

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
June 27, 2006**

CALL TO ORDER

President Schoonover called the regular meeting of the Board of Directors of North Marin Water District to order at 7:30 p.m. at the Dance Palace, Point Reyes Station 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 L. Bentley and Chief Engineer Drew McIntyre. Director Rick Frites was absent.

District employees Robert Clark (Facilities Maintenance Superintendent), Mike McMaster (Operations Superintendent), Gordon Bennett, representing the Sierra Club, and West Marin resident, Trish Carro, were in the audience.

GENERAL MANAGER'S REPORT

Office Relocation

The General Manager reported that he met with the City of Novato to discuss the relocation of District offices and was given a list of possible locations in the north and south areas of Novato. He reported that the Golden Gate Bridge District has signed a similar agreement with the City to investigate relocation of their bus maintenance yard adjacent to the District property. Mr. DeGabriele said that he asked the City to present a timetable to the District in July.

National Park Service Meeting

Mr. DeGabriele stated that he, Drew McIntyre and Mike McMaster met with staff from the National Park Service to discuss the Giacomini Wetlands Restoration Project and that the environmental impact report will be released this fall. He stated that the NPS has done a good job studying the issue of salinity intrusion associated with the project, but there is nothing conclusive at this time.

Frontier Contracting Meeting

Mr. DeGabriele stated that he and Drew McIntyre met with the Stafford Treatment Plant contractor, Frontier Contracting, and that it was a cordial meeting. He stated that the Board and staff will hold a closed session at the July 18th Board meeting to discuss the issues.

General Manager's Absence

The Manager advised the Board that he will be on vacation from July 3 through July 7 and that the Auditor-Controller will be the acting General Manager during that period.

OPEN TIME

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

Recycled Water Project

Mr. McIntyre reported that the contractor for the Recycled Water Project Pipeline installation, Maggiora & Ghilotti, has installed 90% of the 8" pipeline on Atherton as of today. He stated that they are working 12-hour days and install 400-500 feet per day. He said that by the end of the week, the Atherton Avenue portion of the project will be finished and then the contractor will begin traversing through the pasture, ending at the proposed Sanitary District recycled water treatment plant site. He also reported that the contractor is applying hot mix AC on the trench as they proceed and when the installation is complete, the contractor will apply the final layer.

ACTION CALENDAR

PUBLIC HEARING - WEST MARIN WATER BUDGET FY 06/07

Mr. Bentley stated that this is the third review of the West Marin Water Budget. He said a 6% increase for most of West Marin water customers and a connection fee increase is proposed. He stated that the water rate increase will cost the typical customer about \$2 per month, that the connection fee will double to \$9,500 per equivalent unit and a commensurate increase in the Reimbursement Fund Charge is proposed. He explained that the Reimbursement Fund Charge is a charge the District collects from developers to reimburse prior developers who install pipeline facilities that benefit others. He said that although this does not impact the budget, the District will be able to reimburse the developers of two major West Marin projects, the Affordable Housing Project and the Vallejo Avenue project.

Mr. Bentley reviewed the \$717,000 Improvements Projects Budget that includes \$150,000 to upgrade Inverness Park pump station; \$70,000 replacement of the treatment plant chemical feed line and contact tank; \$20,000 to upgrade the chlorine booster in the Paradise Ranch Estate tank No.1. He stated that an inter-district loan from Novato to West Marin in the amount of \$170,000 will be necessary because West Marin does not generate enough revenue to fund these projects. He said that operating expenditures will increase 1% from current budget and that even with the increase, the typical West Marin customer's annual cost will be less than what other coastal area residents pay for water service.

Mr. Bentley said that there are three recommendations before the Board: Amend Regulation 1 to increase the connection fee and Reimbursement Fund Charges, Amend Regulation 54 to increase the proposed commodity rate and approve the FY 06-07 West Marin Water budget.

President Schoonover opened the public hearing.

Gordon Bennett, 40 Sunnyside Drive, Inverness, CA, said that he is representing the Sierra Club and urged the Board to move in the direction of a conservation incentive rate structure, whereas the District's existing rate structure is based on elevation and increases are allocated equally. He stated that he hopes the District will change the way future water rate increases are allocated and to base rate increases on use rather than elevation. The conservation incentive rate now only reaches 3% of the customers and the Sierra Club would like to see a lower tier level that would affect more people. He said that it will help conserve water and will keep the cost low for low income customers.

Trish Callo, 40 Redwood Drive, Point Reyes Station stated she was attending the meeting to address the timeline of the implementation of the connection fee increase. She stated that July 1 does not give people enough time to submit their application for water service. She said that her project is currently in design review and if the effective date were August 1, she would have a chance to complete the District application.

Director Rodoni stated that at the last meeting he proposed an effective date of August 1 for the proposed connection fee increase and the Board had concurred.

Hearing nothing further, President Schoonover closed the public hearing.

Director Baker moved that the Board approve Resolution 06-28 entitled, "Resolution of the Board of Directors of North Marin Water District, Amending Regulation 1 – New Service Connections" with an effective date of August 1, 2006; Resolution 06-29 entitled, "Resolution of the Board of Directors of North Marin Water District Amending Regulation 54 – Water Rates" effective July 1, 2006; and the FY 06/07 West Marin Water Operating and Improvement Project Budget. The motion was seconded by Director Rodoni and he requested an opportunity to comment.

Director Rodoni thanked Mr. Bennett and the Environmental Action Committee of West Marin for their comments and said that there has been much interest in West Marin tier rates. He said the first tier captured the few high users and there is a need to add additional tiers so that all customers, not just residential, are affected. Director Rodoni said he would be willing to work with Mr. Bennett and staff on developing a tier rate that would work for the West Marin community.

The Board, by those members present, unanimously approved Resolution 1, Resolution 54 and the West Marin Water Operating and Improvement Project Budget.

PUBLIC HEARING - OCEANA MARIN SEWER FY 06/07

Mr. Bentley presented the Oceana Marin Sewer System proposed budget for the Board's final review and approval. He stated that a connection fee increase in Oceana Marin is proposed that will raise the fee to \$9,000. He stated that the connection fee calculation looks out ten years and incorporates the need for expansion of the irrigation field at a projected cost of \$226,000. He stated that no monthly sewer service charge increase is proposed. Mr. Bentley said that major improvement projects for this system include \$35,000 to enclose the lift station generator; \$21,000 to replace the lift station variable frequency drive; \$4,000 to prepare and solicit proposals for contract operation of the sewer system. He said that the operating expenditures for next year's budget will decrease 3% from the current year estimated actual.

President Schoonover opened the public meeting and hearing nothing, closed the public hearing.

Director Rodoni stated that the effective date should be changed to August 1, 2006 as discussed during the previous meeting.

On motion of Director Rodoni and seconded by Director Baker and unanimously carried by those present, the Board approved Resolution No. 06-30 entitled, "Resolution of the Board of Directors of North Marin Water District Amending Resolution 109 Oceana Marin Sewer Service – Rates and Charges" effective August 1, 2006.

On motion of Director Rodoni and seconded by Director Baker and unanimously carried by those present, the Board approved the FY 06/07 Oceana Marin Sewer Budget as proposed.

PUBLIC HEARING - WATER CONSERVATION REGULATION 17 (WEST MARIN)

Mr. DeGabriele stated that the proposed revisions to Regulation 17 are consistent with Regulation 15 - Novato Water Conservation changes that include: additional water efficiency requirements for new development; eliminating rebates for ultra-low flow toilets; increasing the Cash for Grass rebate for lawn removal projects using native low water use plants for replacement landscapes; requiring Retrofit on Resale properties to use 2.0 gallons per minute showerheads and 1.5 gallons per minute sink aerators; and adding large landscape water efficiency rebates.

President Schoonover opened the public hearing and hearing nothing, closed the public hearing.

Director Rodoni stated that he was extremely proud of the District's water conservation program and that he extends his compliments to Ryan Grisso and all District staff.

On motion of Director Baker and seconded by Director Petterle, and unanimously carried by those present, the Board approved Resolution No. 06-31 entitled, "Revision of North Marin Water District Regulation 17 - Water Conservation – West Marin Service Area," approved the revised Resolution 06-02 entitled, "The North Marin Water District Board of Directors Setting Water Conservation Rebate Amounts for West Marin Service Area," and rescinded Resolution 04-29 entitled, "The North Marin Water District Board of Directors Setting Water Conservation Rebate Amounts for West Marin Service Area," effective July 1, 2006.

OCEANA MARIN MASTER PLAN UPDATE

Mr. McIntyre stated that in August 2005, the Board approved a contract with Bracewell Engineering for a Long Range Master Plan Update of the Oceana Marin Wastewater System that was precipitated by the proposed Parcel K development. He stated that the master plan update was paid for by the developers of Parcel K to better assess the impact Parcel K homes would have on the Oceana Marin Wastewater System. Mr. McIntyre stated that the number of units in the Parcel K project development has decreased from thirty-four single-family homes to fourteen. He said that the existing facilities that were designed for ultimate build-out, are in good shape though there are some improvements that are identified in the plan update. Mr. McIntyre stated that the report recommends continuing efforts to reduce infiltration and inflow, concludes that the treatment system is adequately sized for build-out and that improvements are necessary in the disposal system. He also provided the Board with key improvement suggestions by Bracewell and that those recommendations have been incorporated into the Oceana Marin 5-year Improvement Projects Plan at a combined estimated cost of \$315,000. These costs will be generated by the connection fee increase and the monthly sewer service charge.

On motion of Director Baker, seconded by Director Rodoni, and unanimously carried by those present, the Board approved the Long-Range Master Plan Update for Oceana Marin Wastewater System.

CONSENT CALENDAR

Director Rodoni requested that item number 7, Disbursements be removed from the Consent Calendar for discussion.

DISBURSEMENTS

Director Rodoni stated that he objected to Line Item # 12, Director Baker's compensation request for the June 6 consultant interview, and stated that the meeting was one hour in length and

occurred the same date as a regular Board meeting. He requested a review of District Board Compensation Policy.

On motion of Director Petterle and seconded by Director Baker, the Board approved payroll and accounts payable vouchers totaling \$692,594.76 and estimated overheaded payroll for July of \$263,000 by the following vote:

AYES: Directors Baker, Petterle, Schoonover
NOES: Director Rodoni
ABSTAIN: None
ABSENT: Director Fraites

INFORMATION ITEMS

WEST MARIN WATER LONG RANGE IMPROVEMENT PLAN UPDATE

Mr. McIntyre provided the Board with an update on the West Marin Water Long Range Improvement Plan, and provided information on on-going projects. He stated that the following Phase 1 projects have been completed: PRE Tank 3 replacement; PRE pump station and controls and improvements; Bear Valley pump station upgrade; Pt. Reyes Tank 1 replacement; Olema Tank replacement; tank seismic upgrades; and parallel 8" main in Highway 1 and that total costs to date for these projects are \$1.4M expended over the past five years. Mr. McIntyre also provided the Board with a list of future long-range improvements projects.

MAIN/SERVICE BREAKS REPORT

Mr. DeGabriele reported on the large main and service breaks that occurred in Novato and West Marin respectively. He stated that on June 6, 2006 a 12" cast iron water main failed near the intersection of Rowland Avenue and Novato Boulevard and that crews discovered a 12" x 6" piece of pipe blown out as well as a 15 foot longitudinal crack on top of the pipe. He reported that on June 11, the on-call person was informed of a service lateral leak in the middle of State Route 1 in Pt. Reyes. Mr. DeGabriele said that the leak was not found and that a temporary service hook up from the adjacent property neighbor was made and that crews had to return the following day to put in a new service under State Route 1.

COMMUNITY CHOICE AGGREGATION

Robert Clark updated the Board on the Marin County demonstration project for Community Choice Aggregation and stated that the County wants to continue pursuing formation of a CCA which would enable the County to be a bulk purchaser of electrical power. He stated that he is not convinced that the formation of a CCA will reduce the District's energy costs and recommended that the District continue working with PG&E on energy reduction plans and conservation opportunities.

MISCELLANEOUS

The Board received the following Miscellaneous items: Review of Scheduled Agenda Items, Letter to Customer Re Service Charge, Oceana Marin Association General Membership Meeting Agenda. The Board also received the following news articles: Cities Alerted About Dam Leak (6/22), Pages from the Past (6/21), Water Series focuses on California (6/21), County, Biodiesel Firm Explore Collaboration (6/19), New Homes Going 'Green' (6/19), New Water Plant Could Mean Rate Increase for W. Marin (6/15).

ADJOURNMENT

President Schoonover adjourned the meeting at 8:45 p.m.

Submitted by

Renee Roberts
District Secretary