

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
June 16, 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 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. Director Baker was absent.

Mr. Thomas Gerner, Leonard Charles of Leonard Charles & Associates and District employees Robert Clark (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance Superintendent), Dave Jackson (Associate Engineer), Carmela Chandrasekera (Associate Engineer), and Ryan Grisso (Water Conservation Coordinator) were in the audience.

MINUTES

On motion of Director Schoonover, seconded by Director Petterle and unanimously carried by those Directors present, the Board approved the minutes from the May 26, 2009 special meeting as presented.

On motion of Director Schoonover, seconded by Director Petterle and unanimously carried by those Directors present, the Board approved the minutes from the June 2, 2009 regular meeting as presented.

GENERAL MANAGER'S REPORT

Indian Valley Homeowners Association Meeting

Mr. DeGabriele announced that he will be attending the Indian Valley Homeowners Association meeting on Saturday, June 20, 2009 to address questions about the emergency water conservation ordinance and rate increase.

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.

HEARING/APROVE:

NOVATO WATER PROPOSED FY 09/10 EQUIPMENT BUDGET

Mr. Bentley presented the proposed Novato Water FY 09/10 Equipment Budget for the Board's final review and approval. He said that the Equipment Budget totals \$281,000 which is down 9% from last year's budget and major expenditures include \$110,000 for a new backhoe and \$68,000 for the purchase of three pickup trucks. He advised that there have been no changes since the proposed budget was first submitted for Board review.

Director Petterle asked that given the comments received at the special meeting if there has been any further consideration by staff to cut expenditures. Mr. Bentley responded that he and the Manager have had discussions but that the equipment budget remains the same as it was presented to the Board at the last review.

President Rodoni opened the public hearing and hearing no comment, closed the public hearing.

On motion of Director Schoonover and seconded by Director Fraites, and unanimously carried by those Directors present, the proposed FY 09/10 Equipment Budget for Novato Water was adopted as presented.

NOVATO WATER PROPOSED FY 09/10 IMPROVEMENT PROJECTS BUDGET

Mr. Bentley presented the Novato Water Proposed FY 09/10 Improvement Projects Budget and included the two-year expenditure plan. He said the proposed budget for FY 09/10 is \$5.2M for both Fiscal Year 10 and 11 and assumes a \$2M loan resulting in a net outlay of \$3.2M for each fiscal year, down 34% from the two-year plan presented last year and is in line with the District five-year financial plan. He advised that the five-year financial plan included a series of rate increases and that assumes \$3.2M of outlays each year over the next five years. He advised that the Improvements Project Budget has been cut back and will include a more reasonable number of projects expected to be completed this fiscal year. He said that if a specific project comes up that has not been budgeted, staff will come to the Board for approval to exchange projects. He identified major projects over the two-year period as the Stafford Treatment Plant Solar Project for \$4M; 1.5mg Crest Tank, Zone A Pipeline and \$1M budgeted for Water Conservation.

Director Petterle asked is there was any consideration to cut the improvement projects budget.

Mr. DeGabriele responded that the Board has seen the proposed budgets four times and staff has not received any direction from the Board to initiate changes. He said that there have

been minor changes resulting from the 20% rate increase, but staff is proposing the same Equipment, Improvement Projects, Operations and Recycled Water budgets as was previously presented for Board review.

Director Fraites asked if staff has explored the possibility of obtaining federal stimulus money for the solar project. Mr. McIntyre stated that Leonard Charles is revising the initial study and will come back to the Board in July with the Administrative Draft of the Initial Study for the new project site to allow the CEQA portion to be completed and the project would be considered “shovel ready.” He said that concurrently, applications have been submitted for federal funding assistance, but that none are strictly for solar projects.

Director Fraites asked what is being done to contain nutrient runoff on the Stafford Lake Watershed and Mr. DeGabriele stated that staff works with the Grossi Dairy and that the STRAW (Students and Teachers Restoring a Watershed) project this year helped to control the drainage through Stafford Lake Park.

Director Fraites questioned if the proposed \$10,000 to study Stafford Lake dredging is enough and should this project be accelerated. Mr. McIntyre stated that District staff will be utilized to perform the study at a lower cost; proposals received from outside consultants were approximately \$60,000.

President Rodoni opened the public hearing and hearing no comment, closed the public hearing.

On motion of Director Fraites and seconded by Director Petterle and unanimously carried by those Directors present, the Board adopted the proposed Novato Water FY 09/10 Improvement Projects Budget as presented.

NOVATO WATER PROPOSED FY 09/10 OPERATIONS BUDGET

Mr. Bentley advised that the Operations Budget incorporates the Novato Water Equipment and Improvement Projects Budgets totaling \$17.3M in budgeted expenditures. He said there were a number of changes since the last review: the reduction in the water rate increase from 25% to 20% took \$550,000 out of the projected water sales; revenue and expense to backfeed Stafford Lake for Marin Municipal Water District were moved back to FY 09; and increase in connection fee revenue of \$1.1M because Bio Marin failed to make application before the deadline. These changes added \$470,000 in increased revenue. He explained the factors in the \$24,000 reduction in projected expenditures. Mr. Bentley reported that the projected \$283,000 deficit has turned around to a projected surplus of \$243,000. He advised that the cost of Russian River water has

increased 25% and that staffing costs remain the same as last year with the exception of an additional 0.1 FTE.

President Rodoni opened the public hearing and hearing no comment, closed the public hearing.

Director Petterle inquired if, based on input from the public, staff recommends any changes to the Proposed FY 09/10 Operations Budget. Mr. Bentley replied no.

On motion of Director Schoonover and seconded by Director Petterle and unanimously carried by those Directors present, the Board adopted the proposed Novato Water FY 09/10 Operations Budget as presented.

On motion of Director Schoonover and seconded by Director Petterle and unanimously carried by those Directors present, the Board authorized the General Manager to pay demands arising from execution of the budgeted expenditure plan.

RECYCLED WATER PROPOSED FY 09/10 OPERATIONS BUDGET

Mr. Bentley stated that the expenditure plan for the Recycled Water Proposed FY 09/10 Operations Budget is \$484,000 and that there have been two changes since the last review by the Board. He said that the water rate increase for Recycled Water has been reduced from 25% to 20% which will take \$9,000 out of projected revenue for the Recycled Water Facility; and the \$244,000 Integrated Regional Water Management Plan Grant has not been received and will not be seen this fiscal year. He said that as a consequence, the \$273,000 debt service payment to the State Revolving Fund will be borrowed from the Novato Water until the funds are received from the State. Mr. Bentley said \$40,000 is budgeted for the District's share for the cost of completing the North Bay Water Reuse Authority EIR.

Director Petterle inquired if staff recommends any changes to the Proposed FY 09/10 Recycled Water Operations Budget. Mr. Bentley replied no.

President Rodoni opened the public hearing and hearing no comment, closed the public hearing.

On motion of Director Schoonover and seconded by Director Petterle and unanimously carried by those Directors present, the Board adopted the proposed Recycled Water FY 09/10 Operations Budget as presented.

On motion of Director Schoonover and seconded by Director Petterle and unanimously carried by those Directors present, the Board authorized the General Manager to pay demands arising from execution of the budgeted expenditure plan.

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:

North Bay Watershed Association

Director Fraites reported that he attended the North Bay Watershed Association meeting on June 5 wherein there was a very interesting presentation on the Drakes Bay Estero Watershed Restoration project.

Tomales Bay Watershed Council

Director Rodoni reported that he attended the Tomales Bay Watershed Council meeting today and that he participated in a KWMMR radio show on water conservation.

MONTHLY PROGRESS REPORT

Mr. DeGabriele reported that May water production in Novato was down 9% for the fiscal year through May and 24% from May 2008. He said that compared to 2004 (the metric that the State Water Resources Control Board is using for the Water Conservation target), April and May water demand is down 18%; the goal is 25% for the period April 6 through October 2. He further reported that in West Marin water production is up 2% fiscal year-to-date and down 23% from last May. Mr. DeGabriele advised that Stafford Treatment Plant production just began in May and is now producing over 5 million gallons per day twenty-four hours a day/seven days a week. He said that Recycled Water production is up and that District staff is now operating the facility. He advised that staff has worked 89 days without a lost time accident or injury and the summary of complaints shows that complaints are down 22% for May and 23% down fiscal year to date.

Mr. Bentley provided the Monthly Report of Investments and stated that at the end of May, there was \$7.3M in the bank, a \$700,000 decrease for the month of May. He advised that in May, the District sold its \$1M investment in Goldman Sachs to reduce the percentage of the portfolio held in corporate notes; and the portfolio rate was 2.3%.

CONSENT CALENDAR

At the request of Director Petterle, Agenda Item No. 9, Agreement with Pacific Gas & Electric for Clothes Washer Rebate Program, was pulled from the consent calendar for further

discussion. At the request of the General Manager, Agenda Item No. 11, Non-Residential 2009 Water Use Restrictions Letter, was also pulled from the consent calendar for further discussion.

On the motion of Director Petterle, seconded by Director Schoonover and unanimously carried by those Directors present, the following items were approved on the consent calendar:

LETTER RE OPPOSITION TO PROPOSED PROPERTY TAX SHIFT – WEST MARIN WATER AND OCEANA MARIN SEWER

The Board authorized President Rodoni to sign a letter to Assembly Member Jared Huffman opposing the State Legislative Analyst's recommendation to borrow a disproportionate share of property tax money from water and sewer districts.

NOTICE OF COMPLETION FOR PALMER DRIVE WATER TANK (PROVEN MANAGEMENT, INC.)

Pursuant to and in conformance with contract requirements for the Palmer Drive Water Tank project, the contractor has fulfilled their obligations and all work has been inspected by District staff and consultants. The Board authorized the General Manager to execute and file a Notice of Completion for the Palmer Drive Water Tank project.

AGREEMENT – PACIFIC GAS & ELECTRIC FOR CLOTHES WASHER REBATE PROGRAM

This item was removed from the consent calendar for discussion.

Mr. Grisso advised that Sonoma County Water Agency has dropped all water conservation funding for water contractors beginning July 1, including washer rebates; and consequently, the District is on its own to implement rebate programs, including clothes washers. He further advised that the District is negotiating a direct agreement with PG&E for implementation of the rebate program. Mr. Grisso reported that a second option is being developed by City of Santa Rosa to form a regional rebate program with the water contractors. He said this regional program would allow more flexibility and acknowledgement of District rebate dollars; however, the rebate amount would be lower and eligible washers would be restricted to only the most water efficient. He advised that staff is asking for Board approval to enter into an agreement with PG&E if it can be satisfactorily negotiated. He said this agreement calls for a \$125 per rebate District contribution. Mr. Grisso said that if the PG&E agreement is not realized, staff will return to the Board for approval of the regional rebate program and lower rebate amount.

Director Schoonover opined that it would be more meaningful to the customer to have a rebate check from the District than from PG&E.

Mr. DeGabriele stated that the Board is being asked to authorize the General Manager to enter into an agreement with PG&E. He said that if that agreement does not work, then the District

will consider the regional consortium although all water contractors will most likely not offer \$125 rebates. He said that staff is looking for consensus from the Board that if the agreement with PG&E does not happen, that staff will return to the Board for approval to join in with other contractors to form a regional program and to offer a lower rebate amount. Director Rodoni said he would not like to see the total rebate amount (PG&E plus District) to drop below \$150, and he would like the regional program to be competitive with other Bay Area cities.

Director Petterle asked for clarification of the \$45,000 financial impact, and Mr. Grisso replied that that is the rebate value - \$125 for each rebate plus one-half the processing costs and that this amount is included in the Improvement Projects Budget just approved by the Board.

Director Petterle commented that the financial impact of requested Board authorizations should be clear. He said that in this case, the financial impact is stated as \$45,000 with a \$15,000 contingency; therefore, the Board is being asked to authorize \$60,000. Mr. DeGabriele stated that he concurred and staff will incorporate that suggestion in future "Financial Impact" information.

On motion of Director Petterle, seconded by Director Fraites and unanimously carried by those Directors present, the Board approved and authorized the General Manager to enter into an agreement with PG&E for implementation of the Clothes Washer Rebate Program with a not-to-exceed contract amount of \$45,000, with any future amendments not-to-exceed \$15,000 without approval and authorization from the General Manager.

There was consensus of the Board that if it is decided to participate in a regional program, a \$75 rebate will be acceptable; and staff will come back to the Board for approval.

AGREEMENT WITH AQUAMETRICS, LLC FOR LARGE LANDSCAPE WATER AUDIT PROGRAM

As of July 1, 2009, Sonoma County Water Agency is ending the funding agreement and will no longer be offering any water conservation assistance to the District, including the large landscape audits. In an effort to continue the large landscape audit offerings, staff has negotiated an agreement with AquaMetrics, LLC for performing large landscape audits in the District service areas for FY 09/10. The Board approved and authorized the General Manager to enter into an Agreement with AquaMetrics LLC for implementation of the Large Landscape Water Audit Program with the contract amount not to exceed \$10,500.

NON-RESIDENTIAL 2009 WATER USE RESTRICTIONS LETTER

This item was removed from the consent calendar for discussion.

Mr. Grisso stated that he wanted to make the Board aware that the recent State Water Resources Control Board order called for complete restriction of commercial irrigation of turf unless 75% of the water budget amount used by the customer during the corresponding billing period in 2004 is maintained. He said that District Ordinance 22 specifies a 25% reduction and is more restrictive than the State Board's order. Mr. Grisso stated that the letter advises non-residential customers, including dedicated irrigation meters accounts, that this reduction is mandated.

Director Rodoni stated that commercial accounts are required to cut back 25%; however, they could still irrigate turf as long as their water use is 75% of their 2004 usage. He cautioned that the District may receive calls about this.

Mr. DeGabriele concurred and said that was the reason for pulling the item off the consent calendar so that the Board would be aware of this.

Director Petterle suggested that the letter identify "other Russian River users."

On motion of Director Petterle, seconded by Director Schoonover and unanimously carried by those Directors present, the Board authorized the General Manager to send the proposed letter to all non-residential District customers as amended.

ACTION CALENDAR

CONSIDER: REQUEST FOR EXTENSION OF TIME TO PAY CONNECTION FEES – GERNER LAND DIVISION

Mr. McIntyre stated that the Water Service Agreement for the Gerner Land Division project was approved in January 2009 and that the applicant has requested more time to make financial arrangements to still be eligible for 2008 connection fees and that the deadline to make financial arrangements is June 16, 2009 in concert with other Water Service Agreements approved at the 2008 rates. He said that all Water Service Agreements that were approved in January, February or March had the same deadline. He provided a history of the parcel and said that the Board has approved an agreement three times over the past 25 years with various applicants. Mr. McIntyre stated that Mr. and Mrs. Gerner made application in 2006 for a water service agreement, but they did not have land use approval at that time and the agreement expired. He further stated that in January 2008, the Gerner's obtained land use approval and District staff updated the cost and prepared the agreement, but that the applicant was not ready to move forward and the application was not taken to the Board. He said in December 2008, since there was no activity on the project, the applicant was notified that the District was closing the job and the applicant responded by asking that an updated Water Service Agreement be brought before the Board for consideration.

He said that the Board approved the agreement in January 2009 including a requirement to complete financial arrangements by June 16, 2009 to retain 2008 connection fees.

Mr. McIntyre stated that staff has received requests from more than one applicant for an extension of time to meet the requirement to retain the 2008 connection fees and that those requests have been denied at the staff level. He reminded the Board that the decision was made to phase in the connection fee increase to lessen the impact of the full connection fee increase on applicants. He said that staff recommends that the Board deny Mr. Gerner's request as it is not fair to other applicants who requested and were denied extensions; and District regulations do not define conditions that must be met to qualify for special concessions.

Mr. Gerner addressed the Board and provided background information leading up to his request for an extension of time to make financial arrangements. He said he needs the extra time to close a deal on the sale of the property and that the increased fees may kill the deal. He said he understands the rules; however, he felt that a three month extension may give him enough time to sell the property. He said he was in danger of losing \$300,000.

Director Schoonover said that he is concerned that granting a three-month extension would be setting a precedent.

Director Petterle said that other people have been denied their requests for an extension.

Director Rodoni explained that the District has to be very careful in setting precedence. He said that if the extension was granted, an applicant for a pending application could demand the same extension which could cost the District and its customers hundreds of thousands of dollars.

Director Schoonover made a motion to grant the three-month extension of time to pay connection fees previously in effect pursuant to Regulation 1(c) in 2008.

Director Fraites seconded the motion.

The motion failed by the following vote:

AYES: Directors Fraites and Schoonover

NOES: Directors Petterle and Rodoni

ABSENT: Director Baker

ABSTAIN: None

The existing water service agreement for the Gerner Land Division remains in place and since financial arrangements, including connection fees, have not been made pursuant to the agreement terms, 2009 connection fees are now applicable.

APPROVE: REVISIONS TO EMPLOYER-EMPLOYEE RELATIONS POLICY

Mr. DeGabriele presented the draft revised Employer-Employee Relations Policy and stated that the changes will be required in order to accept the North Marin Water District Employee Association's petition for representation of District employees. He advised that he shared the revisions with the association and he received their comments today. He said that in addition to minor changes, the comment that there should be only one bargaining unit is contrary with the way the policy now reads. Mr. DeGabriele said that the petition includes supervisory employees and that the Board needs to consider whether supervisory employees should be in their own bargaining unit. He stated that when the Board approves the revised policy, the association may reissue the petition for consideration by the District to be the sole representative of District employees.

Mr. DeGabriele stated that the Board is being asked to either approve the policy with revisions or to defer action until the next meeting.

It was consensus of the Board to defer action on the Employer-Employee Relations Policy Revision until the next regular board meeting on July 7, 2009.

APPROVE: PURCHASE OF FY10 INSURANCE

Mr. Bentley stated that there is a 2% increase over last year for the insurance purchase package that includes Property, Error/Omissions, Umbrella Liability, Employee Fidelity Bond and Workers' Compensation. He said that the District's broker, SST Fenner Insurance, solicited proposals from four insurance companies and that staff is requesting Board to approve the Travelers Insurance package and the umbrella liability provided by Insurance Co. of Pennsylvania.

On motion of Director Petterle, seconded by Director Fraites and unanimously carried by those Directors present, the Board approved the recommended purchase package of Travelers Insurance and Insurance Co. of Pennsylvania.

APPROVE: CREST TANK #2 REQUEST AUTHORIZATION TO CONDUCT CEQA PUBLIC REVIEW

Mr. McIntyre stated that a budgeted improvement project for this fiscal year is the Environmental Impact Review of Crest Tank and is requesting Board authorization to initiate a 30-day public review and set a public hearing date of August 18, 2009 to consider adoption of the Mitigated Negative Declaration. He advised the Board that Carmela Chandrasekera, Associate

Engineer, will make a presentation on the project; and Leonard Charles of Leonard Charles & Associates will provide more detail on the preparation of the Initial Study.

Ms. Chandrasekera provided a Power Point presentation with a map and an explanation of the project. She said that when the first Crest Tank was constructed in 1965, space was set aside for an additional 1.5 mg tank and that the current project objective is to increase storage from 0.5 mg to 1 mg to increase reliability and fire protection in the service area. She said that residents were invited to a scoping meeting in February, storey poles were erected, notices were placed on the site of the existing tank and all residents within a 0.5 mile radius were noticed of the project. She said that six residents attended the scoping meeting and a written response was received from one resident. Ms. Chandrasekera provided a project timeline identifying a Fall 2010 completion date and showed photo simulations of tank placement from different vantage points.

Mr. Charles stated that there were two primary concerns raised at the scoping meeting: 1) that residents on Mira Loma wanted assurance that the tank would not be visually intrusive; and 2) that the recently paved roadway on Laguna Vista and Cerro Crest not be damaged by construction traffic. He said that the city will inspect the pavement after construction is completed and if there are any cracks the District will repair the pavement and that two to five homes on Laguna Vista may see the top of the tank even though there will be trees blocking the lower two-thirds of the tank. He suggested that trees be planted along the south edge and facing Laguna Vista to mitigate views from homes to the south. He said that project impacts are limited to short-term construction related impacts and a biological resources impact concerning nesting barn owls has been identified and will be safely mitigated and the owls will be undisturbed during nesting periods.

Director Petterle asked what species of tree would be recommended and Mr. Charles responded that he is recommending interior live oak. Director Petterle commented that he liked the color of the Center Road tank and Mr. McIntyre said that the Crest Tank would be painted the same color.

On motion of Director Petterle and seconded by Director Fraites and unanimously carried by those Directors present the Board authorized staff to initiate the California Environmental Quality Act 30-day public review period and scheduled the public hearing for August 18, 2009.

INFORMATION ITEMS

SCWA WATER TRANSMISSION SYSTEM TEMPORARY IMPAIRMENT ALLOCATION

Mr. DeGabriele advised that Sonoma County Water Agency Board adopted an allocation of water deliveries from the water transmission system for summer months. He further advised that in April, the Water Agency declared the transmission system temporarily impaired due to budgetary

constraints. He said that as in past years, contractors have agreed to work collectively and collaboratively to reduce Russian River deliveries and support the Water Agency to meet their obligations as ordered by the State Board. The Water Agency developed an allocation pursuant to the Restructured Agreement requirements and the contractors received allocation information on June 9th. He advised that the Restructured Agreement says that if contractors come up with an alternate allocation that they have unanimously approved, the Water Agency would use that allocation. He said that circa 1999-2000, there was not enough delivery capacity in the transmission system, but since Collector 6 has come on line, there has been ample pipeline capacity to meet contractors' needs. He said that now the Water Agency cannot meet their increased contractual obligations and all contractors are now faced with limits on how much water can be conveyed down Dry Creek. He pointed out that there is no allocation for Marin Municipal Water District because the Water Agency declared the transmission system temporarily impaired. He opined that it would be a better approach to declare the Russian River system impaired; however, if the Russian River system was declared impaired, Marin Municipal would be included in the allocation because they paid for 14,300 acre feet of water stored in Lake Sonoma. He said that although Marin Municipal has not paid for the facilities to deliver water, they have paid extra on the water rate for delivery, but they do not have a delivery entitlement. Mr. DeGabriele said he asked District legal counsel whether the Water Agency had gone beyond its authority interpreting the State Board's Order that the 25% target goal for water conservation in Sonoma County can be applied to all water used from both local supply and Russian River supply. He advised that legal counsel said no, that they (legal counsel) interpreted the State Board Order to be in concert with the Restructured Agreement and applies to the agency's service area. Mr. DeGabriele said the contractors remain united and will continue to work on allocations appropriate for the contractors and will expect the WAC's approval in the future.

Mr. DeGabriele advised that Stafford Treatment Plant is operating at its maximum capacity and producing over five millions gallons per day. He further advised that Kastania pump station is not operating; delivery is by gravity but that North Marin maintains operational control and will turn the pumps on if necessary. He said that Marin Municipal deliveries have been cut back from six million gallons per day to four million gallons per day.

ADDITIONAL REVIEW WEST MARIN WATER AND OCEANA MARIN SEWER BUDGETS

Mr. Bentley presented the West Marin Water and Oceana Marin Sewer Budgets for their second review and advised that letters have been sent to customers and potential developers inviting them to the public hearing scheduled for July 7th at Point Reyes Station. He said that in the

West Marin Water System, a 9% increase in commodity rates and 25% increase in the service charge has been proposed along with a new tier rate for residential customers and a seasonal rate for non-residential customers between June 15th and October 1st. He advised that a 140% increase in connection fees for West Marin Water customers and a 69% increase in connection fees in Oceana Marin are proposed. There is no increase in Oceana Marin monthly charge proposed.

Mr. Bentley reported that major projects for West Marin Water are \$100,000 to replace the old 2" galvanized pipe in Paradise Ranch Estates; \$75,000 for piping changes to storage tanks to minimize seismic event damage and \$50,000 to plan, design and locate land to purchase for construction of a 100,000 gallon solids-handling tank near the water treatment plant.

Mr. Bentley said that two major projects proposed for Oceana Marin are \$20,000 to integrate Old Dillon Lift Station and disposal pond remote alarm into the SCADA system and \$15,000 to continue collection system infiltration repairs.

Mr. Bentley advised that assuming the Board adopts the proposed rate increases and assuming outside funding will be secured to construct the Gallagher Pipeline and Treatment Plant Rehabilitation projects, the total debt owed to Novato Water will be fully repaid by FY 13. He said that Oceana Marin will have a cash balance of \$400,000 at the end of FY 14.

STAFFORD LAKE OUTLET TOWER – PROJECT STATUS

David Jackson provided the Board with an update on the Stafford Lake Outlet Tower project. He said he is pleased with the end result, and that the operation of the gates passed the Division of Safety of Dams (DSOD) inspection. Mr. McIntyre added that it was the DSOD's annual inspection report that commented on the deficiencies of the old system and that the scour gate was inoperable for years. Mr. Jackson said that it was the DSOD review of the gate replacement project that required the seismic upgrade of the tower that increased the scope of the project. Mr. Jackson showed photos of the construction and explained the project details.

Mr. McIntyre said that the project required specialty work including underwater diving and the project presented many challenges. He thanked Dave Jackson, who has had previous dam experience and expertise, for doing a good job on this project.

ACWA REGION 1 CALL FOR NOMINATIONS

Mr. DeGabriele announced that the ACWA Region 1 is calling for nominations to serve on their Board of Directors and asked if any director is interested in serving on the ACWA board to let him know.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements, Surviving the Current Water Shortage, Letter from customer (Koch), Letter to customer (Grundstrom), SCWA Press Release – “Save Our Water” Campaign Kicks Off.

The Board received the following news articles: Report: Desal plant is not needed, Feds release plan to protect Chinook salmon.

ADJOURNMENT

President Rodoni adjourned the meeting at 9:39 p.m.

Submitted by

Renee Roberts
District Secretary