

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
September 16, 2008**

CALL TO ORDER

Vice-President Rodoni called the regular meeting of the Board of Directors of North Marin Water District to order at 7:33 p.m. at the District headquarters and the agenda was accepted as presented. Present were Directors Baker, Petterle and Schoonover. Also present were Acting General Manager David Bentley (Auditor-Controller), Chief Engineer Drew McIntyre, and Acting Secretary Sue Kessler. Chris DeGabriele (General Manager) was absent. President Fraites arrived at 7:36 p.m.

In attendance were District employees Robert Clark (Operations/Maintenance Superintendent), Doug Moore (Construction/Maintenance Superintendent), and Katie Young (Administrative Assistant), as well as Lauren Wayne (Pipeworker) and his wife, Rachelle, and daughter.

MINUTES

On motion of Director Schoonover and seconded by Director Rodoni, the Board approved the minutes from the previous meeting as amended, by the following vote:

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

GENERAL MANAGER'S REPORT

Chris DeGabriele's Absence

Acting General Manager David Bentley reported that the General Manager had undergone minor surgery the previous Thursday and was expected to be out of the office for approximately two weeks.

Employee Picnic

Mr. Bentley reported that the annual employee picnic had been held the previous Saturday at Stafford Lake Park, and that approximately 115 were in attendance, including Directors Rodoni

and Fraites and several retirees. He also commented that the District family was growing, as evidenced by the number of infants also present at the picnic.

Cost-of-Living Increase

Mr. Bentley reported that the Consumer Price Index had increased 4.2% for the year ending August 31, 2008, and that employees' salaries would reflect that increase effective with the pay period commencing October 1, 2008.

Investment Portfolio

Mr. Bentley reported that the District's portfolio is secure, noting that 60% was invested in the State of California Local Agency Investment Fund, and that the remaining 40% was invested in treasury and corporate bonds, such as General Electric and Wells Fargo. He also stated that the District was not invested in any Federal Agency Securities which had recently needed Federal bail-out assistance.

Connection Fee Review

Mr. Bentley stated that Mr. DeGabriele had scheduled a meeting with Mr. Charles Carson (Home Builders Association) and Ms. Casey Mazzoni (Marin Builders Association) to review the District's proposed connection fee increases. He commented that it was staff's intention to bring the connection fee increase back before the Board at the October 7, 2008 meeting.

OPEN TIME

President Fraites asked if anyone in the audience wished to bring up an item not on the agenda and there were no comments.

STAFF/ DIRECTORS' REPORT

Inverness Park Tank No. 1 Replacement

Mr. McIntyre requested that Consent Item #7 be pulled and moved to the Action Calendar to follow Item #10, stating it would be better procedurally to deal with the Notice of Exemption and then take action on the contract.

Water in Scottsdale Marsh

Mr. McIntyre commented that at the previous meeting, President Fraites had questioned the origin of the increased water level in Scottsdale Marsh, and Mr. McIntyre stated that he had since learned that Marin County Flood Control was indeed diverting flows out of both Warner and Novato Creeks while completing their dredging work.

President Fraites thanked Mr. McIntyre for the information

Director's Absence

Director Baker stated he would be going out of town and would miss the October 7, 2008 meeting, but would possibly also miss the October 21, 2008 meeting.

MONTHLY PROGRESS REPORT

Mr. Bentley reported that there was virtually no change in Novato water production from FY07/08 to FY08/09, but that production was down 15% from FY06/07. He noted that in West Marin, production was up by 3%, but down 17% from FY07, due to the significant reduction in consumption by West Marin customers. He further noted that Stafford Treatment Plant had produced a total of 259MG of water, and that recycled water production was up 4% from the previous fiscal year. Mr. Bentley commented that at the present production level, the Stafford Treatment Plant would be shutting down its operations during the third week of October. Additionally, he reported that a new service had been installed in West Marin, bringing the total customers to 224.

Mr. Bentley also reported that 44% of the budgeted Construction employee hours for developer work for FY08/09 had been expended, and that there were no lost time accidents during the first two months of the fiscal year. He noted that the District had used slightly more electricity in FY08 than the previous year, but that the cost had been lower due to a lower average rate per Kwh. Mr. Bentley stated that the District's Water Conservation Programs are still going strong, that 45 high-efficiency toilets had been distributed, 48 washing machine rebates were mailed and that 36 Water Smart Home Surveys had been completed during August. He further stated that the number of complaints in August were down 10% from August 2007.

CONSENT CALENDAR

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

AGREEMENT FOR FALL 2008 AND SPRING 2009 "WATERLINE"

The District received an estimate from Strahm Communications and All American Printing for production and disbursement of the Fall 2008 and Spring 2009 issues of "Water Line." Strahm Communications has demonstrated their ability to successfully produce the newsletter with the variable graph in the Spring "Water Line" newsletters since 2003. Their estimate is a little higher this year, mainly due to an increase in postage costs.

The Board authorized the General Manager to enter into an agreement with Strahm Communications for programming, design, printing, freight and postage of the Fall 2008 and Spring 2009 issues of "Water Line" for an amount not to exceed \$19,000, without prior written authorization from the General Manager.

OUT-OF-STATE TRAVEL – WATER SMART INNOVATIONS 2008 CONFERENCE

The Environmental Protection Agency's WaterSense Program and the Southern Nevada Water Authority have partnered this year to create the Water Smart Innovations 2008 Conference. Ryan Grisso, the District's Water Conservation Coordinator, has been accepted to present a paper at the conference, titled "New Development Water Conservation Requirements."

The Board approved out-of-state travel authorization for Ryan Grisso to attend the Water Smart Innovations 2008 Conference.

ACTION CALENDAR

APPROVE: EMPLOYER ASSISTED HOUSING LOAN

President Fraites suggested that this item be discussed first to accommodate Lauren Wayne's family and the Board agreed.

Mr. Bentley reported that Lauren Wayne, a pipeworker with the District, currently rents a unit in the Meadow Park area of Hamilton Field, and had been employed by the District for five years. He stated that Mr. Wayne has requested a District housing loan of \$200K to purchase a home located at 15 Gustafson Court in Novato. Mr. Bentley noted that these funds would be borrowed from the Liability Contingency Fund, and that the District currently had six outstanding employee home loans totaling \$1,004,200. He commented that Mr. Wayne was a good employee who did a lot of on-call work and was often one of the first crew members to respond to emergencies. Mr. Bentley recommended that the Board approve a loan to Mr. Wayne.

President Fraites asked if Mr. Wayne would like to address the Board. Lauren stated that buying a home was a big decision for both he and his wife, but they had come to the realization that, given the current housing market, if they didn't attempt to purchase a home at this time, they would be missing out on a tremendous opportunity. Mr. Wayne commented that his family wants to stay in Novato, that his wife works locally, and that there is an excellent school for his daughter in close proximity. He noted that buying a home is an interesting journey as well as a learning experience. In closing, Mr. Wayne stated he would rely on the good judgment of the Board and hope for the best.

On motion of Director Rodoni, seconded by Director Petterle, and unanimously carried, the Board voted to approve a loan to Lauren Wayne of up to \$200,000 under the District's Employer Assisted Housing Program, and authorized the General Manager to sign the note at such time as the loan is required to close the purchase transaction.

Mr. Wayne thanked the Board and he and his family left the meeting.

APPROVE: 2ND FEED TO AMAROLI TANK – FILING OF NOTICE OF EXEMPTION

Mr. McIntyre stated to the Board that this is one of the District's approved FY08/09 Improvement Projects, and explained that its purpose was to install approximately 1,400 feet of 16-inch water main from the end of Pamaron Way to the existing 16-inch water main along the Ammo Hill perimeter road at the base of Amaroli Water Tank.

Mr. McIntyre also reported that Winzler & Kelly has reviewed the project and because trenchless construction will be utilized through the Pacheco Creek area, they have determined that the project is categorically exempt from the California Environmental Quality Act (CEQA) as one of the 32 specified classifications that are deemed to not have a significant effect on the environment.

Director Petterle commented that he was unclear about whether the CEQA needed to be completed prior to project approval, and Director Rodoni stated that the project had already been approved by the Board and had been in the development stage for a while.

On motion of Director Baker, seconded by Director Schoonover and unanimously carried, the Board approved the project and the filing of the Notice of Exemption.

APPROVE: INVERNESS PARK TANK NO. 1 REPLACEMENT – FILING OF NOTICE OF EXEMPTION

Mr. McIntyre noted that the approved FY08/09 West Marin Water Improvement Project Budget included replacement of the 30,000-gallon Inverness Park Tank No.1. The existing steel tank will be replaced by a concrete tank of the same size and capacity and in the same location. The purpose of this item was to receive Board authorization to file a Notice of Exemption for construction of the project under the California Environmental Quality Act (CEQA).

On motion of Director Petterle, seconded by Director Baker and unanimously carried, the Board approved the filing of the Notice of Exemption.

INVERNESS PARK TANK NO. 1 REPLACEMENT – CONSTRUCTION CONTRACT AWARD TO ROHRBERG CONSTRUCTION

On September 2, 2008, the Board authorized a contract with Musco Excavators, Inc. of Santa Rosa for demolition of the existing steel tank (Inverness Park Tank No. 1) to be replaced with a concrete tank of the same capacity (30K gallons). Staff is now seeking approval for a contract to construct the replacement tank with Rohrberg Construction. Mr. Rohrberg is requesting \$22,486 for his services. The construction period is estimate to last two months, resulting in a completion date toward the end of December, 2008.

Mr. McIntyre also noted that for this project, staff proposes to use a “team” approach; specifically, the District plans to provide material and supplemental labor as required for the project to minimize cost and to use Mr. Rohrberg’s concrete forms and construction expertise for tank construction.

Director Schoonover questioned if there would be any Worker’s Compensation problems associated with having District staff working with another contractor. Mr. McIntyre responded that he did not think that there would be, and that Mr. Rohrberg’s insurance lists the District as an additional insured. Director Rodoni commented that since the District would be paying its own staff, the District’s Worker’s Compensation coverage should apply.

Director Baker stated that he was not entirely comfortable having District crews working under the direction of an outside contractor and noted there could be potential for problems in doing so. Mr. McIntyre advised the Board that while this was not the routine procedure, the tank size warranted deviation from normal procedure. He also commented that staff has worked with this contractor in the past, and that District staff would be onsite for inspections and to assist with lifting, etc.

On motion of Director Petterle, seconded by Director Rodoni, and unanimously carried, the Board authorized the General Manager to execute an agreement with Rohrberg Construction in the amount of \$22,486 with a contingency of \$2,248.

APPROVE: ADDITIONAL FUNDS FOR PURCHASE OF FY09 INSURANCE

Mr. Bentley noted that in June, 2008, staff had come to the Board with insurance quotes from two competing brokers – Marsh and SST Fenner Insurance (SST). The Board approved purchase of several policies from SST with a not-to-exceed amount of \$100K, a significant savings when compared to Marsh’s quote of \$145,495. SST’s proposal included purchase of umbrella liability coverage from Scottsdale Insurance, and that he (Mr. Bentley) had instructed SST to bind umbrella coverage through AIG (the District’s existing carrier) under the assumption that the cost difference between the two carriers was less than \$1,000.

Mr. Bentley stated that in July 2008, when he discovered that the actual cost difference was \$19,100, he attempted to have AIG's policy cancelled and had intended to once again seek coverage through Scottsdale. Mr. Bentley stated he was told by AIG that they would require a minimum premium (equal to 25% of their annual premium) for early cancellation. He reported that staff then decided to wait out the 25% coverage period and re-approach Scottsdale. However, as a response to a major earthquake in Southern California on July 29, 2008, Scottsdale announced that it would no longer indemnify liability claims arising from the failure of infrastructure assets, such as Stafford Dam. Liability insurance on the dam is required by the District's agreement with Marin County Flood Insurance.

Mr. Bentley further reported that efforts to find cost-effective alternative coverage, including dam liability, had been unsuccessful. He noted that SST has agreed to contribute its AIG commission (\$2,775) to help fund the additional cost. Mr. Bentley also noted that even though the insurance company required its payment up front, a budget augmentation was not necessary at the time as the cost is a very small percentage of the District's FY09 operating budget. However, Board approval was still necessary in order to spend the additional \$15,033.

Director Baker questioned that with all the other dams in the United States, if there weren't some kind of "group package" available that the District could buy into. Mr. Bentley agreed that most were covered by a Joint Powers Agency (JPA); however, if the District were to join, they would be subject to the JPA's long-term commitment with partners that may have a less than stellar liability claims history.

On motion of Director Schoonover, seconded by Director Baker and unanimously carried, the Board authorized the Auditor-Controller to pay an additional \$15,033 for FY09 umbrella liability insurance coverage.

INFORMATION ITEM

SPILL PREVENTION CONTROL AND COUNTERMEASURE INSPECTION

Mr. Clark noted that the Environmental Protection Agency (EPA) oversees the set-up and safety of fuel tanks (gasoline and diesel) at the District, and that the District maintains a written Spill Prevention, Control and Countermeasure (SPCC) Plan to guide staff in spill prevention and response activities. Mr. Clark reported that on July 14, 2008, the EPA did a site inspection and determined that the District's SPCC Plan did not include all required elements, the inspection reports on file were inconsistent with what the Plan required, and that training history was

incomplete. However, Mr. Clark noted that the District's fuel and oil storage facilities met all the SPCC requirements.

On August 6, 2008, the District received an \$800 fine for its Plan's deficiencies, but after speaking with the EPA Inspector and Review Committee, Mr. Clark stated that on August 27, 2008, the District was issued a Notice of Violation and that the \$800 fine had been rescinded. Mr. Clark also commented that with the corrective actions taken, the District's SPCC Plan is in good shape and is a much better program.

Director Schoonover asked if the initial findings were the result of new requirements, and commented that the District had seemed to have done alright in the past. Mr. Clark responded that the EPA could be looking at SPCC-type plans more carefully and enforcing stricter guidelines in view of spills that have occurred in Marin County over the past few months.

President Fraites asked if there were any more questions and there were none.

MISCELLANEOUS

The Board received the following miscellaneous information: Disbursements (9/3/08 & 9/10/08); Climate Change, Novato Creek Watershed and You: A Forum; and Hamilton Boundary Reorganization – Financial Status Report.

The Board also received the following news articles: Novato Paper Closing After 86 Years (9/10); Water District Helps Water for People (9/10); Novato Advance's Online Poll (9/10); Water a Costly Commodity for Novato Builders (9/10); Advance to Crease Publication (9/10); Schools, Public Agencies May Go Solar (9/10); Warm Springs Dam Inspections to Temporarily Lower Flows in Dry Creek, Russian River (9/10); Fowl Fouling Stafford Lake (9/3); and Huge Water Rate Hikes on Hold (9/3).

Director Rodoni questioned the item regarding the Hamilton Boundary Reorganization, and commented that it appeared as if the revenue received had already exceeded the cost for that acquisition from Marin Municipal Water District (MMWD). He noted that the District could stop the Temporary Special Rate Component (TSRC), even though it was scheduled to expire at the end of FY09, and plan to put the excess revenue back into the Hamilton area for improvements. Director Rodoni further stated that the existing customers at the time of the reorganization have already paid their fair share.

Director Baker commented that the District should try to close the TSRC in the fairest way possible. Mr. Bentley stated that even though there was still another ten months to go with the

TSRC, it could be rescinded early. He noted that staff could bring a resolution to the Board asking that the TSRC be allowed to sunset ahead of schedule.

Director Rodoni stated that ending the TSRC early would be appropriate.

ADJOURNMENT

President Fraites adjourned the meeting at 8:25 p.m.

Submitted by

Sue Kessler
Acting District Secretary