

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
July 20, 2010**

CALL TO ORDER

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

Ed Nute of Nute Engineering, Novato residents Trish Boorstein and Toni Shroyer and District employees Robert Clark (Operations/Maintenance Superintendent) and Doug Moore (Construction/Maintenance Superintendent) were in the audience.

MINUTES

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

AYES: Directors Fraites, Petterle, Rodoni, Schoonover

NOES: None

ABSTAIN: Director Baker

ABSENT: None

GENERAL MANAGER'S REPORT

Mr. DeGabriele was absent.

OPEN TIME

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

Trish Boorstein and Toni Shroyer addressed the Board to convey their concern about the District serving water to proposed affordable housing development in Novato and asked questions about Novato's water supply. It was explained to them that the District receives projections on future development from the city and county on which the District bases its five-year Urban Water Management Plan. Ms. Shoyer asked if the Board would approve water service to affordable housing projects. Director Petterle advised Ms. Shoyer that this discussion was inappropriate for

Open Time and if she wanted more information, she should contact Mr. McIntyre or request that this item be placed on a future agenda.

Ms. Boorstein and Ms. Shoyer thanked the Board and left the meeting.

STAFF/DIRECTORS REPORTS

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

Lynwood Pump Station Electrical Upgrade Public Workshop

Mr. Clark reported that the District held a public workshop for the Lynwood Pump Station Electrical Upgrade Project and that no comments from the public were received. He said that the project design phase will now move forward.

Chief Engineer Vacation

Mr. McIntyre announced that he will be on vacation the first week in August and will not be able to attend the August 3rd Board meeting.

Stafford Lake Bathymetric Survey Update

Mr. McIntyre shared a recent photograph of the consultant's boat conducting the bathymetric survey on Stafford Lake. He said that when the lake level drops, an aerial survey will be performed which will then complete the topography information that is required to determine the sediment build up in Stafford Lake since 1984 when the last topographic data was collected.

MONTHLY PROGRESS REPORT

Mr. McIntyre provided the Monthly Progress Report for June and stated that Novato water production is down 4% from a year ago and West Marin water production is also down 11% from a year ago. He stated that this is likely attributed to the cool June temperatures. He reported that Stafford Treatment Plant production in June is down 33% and pointed out that Stafford did not operate in the spring last year and had an accelerated operation schedule during peak months. He said that this year, the plant will operate over a longer period of time and that end-of-year production will be equal to or greater than last year. Mr. McIntyre stated that Stafford Lake water level is on target for this time of year and freeboard in the Oceana Marin ponds is in good shape. He noted that four District projects have been completed recently including the 2" PVC Replacement on Topaz Drive and PRE 2" Galvanized Line Replacement. Mr. McIntyre said that developer work has slowed down significantly; however, work on District projects was close to

budget at year end with construction at 90% of budget and engineering time at 103% of budget. He informed the Board that staff worked 484 days without a lost time accident through the end of June.

Mr. McIntyre reported that the Summary of Complaints identified that complaints in all categories were down from last year except for Water Quality complaints due to the Stafford Treatment Plant Granular Activated Carbon (GAC) problems which have since been remedied with installation of new carbon.

Mr. McIntyre briefly reported on the Auditor-Controller's Report of Investments because Mr. Bentley was not in attendance. He stated that the portfolio balance continues to decline and now stands at \$6.5 million.

CONSENT CALENDAR

The following item was pulled from the Consent Calendar at the request of Director Baker for further discussion:

SMART GRANT APPLICATION LETTER OF SUPPORT

Director Baker asked Mr. McIntyre why SMART is asking the District to sign a letter of support and questioned the relevance of this issue to the District's business. He also noted the recent controversy about SMART project and questioned whether the District should get involved.

Mr. McIntyre acknowledged that SMART has had budgetary issues; and he stated that SMART is soliciting support from other local public agencies in an attempt to secure grant money for a bicycle-pedestrian pathway. Mr. McIntyre pointed out that the District has had communication with SMART requesting SMART consider installation of recycled water lines beneath the bicycle-pedestrian pathway. He said he received a call from SMART's senior engineer to discuss what the District's interests might be with respect to the recycled water line and the District will talk further with SMART to see if there would be any benefit to the District.

Director Petterle stated that the letter supports SMART's grant application only and made a motion that the Board authorize the President to sign a letter of support for SMART Grant Applications. Director Fraites seconded.

President Baker said that he would prefer that Vice-President Schoonover sign the letter.

Director Rodoni suggested that the letter state the District's desire that SMART consider allowing utility lines under the pathway. Mr. McIntyre stated that the General Manager felt it was better for the letter to stay focused on the grant application.

The Board authorized the Vice-President to sign a letter of support for SMART Grant Applications by the following vote:

AYES: Directors Fraites, Petterle, Rodoni, Schoonover

NOES: None

ABSTAIN: Director Baker

ABSENT: None

ACTION CALENDAR

APPROVE: HAMILTON SERVICE AREA RECYCLED WATER – AGREEMENT FOR ENGINEERING AND DESIGN SERVICES WITH NUTE ENGINEERING

Mr. McIntyre stated that, as reported at an earlier meeting, member agencies of the North Bay Water Reuse Authority (NBWRA) received notification of receipt of over \$7 million in federal economic stimulus money to be used for NBWRA projects. He said that the scheduled time period to expend the funds has been accelerated from three years to 14 months which makes it difficult to spend the grant money within that time period. He stated that all NBWRA projects combined could not utilize the full 25% funding (\$7.3M) in such a short time frame.

Mr. McIntyre reported that the District, Novato Sanitary District (NSD) and Las Gallinas Valley Sanitary District (LGVSD) met to decide how to accelerate their projects in an effort to receive the 25% grant funding. He said that it is proposed that the FY 12 budgeted Hamilton service area design (aka Novato South Service Area) be accelerated to FY 11 so that the design costs would be eligible for the 25% grant funding. He said it is estimated that expenditures would be \$400,000 in FY 11 and \$120,000 in FY 12. The Board was informed that the agreement with Nute Engineering before the Board tonight is for the design of the recycled water distribution system for the South Service Area Project only. Mr. McIntyre advised that LGVSD contracted with a consultant to design the recycled water treatment plant component of the NMWD/LGVSD joint project.

Mr. McIntyre stated that the District does not have the in-house resources to conduct this work in time to meet the schedule requirements of the grant funding. He said that staff is, therefore, recommending Nute Engineering design the South Service Area recycled water distribution system based on their previous experience with the District's recycled water facilities. He said that the fast tract nature prevents a qualifications-based solicitation of design consultants. He introduced Ed Nute and said that he has provided a detailed proposal for design of the recycled water distribution

system and will review the existing landscape irrigation water use in Hamilton and reevaluate the large end users pipelines in this area.

Mr. McIntyre referred to the map of the Novato South Service Area Project and identified the three potential alignments and pointed out that the preferred alignment shows the pipeline beginning at the LGVSD Wastewater Treatment Plant and going north adjacent to the SMART railroad property through Catholic Youth Organization property to the Hamilton area.

Director Baker asked if the preferred alignment is predicated on getting SMART's permission to use their right-of-way. Mr. McIntyre responded that the subject alignment is not in SMART's right-of-way, but is adjacent to it.

Mr. McIntyre identified key customers in the Novato South Service Area as the city ball parks, median landscaping on Hangar Avenue, Meadow Park, Lanham Village common areas and the U.S. Coast Guard federal housing.

Director Petterle asked why the area north of Hamilton is not being included. Mr. McIntyre stated that it is more cost-effective to expand recycled water system to the largest users. He said there is a large gap between Hamilton and the Ignacio area that does not have the demand for recycled water that would justify extension at this time.

Director Fraites queried if residential areas are precluded from using recycled water. Mr. McIntyre said that although there are cities that provide recycled water to new master-planned residential developments, in Novato, providing recycled water to existing residential areas would require retrofitting an entire neighborhood; therefore, it is more cost-effective to concentrate on larger end user accounts such as commercial and institutional customers.

Ed Nute addressed the Board and thanked them for their consideration and stated that his firm has been involved in the planning of the District's Recycled Water Project for about 20 years and has prepared three or four reports; the 2006 Recycled Water Implementation Plan prepared by Nute Engineering is being used for developing the south and north service area projects. He outlined the project scope as first identifying alternative routes from Las Gallinas to Hamilton, looking at current and future demands from irrigation meters, preparing a model with Winzler & Kelly on the pipeline route, and working with CSW/Stuber-Stroeh on mapping and surveys of pipeline location and route. He said that Miller Pacific Engineering will perform the soil borings for developing the contract plans.

On motion of Director Schoonover, seconded by Director Fraites, the Board unanimously authorized the General Manager to execute an agreement with Nute Engineering for the Hamilton

Area Recycled Water Pipeline project for a not-to-exceed fee of \$450,000 plus a contingency of \$45,000.

INFORMATION ITEMS

LETTER TO OCEANA MARIN CUSTOMERS RE BILLING CHANGE

Mr. McIntyre stated that the letter to Oceana Marin customers notifying them of the changing of the monthly sewer service billing to the Marin County property tax bill will be mailed with the August sewer bills.

TAC MEETING – JULY 12, 2010

Mr. McIntyre provided highlights of the July 12th Technical Advisory Meeting. He stated that SCWA reported that their FY 09/10 deliveries were 46,000 acre feet as compared to 52,500 acre feet used for the water rate calculation. He further stated that Spencer Bader, SCWA Chief Financial Officer, indicated that there will be a follow-up discussion on the impact this will have on SCWA's overall financial performance.

Mr. McIntyre reported that all contractors are working on the Urban Water Management Plan update, looking at new projections at the city and county level. He advised that most contractors are using Maddaus Water Management to help with projections, and it is anticipated that all contractor updated water demands will be completed by the end of August. He said that staff will provide another update to the Board at a future meeting.

NORTH BAY WATER REUSE AUTHORITY (NBWRA) AND STATE REVOLVING FUND (SRF) LOAN UPDATE

Mr. McIntyre provided a general update on the NBWRA organization and the status of the District's State Revolving Fund (SRF) loan for the remaining 75% of the project costs. He said the District is moving forward quickly on the two different Phase 1 projects - the North Service Area with Novato Sanitary District (NSD) and the South Service Area with Las Gallinas Valley Sanitary District (LGVSD). He advised that NSD has hired a consultant for the design of the recycled water treatment plant to be constructed at the Davidson Street site by September 2011. Mr. McIntyre stated that staff is working in-house on the design of the distribution system which will be constructed during that same time period and District crews will be involved in some of the construction.

Mr. McIntyre advised that the current Memorandum of Understanding expires with the completion of the environmental clearance phase, expected in September or October. He said that new interagency agreements are being drafted using the original MOU as a model and that negotiations with the two sanitary districts will begin soon. He said that it is likely that staff will

come back to the Board with a recommendation that the District become a member agency of the NBWRA rather than a supporting agency, because the District would have more of a say as to the direction that the NBWRA takes in the future; both local sanitary districts are in support of that proposal.

Director Baker questioned the reasons for the proposed change in District status.

Mr. McIntyre explained that there are contractual difficulties when federal funds are allocated and that the District is not on the same priority level as NSD and LGVSD with distribution of funds. He stated that it would be of benefit to the District to have equal rights.

Mr. McIntyre updated the Board on the SRF loan and said all requirements have been met except for the project's environmental clearance and market assurance of end users. He said that State Water Resources Control Board (SWRCB) feels that the NBWRA EIR is too complex for environmental approval of the Novato North Service Area Project, and it may require an addendum to focus solely on this project. He said that he will likely return to Sacramento to meet with the SWRCB staff to press the point that an addendum is not necessary.

Mr. McIntyre advised that the state requires market assurance for the loan and that either a mandatory recycled water ordinance be approved or Letters of Intent signed by proposed North Service Area recycled water end users be required. He said that a Letter of Intent is the preferred option, but as recycled water expands, an ordinance may be necessary. He said the District will need to provide public outreach and recommended using an outside consultant to insure that the public is adequately informed.

MISCELLANEOUS

The Board received the following Miscellaneous items: Disbursements, Residential Consumption 20-Year History, 2011 Medical Plan Cost Increase, STP Production, Save Our Water Program News, Central Marin Sanitation Agency – 25th Year Anniversary and Wet Weather Improvement Project Dedication.

The Board also received the following new articles: Sandbar Breached, But Was It Natural?, Water Bond's Ripples Awash in the Capitol, Energy Rebate Program Open for Business – Again, Reshaping the mouth of the Russian River, Feds Force Halt To Sonoma County Energy Loan Program and Salinity Notices.

CLOSED SESSION

President Baker adjourned the Board into closed session at 8:34 p.m. for: Continual negotiation of acquisition terms with Real Property Negotiator (Drew McIntyre, Chief Engineer) and

Union Pacific Railroad regarding West Marin Property APN 119-240-61 (Government Code Section 54954.5).

OPEN SESSION

Upon returning to regular session at 8:44 p.m., President Baker stated that during the closed session staff was directed to execute the purchase transaction with Union Pacific Railroad for West Marin Property, APN 119-240-61 by the following vote:

AYES: Directors Baker, Fraites, Petterle, Rodoni, Schoonover

NOES: None

ABSTAIN: None

ABSENT: None

ADJOURNMENT

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

Submitted by

Renee Roberts
District Secretary