informed the Board that the Draft Environmental Impact Report (DEIR) for the North Bay Water Recycling Project was released to the public on May 5 and that there are three public meetings scheduled during the 45-day public comment period; the meeting for North Marin is scheduled for June 9 at the Margaret Todd Senior Center. He said that specific letters to owners of potential recycled water use sites and stakeholders will be mailed this week advising of the release of the DEIR and the public meeting. Mr. McIntyre advised that once the document review period ends and the document is certified to be complete, he will come back to the Board with written findings and a mitigation monitoring and reporting program based on specific NMWD and Novato Sanitary District (NSD) joint Phase 1 projects and that the NSD Board will do the same. He further advised that the District and the Las Gallinas Valley Sanitary District (LGVSD) will undergo a similar process for the NMWD and LGVSD joint Phase 1 Projects.

Director Schoonover said that he will attend the public meeting on June 9.

### **SWRCB WORKSHOP RUSSIAN RIVER TEMPORARY URGENCY CHANGE ORDER**

Mr. DeGabriele said that he was able to listen to the State Water Resources Control Board workshop on the Temporary Urgency Change Order on the Internet. He said he spoke with State Board staff and received clarification that there will be a 25% reduction in Russian River diversions compared to year 2004, that the commercial turf irrigation restriction will likely be rescinded and that the duration of the Order will be from June 1, 2009 to October 2, 2009.

### **SCWA WATER SUPPLY WORKSHOP**

Mr. DeGabriele informed the Board that Sonoma County Water Agency staff will attend the District's June 2 Board of Directors meeting to make a presentation on the Agency's strategic water supply issues.

Director Petterle suggested to the audience that this would be a good meeting to attend to gain understanding of the issues facing the District. He also suggested that the presentation be scheduled early in the meeting.

### **MISCELLANEOUS**

The Board received the following miscellaneous information: Disbursements, Marin Association of Realtors Letter dated April 27, 2009 and Letter from Customer.

The Board received the following news articles: MMWD rates will climb 8.25% Tuesday, Redwood Valley struggles with a lack of water for agriculture, Sanitary District loses \$514,000 to electronic fraud, Corte Madera Rejects Clean Energy Initiative, State Holds Fast on Russian River Water Conservation Orders, Disputed water tank site scrapped, Grand Jury urges six sewer districts to merge, 'Real' reasons for water hikes

### **ADJOURNMENT**

President Rodoni adjourned the meeting at 10:09 p.m. in memory of Dennis Peters, Jake Velloza and Shirley Paladini.

Submitted by

Renee Roberts  
District Secretary