

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
October 18, 2005**

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 Jack Baker, Rick Fraites, 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.

District employees Robert Clark (Facilities Maintenance Superintendent), Mike McMaster (Operations Superintendent), Doug Moore (Construction Foreman) and Michelle Leonard of Harris & Associates were in the audience.

CLOSED SESSION

President Baker immediately adjourned the Board into Closed Session for Conference with Real Property Negotiators (Chris DeGabriele and Drew McIntyre), regarding 91 Iolanthus Avenue, Novato in accordance with California Government Code Section 54956.8.

OPEN SESSION

Upon returning to regular session at 7:45 p.m., President Baker reported that after a discussing the issue, the Board unanimously voted to authorize the General Manager to enter into a settlement agreement in the amount of \$5,000 with the property owners of 91 Iolanthus Avenue and obtain an easement at said property.

MINUTES

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

AYES: Directors Fraites, Petterle, Rodoni, Schoonover

NOES: None

ABSTAIN: Director Baker

ABSENT: None

GENERAL MANAGER'S REPORT

Recycled Water Service Agreement

The General Manager reported that water service to the StoneTree Golf Course was discontinued on October 5, 2005 pursuant to Board direction at the last meeting. He further advised that Black Point Partnership executed the Recycled Water Services Agreement on October 5, 2005 and that water service was then restored. Mr. DeGabriele reported that Black Point Partnership has obtained a release of lien from Bank of America and Black Point Partnership has a 30-day deadline to post the guarantee. He stated that a CPA is reviewing Black Point Partnership's financial statements to confirm the golf course cash flow is sufficient to make project financing payments. He also stated that the invoices for Black Point Partnership on the Outstanding Invoices list in tonight's agenda packet have been paid.

Marin LAFCo

Mr. DeGabriele stated that he will be meeting with Marin LAFCo's Executive Officer, Peter Banning, on October 25. He said that LAFCo is starting a municipal service review for water supply in Marin County and that this will be a preliminary meeting to obtain information on North Marin Water District's water service territory and water supply conditions.

Transmission System Project

Mr. DeGabriele stated that he will be meeting with Sonoma County Water Agency's General Manager and representatives from the City of Santa Rosa, Valley of the Moon, Rohnert Park and the Department of Health Services on October 28, 2005 to discuss the status of the transmission system project, particularly the Temporary Impairment and the Restructured Agreement.

Environmental Forum Presentation

The General Manager said that on November 1, he will make a presentation to the Marin Environmental Forum class.

Joint Meeting With Marin Municipal

Mr. DeGabriele reported that the confirmed date for the joint meeting with Marin Municipal Water District's Board of Directors is Monday, November 14, and is tentatively scheduled to begin at 7 p.m. at the Novato Oaks Inn.

Meeting With State Water Resources Control Board and Department of Fish and Game

Mr. DeGabriele reported that a meeting has been set with the State Water Resources Control Board and Department of Fish and Game to discuss the District's West Marin water rights on December 6 in Sacramento.

OPEN TIME

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

Tree Trimming

Mr. Clark reported that the Maintenance crew trimmed trees at the golf course at the request of a resident who was concerned that the trees may block his road.

Tomales Bay Watershed Council

Mr. McMaster reported that he and the General Manager attended the Tomales Bay Watershed Council meeting today.

MONTHLY PROGRESS REPORT

Mr. DeGabriele reported that in September, Novato water demand increased compared to last year and West Marin water demand decreased significantly from one year ago, principally due to a system leak that occurred one year ago. He reported that Stafford Lake storage reflects the water release to Novato Creek in late August; and, in Oceana Marin, the discharge to the irrigation field continues, and the treatment and storage ponds are at safe levels in preparation for the winter.

He stated that Quarterly Water Quality Bacteriological Quality Monitoring and Chemical Quality Monitoring Report show that the District is within standards, and of the 317 Customer Service Questionnaires sent to customers, 139 were returned with 91% positive responses.

Mr. Bentley reported that the Auditor-Controller's Monthly Report of Investments shows the District's investment portfolio is at 20% liquidity due to the reimbursement of the SRF loan for Stafford Treatment Plant Rehabilitation Project.

QUARTERLY FINANCIAL STATEMENT

Mr. Bentley reported that during the first quarter of the fiscal year, the District received 22% of budgeted revenue and expended 20% of budgeted expenditures, resulting in a 3% loss; the District spent 10% of its Improvement Project Budget in the first quarter; the cash balance has declined \$591,000 during this time period. He stated that Novato water volume sales are down 11% from one year ago and with a 9% water rate increase, the District has seen only 1% increase

in revenue, noting that Novato did not experience a major heat wave this past summer. He said that expenditures have increased due to the District's need to purchase water from the Sonoma County Water Agency and he stated that unless the Stafford Treatment Plant begins producing water the budget will not be met. He stated that the new salary and benefit package and recent retirements also contributed to increased expenditures.

Mr. Bentley reported that West Marin water sales are down 20%; also revenue is down and expenditures have decreased 12%. He said that 52% of the Improvement Project Budget has been expended primarily on the Olema Tank project and the amount borrowed from Novato is \$436,000.

Mr. Bentley said that revenue has increased in Oceana Marin and that five additional customers have signed on this year. He stated that Oceana Marin now has a cash balance that is enough to fund their improvement projects for the coming year and that Oceana Marin's operating expenditures are up 7%.

CONSENT CALENDAR

Item 8 (Vote for National Water Resources Association (NWRA) California Caucus Positions) and Item 9 (Vehicle Replacement - #24 Ford 150 4 x 4) were removed from the consent calendar for further discussion.

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

Water Agreement - Lehman Land Division (APN 141-130-02)

The Lehman Land Division project subdivides an existing 2.7 acre parcel with one residence into two lots for single family homes. Proposed water facilities include 340 feet of 8-inch PVC main, 20 feet of 6-inch PVC main, 30 feet of 1-inch copper, 1 residential fire hydrant and one 1-inch meter. The existing Parcel 1 service will be converted from normal pressure service to high-pressure service.

The Board authorized Resolution 05-39 entitled, "Authorization of Execution of High Pressure Water Service Facilities Construction Agreement with Joe and Barbara Lehman."

Vote For National Water Resources Association (NWRA) California Caucus Positions

This item was removed from the consent calendar for additional discussion.

Director Fraites inquired why the General Manager selected certain candidates to vote for, and Mr. DeGabriele stated that all selected candidates, with the exception of Larry Russell from Marin Municipal Water District, are incumbents and that the District had voted for these candidates in the last NWRA election.

On motion of Director Schoonover, seconded by Director Petterle and unanimously carried the Board approved the General Manager and Board President to vote for the current incumbents for the California Caucus positions of the National Water Resources Association.

Vehicle Replacement - #24 Ford 150 4 x 4

This item was removed from the consent calendar for additional discussion.

Mr. DeGabriele stated that the vehicle replacement is for Vehicle 24, a 1997 Ford 150 4 x 4, and the budgeted amount is for a 2 WD standard 1/2 ton truck, but that the Construction Foreman, has strongly urged the District to replace said vehicle in-kind with a 4 x 4 1/2 ton pick up with an extended cab which would be \$1500 over budget. Mr. DeGabriele stated that staff has also considered the purchase of a hybrid which would be \$9,000 over budget.

The Board discussed whether the purchase of a hybrid vehicle will be suitable for the needs of the Construction Superintendent and Director Rodoni requested staff to prepare an analysis of the length of time before the District would recoup the extra cost in gas savings and that this item be placed on the agenda for the November 1 meeting for Board consideration.

Disbursements

The Board authorized payroll and accounts payable vouchers totaling \$1,293,102.03.

ACTION CALENDAR

AGREEMENT TO PROVIDE DISTRICT ADMINISTRATIVE SECRETARY / VITAL RECORD DOCUMENTATION SERVICES

Mr. DeGabriele presented an agreement to provide services by Joyce Arnold for Administrative Secretarial support and Vital Records Documentation. He stated that Ms. Arnold took on the responsibility of digitizing the District's service records and digitized approximately two-thirds of the records before retiring and that Ms. Arnold estimates that an additional month of work is necessary to complete the job.

On motion of Director Schoonover, seconded by Director Rodoni and unanimously carried, the Board authorized the General Manager to enter into an agreement with Joyce Arnold to provide District Administrative Secretary / Vital Record Documentation Services.

AUDITOR-CONTROLLER'S STATEMENT OF INVESTMENT POLICY

Mr. Bentley said that the District's Statement of Investment Policy has remained unchanged for many years and that the criteria for selecting investments and the order of priority continues to be safety, liquidity and yield.

On motion of Director Rodoni, seconded by Director Schoonover and unanimously carried the Board approved the Investment Policy as presented.

PROPOSAL FOR RISK MANAGEMENT PLAN - CHLORINE GAS AT STAFFORD LAKE WATER TREATMENT PLANT

Mr. McMaster stated that this request for authorization to hire a consultant to develop a Risk Management Plan to use chlorine gas at the new Stafford Water Treatment Plant is a result of the requirements of the Federal EPA. He stated that although the facility has many new safeguards, potential risks associated with the handling of chlorine gas is still a concern. He stated that there are a number of changes in the Risk Management Program and that staff cannot prepare the required components of the program and plan without outside assistance. He stated that he contacted several firms and of the two that responded, the firm of Ryerson, Master and Associates is recommended. He stated that Ryerson, Master and Associates is recommended by Sonoma County Water Agency and East Bay MUD.

On motion of Director Rodoni, seconded by Director Petterle and unanimously carried, the Board authorized the General Manager to enter into a standard District consultant contract for the not-to-exceed amount of \$12,500 with Ryerson, Master and Associates.

INFORMATION ITEMS

WATER SHORTAGE CONTINGENCY PLAN FOR THE GREATER NOVATO AREA

The General Manager reported that the Water Shortage Contingency Plan for Novato was last updated in November 2000, and at that time the District was working with the Sonoma County Water Agency to prepare the Regional Urban Water Management Plan 2000. Mr. DeGabriele said that now the District is working with other water contractors to prepare an Urban Water Management Plan 2005. He stated that it is a requirement of the state to have on file every five years, a District plan to determine water supply and demand and to have a water shortage contingency plan. He stated that the District's current plan is directly linked to Russian River supply and that water shortage conditions would more likely be triggered by impairment to the transmission system rather than limited water supply or drought conditions.

He stated that the Impairment MOU that was recently approved by the Board establishes allocations that the District will be authorized to take in summer months which the District would share with Marin Municipal Water District pursuant to the Intertie Agreement. He stated that a special operations group established by the MOU will consider scenarios for diminished water supply conditions and how would local supply supplement the agency's supply during those periods, or how to reduce the need for supply in temporary impairment periods. He stated that he

will recommend that the WAC discuss how to address impairment conditions in the Water Shortage Contingency Plan at the next WAC meeting and that he will provide an update to the Board.

STAFFORD TREATMENT PLANT REHABILITATION PROJECT PROGRESS REPORT NO. 8 (HARRIS AND ASSOCIATES)

Mr. McIntyre stated that Michelle Leonard, Project Manager, is here to provide the Board with Progress Report No. 8 for the Stafford Treatment Plant Rehabilitation Project. He stated that Ms. Leonard will provide the Board with updates more frequently as the activity in the final stages of the project increases.

Ms. Leonard made a PowerPoint presentation that summarized construction progress as of September 2005, and she stated that the project is 93% complete by time, 88% complete by cost and total construction cost to date is \$10.9M. She identified the following areas that have delayed the contractor's completion of the project: incorrect filter media; finished water clearwell leak; fabrication error on sludge thickener mechanism center column; and interference with existing PG&E power feed to the old treatment plant. She stated that all but the delay due to the interference with existing PG&E power feed were the responsibility of the contractor. Ms. Leonard further stated that the project is approximately four months behind schedule with a completion date of February 27, 2006 and that requests to Frontier Contracting for more staffing or to utilize split shift scheduling to make up the time have gone unheeded.

MISCELLANEOUS

The Board received the following miscellaneous information: 1st Quarter Overtime Report, About the Geysers Water Recharge Project, Note From Consumer Re Water Release and Minimum Charge, Email from Matt Mullan, Windsor Town Manager Re: Restructured Agreement and MOU.

Mr. DeGabriele stated that the email from Matt Mullan reported that the Windsor Town Council did not approve the Restructured Agreement and that their council offered a compromise similar to North Marin's; to delete language reference to the Potter Valley acquisition or change voting requirement of the WAC from a majority of 5 to 8 to a super majority of 6 to 8. He inquired of the Board if they would be agreeable to consider the Town of Windsor's proposal at the November 1 meeting.

Director Rodoni stated that he would like to know how the other contractors will vote and that even a super majority vote runs the risk of North Marin being out-voted and thus creating a burden on the District's customers. Mr. DeGabriele said that he would provide that information at the next meeting.

ADJOURNMENT

President Baker adjourned the meeting at 9:15 p.m.

Submitted by

Renee Roberts
District Secretary