

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
May 20, 2008**

**CALL TO ORDER**

President Fraites 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, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Tim Omarzu, Novato Advance (8:30), District employees Robert Clark (Facilities Maintenance Superintendent), Doug Moore (Construction Superintendent), Pablo Ramudo (Water Quality Supervisor), and Ryan Grisso (Water Conservation Coordinator) were in the audience.

**CLOSED SESSION**

President Fraites immediately adjourned the Board into Closed Session for: California Government Code Section 54957 - Public employee(s) appointment, performance evaluation – General Manager.

**OPEN SESSION**

Upon returning to regular session at 8 p.m., President Fraites stated that during the Closed Session the Board gave direction to the General Manager on a proposed staff reorganization and no reportable action had been taken.

**MINUTES**

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

**GENERAL MANAGER'S REPORT**

**Lawson's Landing**

Mr. DeGabriele reported that he wrote a letter to the County of Marin commenting on the Reconfigured and Reduced Use Master Plan Alternative for Lawson's Landing and that he and Drew McIntyre met with representatives of Lawson's Landing last week. He stated that the location for the proposed project's wastewater disposal would offer no economic advantage to the District's Oceana Marin operation to take on any additional responsibility for Lawson's Landing from a pumping standpoint. He further stated that his comment letter indicated that it would be appropriate

for there to be treatment and disposal capacity included in the Lawson's Landing project for the old Dillon Beach properties that are currently on old small septic systems.

#### North Bay Water Reuse Authority

Mr. DeGabriele advised that yesterday's North Bay Water Reuse Authority meeting included a recap of the stakeholder's meeting held May 7<sup>th</sup>, and which Director Schoonover had attended. He stated that the stakeholder's meeting was poorly attended and that there is not much public interest in the project. He said that a trip to Washington, DC by elected officials is proposed in July to advocate for enabling legislation that has not yet passed.

#### SEIU Decertification

The General Manager advised that represented employees overwhelmingly voted to decertify the SEIU union and that employees are now contemplating alternatives for employee representation.

#### **OPEN TIME**

President Fraites asked if anyone in the audience wished to bring up an item not on the agenda and there was none.

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

There were no staff or Directors' reports.

#### **WASHING MACHINE GIVEAWAY DRAWING**

Ryan Grisso said that the Fall *WaterLine* newsletter included an entry coupon for a front-loading, water-efficient washing machine giveaway and that over 500 entries were received. President Fraites drew the winning entrant for the Frigidaire front loading washing machine and the winner was District customer Steve Mayer.

#### **MONTHLY PROGRESS REPORT**

Mr. DeGabriele reviewed the Monthly Progress Report for April and said that water production in Novato was 309 million gallons, very similar to 2004 which was 310 million gallons; and down 7% in total water production from one year ago. He advised that the months of April, May and June typically have the most variable water use. Mr. DeGabriele reported that West Marin water production is down 15% and that Stafford Treatment Plant started up production in April and produced 64 million gallons for this spring season for a total of 537 million gallons through April and should hit the target production. He stated that Stafford Lake level is the same as last year; however, only 0.04" of rain fell in April. He said that in Oceana Marin, the irrigation field discharge continues and gaining freeboard in the storage ponds. He further reported that staff worked 149

days through April without a lost time accident and in the Auditor-Controller's Monthly Report of Investments shows that there are \$12M of reserves on hand. Mr. DeGabriele noted that the Summary of Complaints and Service Orders for April shows an overall increase of 73% in complaints, and increases in water quality and high bill complaints, service line and customers' leaks.

### **CONSENT CALENDAR**

On motion of Director Petterle, seconded by Director Schoonover and unanimously carried, the following items were approved on the Consent Calendar:

#### **CONSENT - APPROVE POLICY 41 – VEHICLE REPLACEMENT**

The Board approved Policy 41 – Vehicle Replacement.

#### **CONSENT - APPROVE TEXT FOR WEST MARIN WATERLINE, VOLUME 6, ISSUE 6**

The Board authorized the General Manager to approve the text and design of the Water Line, Volume 6, Issue 6 for West Marin.

### **ACTION CALENDAR**

#### **APPROVE: EMPLOYER ASSISTED HOUSING LOAN – VENEGAS**

Mr. Bentley advised that this item will be deferred as Mr. Venegas has made an offer on a home for the asking price and the owner has raised the price. He said that Mr. Venegas' request for a loan under the District's Employer Assisted Housing Loan will be brought back after he finds another house and his offer is accepted.

#### **APPROVE: DRAFT WATER CONSERVATION MASTER PLAN 2008**

Mr. Grisso presented the Draft Water Conservation Master Plan 2008 and provided highlights of the plan to the Board. He said that this plan continues the District's successful and innovative water conservation programs dating back to the 1970's. He stated that the plan includes a comprehensive public outreach program aimed at improving public awareness of water supply issues and water conservation programs. He reminded the Board that the District signed the California Urban Water Conservation Council MOU in 2001 and has successfully implemented all 14 BMPs associated with that MOU. Mr. Grisso stated that in 2005, District staff, along with the Sonoma County Water Agency and water contractors, worked on the Urban Water Management Plan Water Conservation Analysis and produced water savings projects and programs for achieving the year 2030 goal. He said that the District hired Maddaus Water Management to analyze current District Water Conservation Programs and Planned Marketing Solutions International (PMSI) to conduct a market penetration study of the District's residential outdoor programs.

Mr. Grisso said that public outreach and conservation marketing is an area to improve upon. He reported that PMSI conducted focus groups and focused on outdoor water conservation programs. He said that the two groups were separated according to water usage: one group using 600 to 1200 gallons per day and the other group using 1200 to 2400 gallons per day. He said the groups suggested "branding" the water conservation program "Water Smart" and to conduct a more aggressive campaign geared towards high water users.

There was a brief discussion. It was the consensus of the Board that Mr. Grisso conduct a workshop at a future date on the Water Conservation Master Plan 2008 so that the Board can learn all the details of the plan.

On motion of Director Schoonover and seconded by Director Petterle, and unanimously carried, the Board deferred action on the Draft Water Conservation Plan 2008 until after the Water Conservation Master Plan workshop.

Mr. DeGabriele acknowledged Mr. Grisso for the effort he put into the plan and for identifying how much water the District has saved to date.

**APPROVE: OCEANA MARIN CONTRACT OPERATIONS AND MAINTENANCE SERVICE**

Mr. Clark stated that the Board had authorized staff to negotiate the details of an Operations and Maintenance Services contract for the Oceana Marin Sewer System with Phillips and Associates. He said he met with Phillips and Associates and agreed upon elements that would be included in the contract. Mr. Clark provided information on the cost to the District to maintain Oceana Marin facilities over the last 3 years and said that the costs for the first year of the proposed contract is less but includes a one-time start-up fee of \$5,470. He advised that the cost of the contract is approximately \$5,000 below the three-year average annual costs and that the difference, along with a \$3,000 expense limit built into the contract, accounts for the past three average annual unknown repair costs. He further advised that this contract will keep costs at or just above the current District costs to perform the work. He said that if unplanned events occur costing above the \$3,000 limit, the District will pay for those costs. He said the contract specifies regular maintenance repairs on the collection system, lift station, pond areas and disposal fields. Mr. Clark advised that the contract being used is similar to the contract between the District and Phillips and Associates for the operation of the Tomales Facilities Operations and Maintenance and that legal counsel reviewed the contract and had no comment.

Mr. Clark addressed the Board's previous question on how staff hours currently budgeted for operating and maintaining the Oceana Marin facilities will be redistributed. He advised that the 603 hours that will not be spent on the Oceana Marin maintenance and operations will be

transferred to the maintenance and operation of the Stafford Treatment Plant, Novato distribution system maintenance and valve operations. He said if the Board approves the contract, the contract will go into effect on July 1, 2008.

Director Baker asked who customers will call in cases of emergency or maintenance needed. Mr. Clark responded that Phillips and Associates will respond to these calls. He said that he will continue representing the District at the Oceana Marin Homeowners Association and the District will continue the pipeline intrusion inspection projects and that the District will continue billing Oceana Marin customers.

On motion of Director Baker and seconded by Director Schoonover, the Board unanimously authorized the General Manager to enter into contract with Phillips and Associates for the Oceana Marin O&M services.

**APPROVE: SET PUBLIC HEARING TO CONSIDER INCREASE IN NOVATO FRC FEE**

Mr. Bentley stated that staff has updated the Novato Facility Reserve Charge (FRC) calculation and it shows the need for an increase of three times the current rate. He said this was determined by looking into the future 20 years and identifying which projects are necessary to serve new growth. He explained that District philosophy has always been that new development has to pay their own way and to not put that cost on the existing ratepayers. He further explained how he arrived at the new FRC rate of \$28,600 and explained why the proposed new rate has tripled that of the current FRC, last increased in 2005.

Mr. Bentley said that the major cost increases are the Recycled Water Plan, which adds \$12M, and the District's share of the SCWA project expenditures (\$9M), Water Conservation expenditures (\$2M) and \$2M for miscellaneous expenses. He explained that these projects are necessary to provide additional potable water to serve new development. Mr. Bentley advised that the other major factor responsible for the \$20,000 increase is that the projected EDUs of new demand decreased by 1,944. He said that the new factor used in determining commercial and government development into EDUs is 0.29 EDU/1,000 sq ft compared to a previous factor of 0.76 EDU/1,000 - a 62% reduction. He said that although the projected commercial and government development increased by 500,000 square feet in 2008, the conversion factor reduced the EDU demand by 1,950 (57%). Mr. Bentley stated that finally, projected residential development increased by 7 EDU, to 727 in 2008.

Mr. Bentley stated that staff recommends phasing in this large increase over two years. He said that a \$10,000 increase would be proposed in 2009 and the final \$10,000 in 2010. He advised that there is little development projected in the next two years and believes the phasing will not hurt

the District financially. He said that other charges will need to be increased as well, i.e. meter charge, service line charge and Reimbursement Fund Charge.

Director Petterle requested that staff provide the Board with a comparative fee structure for other agencies.

On motion of Director Petterle, seconded by Director Schoonover, and unanimously carried, the Board authorized staff to notify the Marin Builders Association and other interested parties, publish a notice in the local paper and schedule a public hearing for September 2, 2008, for a Facilities Reserve Charge increase to \$18,600 per EDU effective January 1, 2009, and \$28,600 per EDU effective January 1, 2010.

### **INFORMATION ITEMS**

#### **SECOND REVIEW – PROPOSED FY 08/09 EQUIPMENT BUDGET**

Mr. Bentley said that there have been no changes to the proposed FY 08/09 Equipment Budget since the last review and that the public hearing is set for June 17, 2008.

#### **SECOND REVIEW – PROPOSED FY 08/09 IMPROVEMENTS PROJECT BUDGET**

Mr. Bentley presented the proposed FY 08/09 Improvements Project Budget for the Board's second review. He advised that there has been one change since the initial review. He reported that the \$1,075,000 share for the Sonoma County Water Agency's South Transmission System Project has been removed. He said that the District has the option of making a cash payment to avoid financing and that since interest rates are low, financing is a good option at this time. He further advised that the proposed budget of \$6.7M includes nearly \$3M for the construction of the Palmer Dr. Tank.

#### **SECOND REVIEW – FY 2008/2009 PROPOSED NOVATO OPERATIONS BUDGET**

Mr. Bentley presented the proposed FY 2008/2009 Novato Operations Budget for the Board's second review and stated that staff has pared down the \$27M budget by \$9M as directed by the Board to reduce the proposed 15% across-the-board rate increase. He said that the reduction in the Improvement Projects Budget by \$8.9M over the next five years is accomplished by reducing the assumed expenditure rate to 65%, proposing financing of four projects if necessary, and deferring one project. He noted that each project proposed for financing will be brought to the Board for approval on a case-by-case basis. Mr. Bentley said that with these changes, an 11% water rate increase will generate \$850,000 in budgeted annual revenue and maintain a cash reserve of \$10M.

Director Baker asked if staff is in contact with the County of Marin and City of Novato about upcoming projects and Mr. McIntyre responded that staff contacts the county and city frequently about projects that may affect the District. He said staff is doing more outreach and not relying on the county or city notifying the District.

Director Fraites said he would like to see the solar project at Stafford Treatment Plant go forward as soon as it is possible and encouraged staff to not “abandon the goal.”

### **THIRD QUARTER PROGRESS REPORT – MAINTENANCE**

Mr. Clark presented the third quarter progress report for the Maintenance Department and provided a summary of Maintenance activities. He reported that District facilities were impacted by January storm events that caused two power outages and that it was necessary for the District to borrow emergency generators to continue providing service to customers. Mr. Clark said that a problem with the Mainscape software prevented an accurate number of recurring maintenance work orders generated; however, 307 new work orders were processed, 207 were closed and 143 work orders are being tracked. He informed the Board that the annual preventive maintenance program at Stafford Treatment Plant was completed. He stated that in the Electrical/Mechanical section, crew completed the generator building enclosure in Oceana Marin and he praised the E/M crew for diagnosing and repairing the Centrysis unit at the treatment plant even though the vendor could not. Mr. Clark said that the Building and Grounds crew were busy responding to several fallen trees on District property as a result of the severe storms, and the District received three new trucks for the fleet.

### **THIRD QUARTER PROGRESS REPORT – OPERATIONS**

Mr. Clark presented the Operations Department Third Quarter Progress Report and stated that rainfall this water year was 23.9”, normal for the year. He said that 4,693 acre feet of water went over the spillway from February to March and the goal is to capture more of that water next year. He said that the average daily production through the month of April was 5.5M gallons. Mr. Clark reported that during the annual shut down of Stafford Treatment Plant, 25 of 36 planned maintenance projects were completed.

Mr. Clark advised that West Marin systems were trouble-free with the exception of the two power failures caused by the severe storms, and that average daily water production was 180,000 gallons. He said that in Oceana Marin, an uncontrolled discharge in February occurred and that discharges to the irrigation field began in February.

### **THIRD QUARTER PROGRESS REPORT – WATER QUALITY**

Mr. Ramudo reported that Novato and Point Reyes water met all federal and state standards. He said that Stafford Lake was not used as a source of water for the third quarter; however, the lake water is monitored for microbiological activity, and chemical and mineral components. He said that there is a notable change in algae species in the water and also present were large numbers of the shelled amoeba *Diffugia*. Mr. Ramudo advised that the presence of these organisms are indicators that the quality of Stafford Lake raw water is good. Mr. Ramudo said that Point Reyes water quality was good and that salt water intrusion numbers were at baseline levels.

Mr. Ramudo advised that at Stafford Treatment Plant granular activated charcoal was changed in two of the four filter cells and coconut charcoal is being used instead of coal-based charcoal. He reported that the lowest TOC effluent numbers were recorded this quarter since monitoring began. He stated that in Point Reyes, water quality was excellent and that the chemical contact chamber that was added to the treatment plant in 2007 was used throughout the quarter. He reported that there were no coliform positive samples in Novato and Point Reyes and few complaints were received during the annual flushing program. Mr. Ramudo provided an update on the Laboratory Information Management System (LIMS) and stated that it has streamlined data handling and improved efficiency in the Lab.

### **THIRD QUARTER PROGRESS REPORT – ENGINEERING**

Mr. McIntyre stated that the Third Quarter Progress Report for Engineering includes all departments. He stated that the mid-year report identified expenditures for Novato were tracked significantly below budget and that the Palmer Drive Tank and the Stafford Lake Outlet Tower projects had been delayed. He reported that the two projects are now under construction and actual expenditures are trailing approximately \$4M, 65% of the deficit due to the delay in these projects. Mr. McIntyre reported on projects added to the Improvements Projects budget: Hillside Terrace Pipe Replacement; Reichert Avenue Upsize Mains; Trumbull Tank Drain Line Repair and Vineyard Creek Channel Enhancement. He advised that forecasted expenditures will be under 50% of original budget.

Mr. McIntyre stated that in West Marin, Improvements Project expenditures are close to 80% of original approved budget and that four projects were added: PRE 4" Steel Pipeline Replacement; Replace Inverness Park Tank; Integrated Coastal Water Management Plan Grant application and the Oceana Marin Sewer Pipeline Break. He reported that Engineering Department hours charged to developer projects has dropped off significantly and District job hours

are approximately 6% above budgeted hours. He stated that there has been a noticeable decrease in applications coming in, especially on the residential side.

**INCREASE ACCOUNTING STAFF HOURS TO ACCOMMODATE NEW AUDIT RISK BASED STANDARDS**

Mr. DeGabriele advised that new audit risk-based standards that must be followed by the outside auditor will require the accounting staff to close all books and reconcile accounts before the audit can start. He said that this will require additional staff time, estimated at \$25,000 and that he concurred with the Accounting Supervisor that the work should be performed now so as not to delay the audit. He said that the two part-time Senior Accountants will work full-time until the audit preparation work is completed.

**RUSSIAN RIVER DRY SPRING CONDITIONS**

Mr. DeGabriele reminded the Board that the Water Agency has not indicated that they will ask for relief of instream flow requirements on the Russian River due to the dry spring conditions. He said that there is concern about the amount of storage in Lake Mendocino and presented a chart indicating where the lake level is currently and what the projected level will be at the end of the season. He said there is 5,000 acre feet more in the lake today than last year and it appears that levels will fall off quickly. He advised that the Water Agency has asked the water contractors to advise what measures will be taken to conserve water and that he has convened the Water Conservation Sub-Committee to develop a coordinated approach for the summer. He said he would keep the Board apprised of the situation.

**MISCELLANEOUS**

The Board received the following miscellaneous items: Disbursements (5/7/08 and 5/14/08). Truck #22 Lemon Status, SEIU Decertification, Comment Letter to Community Development Agency, Tomales Bay Integrated Coastal Watershed Management Plan – Prop 50 Funding Application.

**ADJOURNMENT**

President Fraites adjourned the meeting at 9:48 p.m.

Submitted by

Renee Roberts  
District Secretary