

**NORTH MARIN WATER DISTRICT  
MINUTES OF REGULAR MEETING  
OF THE BOARD OF DIRECTORS  
July 19, 2011**

**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 District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Steve Petterle and Dennis Rodoni. Also present were General Manager Chris DeGabriele, Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

Pat Collins and Carrie Lukasic of Winzler-Kelly, Attorney Barbara Schussman, and District employees Robert Clark (Operations/Maintenance Superintendent) and Doug Moore (Construction/Maintenance Superintendent) were in the audience.

**MINUTES**

On motion of Director Rodoni, seconded by Director Fraites the Board approved the minutes from the previous meeting as presented by the following vote:

AYES: Directors Fraites, Rodoni, Schoonover

NOES: None

ABSTAIN: Directors Baker, Petterle

ABSENT: None

**GENERAL MANAGER'S REPORT**

**Marin County Local Coastal Program**

Mr. DeGabriele reported that he attended a presentation of the Marin County Local Coastal Program (LCP) in Point Reyes Station on Monday night. He said that this is the first time the LCP has been updated since the early 1980's. He advised that District comments were not corrected in regards to the requirement that new development in Dillon Beach tie into available sewer main if within 400 feet. He said that this is a concern to the District, and he commented to that effect at last night's meeting. Mr. DeGabriele stated that there is a new policy to prohibit desalination; and even though desalination is not contemplated at this time, he opined that the District comment that desalination not be prohibited but should be authorized if there is a water quality requirement. He said that the text in the LCP regarding District West Marin facilities has not been updated, and he will provide the updated information to the County. Mr. DeGabriele informed the Board that there

will be an item on the next Board of Directors meeting agenda regarding District comments on the LCP Amendments.

#### General Manager Vacation

Mr. DeGabriele notified the Board that he will be on vacation from Thursday, July 21 through August 1, 2011 and that David Bentley will be acting General Manager. He advised that he will be unable to attend the WAC meeting on August 1, 2011.

#### **OPEN TIME**

President Schoonover asked if anyone in the audience wished to bring up an item not on the agenda and there was no response.

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

President Schoonover asked if staff or Directors wished to bring up an item not on the agenda and the following items were discussed:

#### Compliments to Crew

Director Baker complimented the construction crew on their traffic control at the South Novato Blvd/Rowland Blvd intersection as part of the 12-inch cast-iron water main replacement project.

#### Director on Vacation

Director Petterle advised that he will be on vacation the week of August 1 and may miss the August 2 meeting.

#### North Bay Watershed Association Update

Director Fraites stated that he attended the North Bay Watershed Association meeting wherein during a discussion on wetland restoration, it was mentioned that Port Sonoma is dredging the river and depositing the dredging spoils on nearby agricultural land resulting in increased elevation and there is speculation of possible development. He asked if the District would be obligated to provide water service should development occur. Mr. DeGabriele responded that Port Sonoma has had a temporary service since the 1970's and the property lies outside of the District's service territory; and therefore, the District is under no obligation to serve development in that area. He stated that the dredging operation has been permitted by Sonoma County. He advised that he and Mr. McIntyre have talked about converting Port Sonoma's existing temporary service to an outside service.

Director Baker also noted that the owner of McLellan Paving (situated within the Port Sonoma complex) has recently passed away and requested that staff verify that the successor owner(s) understand the nature/limitations of the water supply provided by North Marin Water District.

**PUBLIC HEARING/APPROVE – FINAL ENVIRONMENTAL IMPACT REPORT – AQUEDUCT ENERGY EFFICIENCY PROJECT**

Drew McIntyre stated that the Board is being asked to consider certification of the Final Environmental Impact Report (EIR) for the Aqueduct Energy Efficiency (AEE) Project and to approve the project. He acknowledged Pat Collins and Carrie Lukasic of Winzler-Kelly and Barbara Schussman, CEQA attorney engaged by District Legal Counsel, who are in the audience tonight. He stated that he will provide an overview of the project and that Ms. Collins will review the CEQA process and answer any questions from the Board.

Mr. McIntyre referred to a map of the project and stated that the AEE Project will encompass the segment of NMWD aqueduct from Redwood Landfill to Kastania Pump Station. He said that the project will be implemented at the time of the Caltrans Marin-Sonoma Narrows project which requires about 20,000 feet of pipeline to be relocated. He said that because the Caltrans project requires relocation of the aqueduct, it makes sense to upsize the pipe at the same time. He explained that in addition to the Caltrans segments, to have a continuous project to meet District objectives, there are connector segments to bridge gaps near San Antonio Road, and another near Kastania Road. He said that once complete the project will allow gravity flow from point of connection with Sonoma County Water Agency at the Kastania Pump Station into Novato thereby eliminating the operation of the pump station at Kastania. Mr. McIntyre stated that the pipe diameter will be upsized from 30" to 42" in the relocation segments; and in the connector segments, there will be 36" diameter parallel pipe installed. He said that the current delivery capacity has been 18 mgd and the AEE Project capacity will remain the same under gravity flow. He said the upsizing cost totals approximately \$8M versus a total pipeline project cost of \$25M; therefore, there is significant savings by dovetailing this project with the Caltrans project. He advised that the project cannot move forward until the Board has an opportunity to consider the Environmental Impact Report which is before the Board tonight.

Mr. McIntyre presented a PowerPoint presentation of the AEE Project description and objectives. He said the project objectives includes elimination of energy use at Kastania Pump Station, elimination of greenhouse gases associated with the operation of the pump station, elimination of on-going O&M costs that the District pays a portion of and elimination of any future

capital replacement costs. He said that by doing this project in concert with the Caltrans' Marin-Sonoma Narrows Project, the District will take advantage of the economy of scale and cost-savings because Caltrans will be paying the bulk of the cost associated with this project. Mr. McIntyre stated that delivery reliability is improved by eliminating the need for Kastania Pump Station to deliver the water and that there will be a physical separation of the aqueduct at the pump station.

Director Fraitas asked if it would be feasible to install a pipeline off of the aqueduct to service potential growth in the Marin-Sonoma Narrows project area?

Mr. McIntyre stated that District service territory stops at the Marin-Sonoma Boundary at San Antonio Creek so there would not be an expansion of service in Sonoma County since that the District is not obligated to serve outside of its territory.

Director Fraitas asked that even if the District is not obliged to serve outside of its territory, could it?

Mr. DeGabriele responded yes if the customer outside the territory requested service and the Board approved the request. He said that District policy states that it would have to coordinate with Sonoma County and Marin County LAFCOs and other entities in the two counties.

Director Petterle asked what prevents a future District Board from determining that capacity needs to be increased and thereby approve retrofitting Kastania Pump Station again.

Mr. McIntyre responded that if the pump station were to be redesigned for higher capacity it would need to go through a new environmental review. Mr. DeGabriele added that additional delivery entitlement and additional facilities to deliver the additional entitlement water to Kastania from Sonoma County Water Agency would also need approval.

Mr. McIntyre introduced Pat Collins of Winzler & Kelly who provided an overview of the EIR process that included the Notice of Preparation, Scoping Meeting, Public Hearing on the Draft EIR and circulation of the document for agency and public 45-day review and comment; and the final EIR is now before the Board for certification. She summarized the impacts and project alternatives identified in the Draft Environmental Impact Report. Ms. Collins advised that comment letters were received from the State Clearinghouse, California State Department of Fish and Game, Caltrans, Sonoma County Water Agency, and North Coast Rivers Alliance (NCRA) and she summarized the comments and responses. Ms. Collins informed the Board that the NCRA disagreed with the Draft EIR's determination that the project will not be growth inducing.

Director Rodoni stated that if the EIR does not address NCRA's concern should the NCRA go to court over this issue, is there a "quick fix" for that?

Ms. Collins responded that there would not be a “quick fix”; she opined that it may be required to recirculate the Draft EIR and go through another comment period. She said growth inducement was not analyzed in the Draft EIR.

Barbara Schussman, addressing Director Rodoni’s concern, stated that the District does not have water rights to serve more than what is currently being served and the pipeline is not increasing in capacity.

Ms. Collins advised that the new SCWA 2010 Urban Water Management Plan is very definitive about Agency plans and there are no plans to expand water rights for planned growth.

Director Fraites asked how many trees will be removed for the project. Ms. Collins said that she did not know the exact number but there will be two locations where trees may be removed: Kastania Road if this alignment often is used, and in the south end in the vicinity of the Redwood Landfill interchange.

Director Fraites stated that the tree replacement ratio for tree mitigation is 3:1 and he inquired about the replacement sites.

Ms. Collins responded that the tree replacement sites may be moved to other areas along the 101 corridor that are biologically able to support the new trees at the 3:1 ratio.

Mr. DeGabriele added that in the south area, those trees would be affected whether the AEE Project moved forward or not since the trees lie 100% within the Caltrans project.

Ms. Collins stated that all requirements for the final EIR have been met.

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

On motion of Director Petterle, seconded by Director Baker, the Board unanimously approved Resolution No. 11-20 entitled, “A Resolution of the Board of Directors of North Marin Water District to Certify the Final EIR and Adopt the California Environmental Quality Act Findings, Mitigation Measures, and Mitigation Monitoring Program for the Proposed North Marin Water District Aqueduct Energy Efficiency Project and to Approve the North Marin Water District Aqueduct Energy Efficiency Project.” Under the same vote, the Board authorized the General Manager to file a Notice of Determination with the County Clerk and Office of Planning and Research.

Mr. McIntyre expressed his thanks to Barbara Schussman in providing CEQA support for this project and conveyed Ms. Schussman’s gratitude to Ms. Collins and Carrie Lukasic for providing the necessary information to make her review run smoothly and efficiently.

Mr. DeGabriele thanked the Board for certifying the EIR and acknowledged Mr. McIntyre's hard work on this project and said that the project is a real "milestone" for the District.

**MONTHLY PROGRESS REPORT W/QUARTERLY CUSTOMER SERVICE QUESTIONNAIRE**

Mr. DeGabriele presented the June Monthly Progress Report that includes all of FY 11. He stated that water production in Novato is up 5% from a year ago, but down 20% from FY 06/07; West Marin production is up 2% and down 30% from FY 06/07. He said that Stafford Treatment Plant production is up significantly due to water production while the lake was spilling. Mr. DeGabriele advised that water conservation rebate programs for the high efficiency toilets and washing machines remain popular, and the summary of customer complaints and service orders are about the same as last year with the exception of increases in consumer line leaks and maintenance repairs. He said the Customer Service Questionnaire reveals that 96% of customers are satisfied with District performance; however, only 20% of questionnaires mailed are returned.

David Bentley provided the Auditor-Controller's Monthly Report of Investments and noted that as of June 30<sup>th</sup> the District's investment portfolio had a cash balance of \$4.4M. He advised that the cash balance decreased by \$1.3M primarily due to the State Revolving Fund loan principle and interest payment and payments for the Recycled Water and Crest Tanks Projects. He said that for the year, the cash balance declined \$2.1M and is in line with the Five-Year Financial Plan. Mr. Bentley stated that the ratio of total cash to budgeted annual operating expense stands at 34% compared to the District's target ratio of 90%. He advised that at the end of June, 46% of the District's portfolio was invested in California's Local Agency Investment Fund (LAIF) and 46% in Time Certificates of Deposit in Novato banks.

The Auditor-Controller informed the Board that based upon approval of the Aqueduct Energy Efficiency Project, staff will bring to the Board a request for approval of the loan agreement with Bank of Marin for \$8M to finance the project. He said that Bank of Marin is offering a 20-year loan at a fixed interest rate of 4%.

**CONSENT CALENDAR**

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

**NOVATO UNIFIED SCHOOL DISTRICT - HAMILTON ELEMENTARY**

The Hamilton Elementary School expansion project will provide a relocated four-inch metered service and new fire protection. New facilities include approximately 1,000 feet of pipe, three commercial fire hydrants, one six-inch fire service and the existing four-inch turbo meter will be upgraded to a four-inch compound meter.

The Board approved Resolution No. 11-21 entitled, "Authorization of Execution of Water Service Facilities Construction Agreement with Novato Unified School District."

### **GROUP LIFE INSURANCE RENEWAL**

The Board authorized the Auditor-Controller to renew the Group Life and Accidental Death and Dismemberment Insurance agreement with for a two-year period commencing August 1, 2011. Unum's proposal includes a two-year rate guarantee and the annual cost is within the amount budgeted.

### **ACTION CALENDAR**

#### **STAFFORD LAKE PARK IRRIGATION SYSTEM LAKE INTAKE UPGRADE**

Director Petterle recused himself from discussion and vote on this item because he is employed by the Marin County Parks and Open Space District.

Mr. McIntyre stated that Stafford Lake Park uses raw water from Stafford Lake for irrigation using an onshore pumping system. He said that the existing pump connects to a 300 foot long suction line extending into Stafford Lake and during the late production season when the lake level drops, there are problems pumping water. He explained that a remedy for the problem is to submerge two new pumps into a deeper location of the lake and use high-density polyethylene pipe as a new discharge line that will rest on the bottom of the lake, continue up to the shore through 40 foot sections of pipe and connect to the existing onshore irrigation system piping. Mr. McIntyre said that the existing pump will remain in stand-by mode since it would cost more to remove it.

Mr. McIntyre provided a brief history of cooperation between the County of Marin and the District. He noted that a License Agreement dated September 21, 1971 is in effect for fifty years and terminates in September 2021. He summarized the terms of the Memorandum of Understanding (MOU) that stipulates that upon execution of the agreement, and every five years thereafter, the District will perform an audit to determine annual water budgets for Stafford Lake Park, limits the diversion of Stafford Lake water by the County to no more than 320 gallons per minute, and that the County will agree to remove said equipment when no longer needed. He advised that the term of the MOU will run coincident with the existing License Agreement.

Director Rodoni asked that the pipe be camouflaged so that it will not be visible; and he was assured by staff that the pipe will be black and that the pipeline will be below the water line and will eventually silt over.

On motion of Director Fraites, seconded by Director Rodoni, the Board approved the MOU Agreement between Marin County Parks Department and the District for installation of a new lake intake and pump station by the following vote:

AYES: Directors Baker, Fraites, Rodoni, Schoonover

NOES: None

ABSTAIN: Director Petterle

ABSENT: None

Director Petterle returned to the meeting.

**RECYCLED WATER NORTH SERVICE EXPANSION - PLUM STREET RECYCLED WATER TANK REHABILITATION PROJECT: AWARD CONSTRUCTION CONTRACT**

Mr. McIntyre stated the District advertised for bids in May for the Rehabilitation of Plum Street Tank for the purpose of recycled water storage for the Recycled Water Expansion Project – Novato North Service Area. He said that the project includes recoating of the interior and exterior surfaces of the tank and installation of a spiral staircase on the tank and other structural improvements. He said that ten contractors requested plans for the project and three prime contractors submitted bids ranging from \$377,220 to \$482,545. Mr. McIntyre advised that the engineer's cost estimate was \$400,000. He further advised that the Crosno Construction's low bid was non-responsive because they did not comply with the Minority Business Enterprise requirement for a state low-interest loan by failing to submit CWSRF Form 4 with their bid. Mr. McIntyre said that the second low bidder, Blastco Inc. satisfied all bid requirements. He informed the Board that that District received a Facility Plan Approval from the state which is the first step in securing the low interest rate loan.

On motion of Director Rodoni and seconded by Director Fraites, the Board unanimously voted to reject Crosno Construction's bid as nonresponsive.

On motion of Director Rodoni and seconded by Director Fraites, the Board unanimously approved award of the contract to Blastco Inc. and authorized the General Manager to execute an agreement with Blastco Inc.

**APPROVE CHANGE ORDER NO. 2 – ENVIRONMENTAL SCIENCE ASSOCIATES (ESA) FOR ENVIRONMENTAL SUPPORT SERVICES CONTRACT (RECYCLED WATER SOUTH SERVICE AREA)**

Drew McIntyre summarized the Board's action at the June 21, 2011 meeting to approve a new contract with Environmental Science Associates (ESA) to perform environmental monitoring

services for the construction phase for the Recycled Water North Service Area project. He stated that at that time, the Board was apprised that staff would request a budget increase for additional CEQA and permit-related tasks for the Recycled Water South Service Area project that included preparation of an addendum for the EIR pipeline. He advised that the transmission line for the South Service area commences at Las Gallinas Valley Sanitary District and runs cross-country to Hamilton Field. Mr. McIntyre further advised that the design phase for the pipeline alignment (performed by Nute Engineering) is now at 90%; and as a result, of recent surveys it has been determined that there are various wetland features that need additional environmental review. He stated that due to the extra level of effort, an additional \$35,000 is requested that includes \$5,000 for work on the addendum, \$15,000 for wetlands delineation and 404 Nationwide Permit and \$10,000 for additional cultural resources work resulting from the pipeline alignment being different than what was approved in the EIR. He said the funds would be paid for as part of the Recycled Water Project South and he advised that if the state and federal agencies come back with unforeseen requirements, the cost would increase.

On motion of Director Baker and seconded by Director Petterle, the Board unanimously authorized the General Manager to execute Change Order No. 2 to ESA to perform additional CEQA permit-related tasks for the Recycled Water South Service Area project in the amount of \$35,000.

### **INFORMATION ITEMS**

#### **TAC MEETING – JULY 11, 2011**

Mr. DeGabriele provided a summary of the highlights of the Technical Advisory Meeting held on July 11, 2011. He reported that during the public comment period, David Keller (Friends of the Eel River) asked if the TAC would comment on the State Water Resources Control Board proposed Russian River Frost Protection Regulation. He said that he looked into it and decided that it was not in the TAC's interest to weigh in and opined that the State Board must approve the frost protection regulation. Mr. DeGabriele advised that he contacted SCWA and the District's attorney on this subject.

Mr. DeGabriele said that SCWA did not collect all monies for the Local Supply/Recycled Water/Tier 2 water conservation program (LRT2) which began in 2001. He advised that only \$10M of the proposed \$13M was collected and that some water contractors did not receive their fair share; the District received approximately \$1.8M for Stafford Treatment Plant. Mr. DeGabriele said that in the effort to treat all contractors equally, LRT2 funds will be collected to make each participant whole, however; it will be tied to funding additional LRT2 projects.

**MISCELLANEOUS**

The Board received the following miscellaneous information: Disbursements and AWWA Service to Water Industry Plaque.

The Board also received the following news articles: Water regulations questioned, Russian River to undergo water quality testing, Marin Voice: Reasonable confusion on water rates, Water main to be replaced this week, Recycled water project moving forward and Filmmaker George Lucas Donates \$2 Million.

**ADJOURNMENT**

President Schoonover adjourned the meeting at 8:50 p.m.

Submitted by

Renee Roberts  
District Secretary