

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
October 3, 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 District headquarters and the agenda was accepted as presented. Present were Directors Jack Baker, Rick Fraites, Steve Petterle, Dennis Rodoni and John Schoonover. Also present were General Manager Chris DeGabriele, Secretary Renee Roberts, Auditor-Controller David Bentley and Chief Engineer Drew McIntyre.

District employees Doug Moore (Construction Superintendent), Robert Clark (Facilities Maintenance Superintendent), Mike McMaster (Operations Superintendent), District Engineers Dave Jackson and Carmela Chandrasekera, District employee Corey Reed and fiancée, Lauren Jamieson, Mark Soldati and Pat Collins of Winzler & Kelly, Steve Cleveland of Coastland Civil Engineers and Novato resident Ed Grundstrom were in the audience.

CLOSED SESSION

President Schoonover immediately adjourned the Board into Closed Session for (two items): Public employee appointment, hiring, performance evaluation, discipline / dismissal / release pursuant to Government Code Section 54957; and, Conference with Legal Counsel – Anticipated Litigation. Significant exposure to litigation pursuant to Government Code subdivision (b) of Section 54956.9 (one case re Lagunitas Creek Water Right License 4324B).

OPEN SESSION

Upon returning to regular session at 7:50 p.m., President Schoonover stated that during the Closed Sessions the Board had discussed the issues and no reportable action had been taken on either item.

MINUTES

On motion of Director Baker, seconded by Director Fraites and unanimously carried the Board approved the minutes from the previous meeting as amended.

GENERAL MANAGER'S REPORT

Irrigation Technology Center

Mr. DeGabriele reported that last week he met with Indian Valley College administrators who are proposing an Irrigation Technology Center and have asked the District to participate, along with Marin Municipal, County of Marin and the California Landscape Contractors

Association, in developing a curriculum similar to that offered at Cal Poly and Cal State Fresno on Irrigation Science. He stated that he has asked for a scope statement of their vision, what would be the schedule and what the District's level of participation would be. He said he also suggested that participants conduct a round table to collectively discuss the program.

Office Relocation

The General Manager apprised the Board of his meeting with the City of Novato regarding the proposed relocation of District offices and said that he told the City that the District would only consider properties north of Redwood Boulevard between Birkenstock and Fireman's Fund. He said that he requested that the City decide on a location for District offices within six months.

Marin Municipal

Mr. DeGabriele said that he will be meeting with the Marin Municipal's Manager to discuss the Intertie Agreement and scheduling a joint Board meeting.

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 item was discussed:

Ed Grundstrom, 2034 Hatch Road, Novato, addressed the Board regarding the proposed tier rate structure. He stated that he felt the District has not made a case for the proposed tier rate and stated that he believes that North Marin customers are being asked to conserve so that surplus water can be delivered to Marin Municipal Water District.

CONSENT CALENDAR

On motion of Director Petterle and seconded by Director Fraites, the Board unanimously approved the following items on the Consent Calendar:

WATER SERVICE AGREEMENT - 48 HILLSIDE TERRACE – HYDRANT AND WATER SERVICE

This project consists of a single family house constructed on a 2.06 acre parcel in the Black Point area of Novato, and the Novato Fire Protection District requires installation of a new residential fire hydrant to meet the NFPD recommended fire flow standards. New water facilities include 15 feet of 6-inch PVC fire hydrant lateral, 15 feet of 1-inch copper lateral, one residential fire hydrant and one 1-inch meter.

The Board approved Resolution 06-43 entitled, "Authorization of Execution of Water

Service Facilities Construction Agreement with Reginald Potter and Patti Fitzpatrick.”

WATER SERVICE AGREEMENT - IGNACIO CENTER STORES 6-INCH FIRE SERVICE

This project is a remodel of an existing commercial building served by two 1-inch water services and a 4-inch fire service and the Novato Fire Protection District is requiring additional fire sprinklers to be added to the building necessitating a second fire service. New Zone 1 water facilities include 30 feet of 6-inch PVC water main, a commercial fire hydrant and a 6-inch fire service.

The Board approved Resolution 06-44 entitled, “Authorization of Execution of Water Service Facilities Construction Agreement with Ignacio Properties LLC.”

WATER SERVICE AGREEMENT - SARKISSIAN MIXED USE – 870 GRANT AVE.

This project proposes to redevelop an existing commercial lot to build ground floor retail space and three, second-story apartment units. One domestic water service for the apartments, one commercial water service for the retail space, and one fire service for the building will be provided. The existing 5/8-inch service will be killed and abandoned as part of this project. New Zone 1 water facilities required include 20 feet of 4-inch PVC, one 4-inch fire service, 40 feet of 1-inch copper, one 1-inch meter for residential use, and one 5/8” meter for commercial use. This lot will continue to receive normal pressure Zone 1 water service.

The Board approved Resolution 06-45 entitled, “Authorization of Execution of Water Service Facilities Construction Agreement with Shahen Sarkissian.”

CONSENT FOR ANNEXATION TO NMWD TERRITORY - 37 OCEAN AVE, DILLON BEACH

The Board declared its consent for the requested annexation of a parcel located at 37 Ocean Avenue to North Marin Water District territorial boundaries. Marin LAFCo is the lead agency for said annexation and once approved by LAFCo, staff will process an Oceana Marin (OM-3) Improvement District Annexation request for Board approval.

AUDITOR-CONTROLLER’S ANNUAL STATEMENT OF INVESTMENT POLICY

The Board approved the Auditor-Controller’s Annual Statement of Investment Policy with two modifications: replace the term “surplus” with “reserve”; and, incorporate District Policy No. 4 pertaining to collateralization of District investments, into the Statement of Investment Policy. Policy No. 4, therefore, has expired.

DATE OF STAFFORD TREATMENT PLANT OPEN HOUSE

The Board approved Saturday, November 4, 2006, 10 a.m. to noon as the date and time

for the Stafford Water Treatment Plant open house.

DISBURSEMENTS

The Board authorized payroll and accounts payable vouchers totaling \$487,249.82 and estimated overheaded payroll for October of \$263,000.

ACTION CALENDAR

NEW CREW TRUCK PURCHASE

Mr. Clark stated that at the September 5, 2006 meeting, the Board authorized solicitation for a replacement construction crew truck and advised the Board at that time that the estimated cost of the cab and chassis was expected to increase 10% to 15% over the budgeted amount. He stated that three of the nine solicited vendors returned bids and all were higher than anticipated. He said that the reason for the increase is due to 2006 models bought up by fleet managers to avoid the California Emission Control standards changes for 2008. Mr. Clark reported that two of the three vendors for the chassis could not meet the District's minimum bid specifications and stated staff's recommendation is to accept Bay Shore International's bid as it was the only one bid that met the specifications, although it was not the lowest bid received. He said that all three utility body manufacturers that responded met District specifications and that staff recommends accepting the low bidder, Superior Aluminum. He said that with additional equipment necessary to outfit the vehicle (power inverter, radio, light bars, etc.) the total cost is \$10,000 more than budgeted.

Director Rodoni inquired if there were any budgeted items left that could be deferred to provide funding for this increased amount. Mr. Clark responded that the vehicle budget does not have potential deferral items, but, that if necessary, the software package for valve operation could be deferred to the next fiscal year budget; however, he stated that this software enables efficient tracking of the valve program.

On motion of Director Baker and seconded by Director Petterle, and unanimously approved, the Board authorized a 2006/07 budget augmentation in the amount of \$10,000 to increase the total crew truck budget line item to \$98,600; and authorized staff to purchase the necessary components for the new crew truck including the chassis from Bay Shore International, utility body from Superior Aluminum, radio from Motorola and flashing lights from Federal Signal Corp for a total not-to-exceed \$98,600.

NEW LABORER POSITION AND INCREASE ENGINEERING SECRETARY POSITION TO 1.0 FTE

Laborer

Mr. DeGabriele stated that in anticipation of a vacancy in the Construction Department of a laborer position, the District advertised and interviewed candidates to fill the possible vacancy. He said that the position, however, will not be vacated, but that staff is interested in adding the position and that there is money in the budget to fund this position. Mr. DeGabriele stated that three employees in the Construction and Maintenance Department are eligible for retirement and that all indicated that they may retire within the next two years. He also stated that vacancies in the Operations Department freed up funds that can be used as well. He stated that it would be of benefit to the District to bring another laborer on board at this time to begin training and so that the District's field effectiveness will be maintained when retirement of one of the three eligible employees occurs.

Director Rodoni inquired if staff would not expect to hire a replacement upon retirement. Mr. DeGabriele responded that this would be the case, except that one of the positions effected by retirement is the mechanic position and staff may decide to train the replacement in-house before seeking outside candidates, which would require an additional hire.

On motion of Director Fraites, and seconded by Director Baker the Board unanimously authorized staff to hire additional full-time equivalent laborer.

Engineering Secretary

Mr. DeGabriele said that in prior years, the engineering secretary position was budgeted at a full time equivalent level of 1.2 and was co-shared with Renee Roberts and Eileen Blue. He stated that since the promotion of Ms. Roberts to District Secretary in 2005, Ms. Blue's time was increased from 0.50 to 0.75 FTE and that it is apparent that more support is needed in the Engineering Department. Mr. DeGabriele said that temporary help was budgeted but that outside temporary help is not effective and that staff is requesting to increase the Engineering Secretary position to 1.0 FTE and to offer the extra hours to District part-time employees

On motion of Director Baker and seconded by Director Fraites, the Board unanimously approved the authorization to increase the Engineering Secretary FTE position to 1.0.

REVISION OF EMPLOYER ASSISTED HOUSING POLICY AND EMPLOYER ASSISTED HOUSING LOAN – COREY REED

Mr. Bentley stated that this item has two parts: a revision to the Employer Assisted Housing Policy and upon approval of said revision, a request for Employer Assisted Housing Loan. He said that currently the District Employer Assisted Housing Program has a maximum

District contribution of \$250,00 established in 2002 and that in four years, Novato home values have increased 43%. He said that it is staff's recommendation to increase the maximum contribution to \$300,000 and continue to cap the loan at 50% of the home purchase price or appraised value. He said the loan program has been successful in its goal of increasing the number of staff who reside in Novato and that before the program only 12% lived in Novato and that now 39% do.

Director Rodoni asked where future additional funds would come from should the \$900,000 in the liability contingency fund become exhausted.

Mr. Bentley responded that it was anticipated that the sale of surplus property would increase the fund but that hasn't worked. He said that the District would be more cautious as to who to lend to in regards to departments that are deficient in Novato residents versus departments that have several Novato residents.

On motion of Director Rodoni and seconded by Director Petterle, the Board unanimously approved an increase in the Employer Assisted Housing Program maximum loan amount to \$300,000.

Mr. Bentley introduced District employee, Corey Reed and his fiancée, Lauren Jamieson, and stated that Mr. Reed has been employed with the District as a laborer for one year and that they have put an offer on a house on Wilson Avenue for the sale price of \$605,000. He stated that Mr. Reed and Ms. Jamieson have their first loan lined up and are proposing to put 5% down.

On motion of Director Rodoni and seconded by Director Petterle, the Board unanimously approved the \$300,000 loan and authorized the General Manager to sign the note at such time as the loan is required to close the purchase transaction.

Mr. Reed thanked the Board and said he was born and raised in Novato and is happy to once again live here.

REVISION TO REGULATION 1, NEW SERVICE CONNECTIONS

Mr. McIntyre stated that staff is recommending revision to Section c.(1) and (2), Initial Charges for Services, Facilities Reserve Charge of Regulation 1, New Service Connections. He stated that since 1973, the established entitlement is based upon Equivalent Dwelling Units (EDU) and that prior to 1973, connection fees were tied to the size of the meter. He stated that staff wants to memorialize its practice of establishing equivalent dwelling units for customers

that obtained water service prior to May 1, 1973 to their historical water use over the first 10 years of service.

Director Rodoni requested that staff look at the connection fee for accessory dwelling units as the combined water usage for services to single-family residential properties with an accessory dwelling unit may not exceed one EDU, especially in West Marin. He stated that the connection fees for accessory dwelling units is based on the belief that second units will increase or exceed the property allotment which may not always apply. He stated that reducing the connection fee for the accessory dwelling unit may be a way to keep housing affordable.

On motion of Director Petterle and seconded by Director Fraites, the Board unanimously approved Resolution 06-46 entitled, "Resolution of the Board of Directors of North Marin Water District Revision of North Marin Water District Regulation 1 – New Service Connections."

NOVATO MASTER PLAN UPDATE CONSULTING CONTRACT – WINZLER & KELLY

Mr. McIntyre stated that in June of 2002, the Board accepted the Novato Water System Master Plan prepared by Mark Soldati and it was stated at that time that the Master Plan would be updated every five years to maintain the most recent water demand information and Capital Improvement Program and that it is a valuable tool for project planning. He said that the Master Plan has been budgeted in the Improvements Project budget at \$80,000, that the Winzler & Kelly Master Plan scope cost is estimated at \$61,174 and that the remainder would be used by District staff. Mr. McIntyre said that Mark Soldati is now employed with Winzler & Kelly and that it is beneficial to use Mr. Soldati's experience with North Marin's system and that the District enjoys a discounted rate for Mr. Soldati's expertise. He stated that the updated Master Plan will include a new chapter entitled "Facility Replacements" which will be spearheaded by District staff and it will be a concentrated effort to proactively identify areas of Novato to replace aging infrastructure that has reached the end of its usefully life.

On motion of Director Baker and seconded by Director Fraites, the Board unanimously authorized the General Manager to execute a contract with Winzler & Kelly Engineers in the amount of \$61,174 for work on the Novato Water System Master Plan.

REVISION TO PURCHASING POLICY SEALED BID THRESHOLD

Mr. Bentley stated that the purchasing policy threshold to require sealed bids was increased to \$20,000 in 1994. He stated that when the recent order of the six-month supply of copper pipe was prepared, the cost of copper had risen to \$38,000 and in order to keep copper on the shelf, only a 3-month supply was ordered. He said that this dramatic increase in

commodity prices necessitates a revision to the current sealed bid threshold. He explained the proposed two-fold approach to updating the policy: increase the regular sealed bid threshold to \$30,000; and increase the threshold for consumable (regularly-purchased inventory items and chemicals purchased for the treatment plant) materials to \$40,000.

On motion of Director Baker and seconded by Director Petterle, the Board unanimously approved the revision to the Purchasing Policy sealed bid threshold.

PALMER DRIVE TANK PROJECT – REQUEST FOR AUTHORIZATION TO CONDUCT CEQA PUBLIC REVIEW

David Jackson, District Associate Engineer, reviewed the project and stated that during past Board updates, the Board was apprised that a lot line adjustment was proposed to better situate the proposed Palmer Drive water tank into the site in order to mitigate the visual impact. He said that the Belle Terre HOA Board unanimously approved a letter supporting the lot line adjustment and the District applied to the City of Novato for the lot line adjustment. He said that after review by the City it was determined that the lot line adjustment was not exempt from the CEQA process and that the project could not be completed until the District prepared an Initial Study and Mitigated Negative Declaration. Mr. Jackson presented the project schedule and stated that the District will hold an additional public meeting to give the public additional opportunity to comment.

Mr. Soldati reviewed the lot line adjustment plan and said that the final design is on hold until the CEQA process is complete. He said that the final design will be presented for approval in mid-February and advertisement for bids will occur shortly thereafter.

Director Fraites asked if the affected homeowners have been notified of the project. Mr. Soldati responded that there has been a public meeting and two or three HOA meetings with District staff and him in attendance wherein the tank project had been discussed and that all homeowners were notified of said meetings. Mr. Jackson added that each homeowner was advised by the developer of the tank project before they purchased their home, and that story poles had been erected in the approximate tank location.

Pat Collins, Winzler & Kelly, explained the Mitigated Negative Declaration process and walked through the initial study findings and proposed mitigation measures. She said that specific measures to this project include the visual impact on nearby residents, loss of trees and the impact on a very small area at a drainage swale. Mr. Jackson presented photo simulations of different viewpoints of the tank location showing the natural landscape that will screen the

tank over time.

Director Fraites inquired about the ratio of tree replacement and Ms. Collins responded that trees will be replaced at a two-to-one ratio which is consistent with the city's requirements.

Director Petterle stated that he would like to see a three-to-one ratio for tree replacement on the basis that the survival rate of the trees could ultimately be two-to-one. Ms. Collins said that any trees that do not survive will also be replaced at a two-to-one ratio.

On motion of Director Petterle and seconded by Director Fraites, the Board unanimously approved staff's request to initiate the CEQA 30-day public review period and to schedule the public hearing for the November 21 Board meeting, at which time the Board will consider adoption of the Mitigated Negative Declaration.

INFORMATION ITEMS

CENTER ROAD TANK PROGRESS REPORT NO. 1

Mr. Jackson updated the Board on the Center Road Tank and presented a slide show of the progress to date on the project. He stated that this month the contractor completed the installation of the concrete roadway. He said that during the past two weeks, the contractor installed the tank drain pipeline and that the project is moving along quickly.

Director Baker asked for a further explanation of pipeline failures near Center Road as reported in the Construction Manager Monthly Report. Mr. Jackson explained that there are three water lines and two sewer lines that travel between the end of Center Road and the Indian Valley Golf Course and the heavy equipment that was being used combined with the utilities being directly under the roadway, caused the failure.

Director Petterle stated that he was disappointed that the material used on the roadway did not blend with the natural surroundings as he had requested. Mr. McIntyre stated that he believed that the roadway will darken as time goes by and that if after the winter the road is still too obvious, there are measures that can be taken to blend the road surface with the natural surroundings.

Mr. Jackson stated that construction of the tank will start in approximately a month and half, rain or shine. He stated that the plan is to complete the underground piping uphill and to hydroseed that area as well as the area that was disturbed by the road installation. Mr. Jackson said that the contractor hopes to place the foundation ring concrete, install the yard piping and possibly apply the first layer of asphalt on the area around the tank which will be used as an all-

weather working surface during tank construction.

Director Baker requested that the PowerPoint visuals be included in the Board packet.

RECYCLED WATER PROJECT PROGRESS REPORT

Mr. McIntyre introduced Steve Cleveland, project manager for Coastland Engineering who provided a progress report on the Recycled Water Facility and Pipeline Project. Mr. Cleveland said that the project is 45% complete in time and 48% complete of cost. He stated that the pipeline installation along Atherton Avenue and through the pasture to the Novato Sanitary District project site has been completed. Mr. Cleveland presented a slideshow of the construction progress at the treatment facility and stated that the filters are scheduled to be shipped by the third week of October and that underground connection of the piping will begin once the filters are in place. He said that he sees no problem with the project being completed by the contract completion date of April 7, 2007 as the project is ahead of schedule.

The Board thanked Mr. Cleveland for his report and he left the meeting at 9:35 p.m.

SMALL GROUP MEETINGS / MESSAGE TESTING SUMMARY

Mr. DeGabriele reported that five Novato organizations participated in the key message testing groups facilitated by Ogilvy Public Relations. He stated that there were varying audiences with varying opinions and that the information will be beneficial in developing a plan to educate the public about the proposed tier rate. Mr. DeGabriele said that staff is drafting the Fall *WaterLine* to include the following information: why the Conservation Incentive Tier Rate is being proposed; how much water each customer uses; how the new rate structure will affect each customer; how each customer can reduce water use; and illustrating where North Marin rates compare to other communities. Mr. DeGabriele stated that Ogilvy Public Relations will develop a proposal for further outreach to District customers and that proposal and the draft *WaterLine* will be presented at the next Board meeting.

Mr. DeGabriele stated that he requested the Auditor-Controller to compile a list of alternatives to the Conservation Incentive Tier Rate proposal for discussion among the Board in anticipation of the public hearing. Mr. Bentley reviewed the four alternatives: reduce the existing Conservation Incentive Rate tier charge by one-third; phase-in the proposed new tier rate threshold over three years; phase-in the proposed tier rate unit price over three years; provide a discount to residential customers using significantly less than the typical customer.

There was a discussion on the alternatives and the Board made comments and suggestions.

Director Petterle said that there would not be much incentive with the alternatives but he stated that he supported the idea of a discount to those customers using less than 19,000 gallons.

Director Rodoni stated that he felt that the District would be lessening the “penalty” if the alternatives were implemented and he stated that he liked the idea of a discount. He also suggested a message be included on the bills of customers who use less thanking them for their conservation efforts.

MISCELLANEOUS

The Board received the following miscellaneous items: Technical Advisory Committee Meeting – October 2, 2006, North Bay Watershed Association Meeting – October 6, 2006, Marin Builders Association Construction Industry Night Program, Job Well Done – Email from Customer.

The Board also received the following news articles: City to Fight Part of Water Board Ruling (9/27), Managers Connect Rates to Value, Public Health (10/06), Dumping Water Tougher for SR (9/17).

ADJOURNMENT

President Schoonover adjourned the meeting at 10:20 p.m.

Submitted by

Renee Roberts
District Secretary