

**NORTH MARIN WATER DISTRICT
MINUTES OF REGULAR MEETING
OF THE BOARD OF DIRECTORS
November 20, 2007**

CALL TO ORDER

President Petterle 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, 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 Robert Clark (Facilities Maintenance Superintendent), Mike McMaster (Operations Superintendent), Doug Moore (Construction Superintendent) and Pablo Ramudo (Water Quality Supervisor) were in the audience.

MINUTES

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

GENERAL MANAGER'S REPORT

Marin Audubon Society

Mr. DeGabriele advised that Barbara Salzman, President of Marin Audubon Society, commended District staff for the great job relocating the pipeline across the Audubon Society's property on Atherton Avenue. He noted that the High Density Polyethylene (HDPE) pipe was used for temporary service to Stone Tree Golf Course and has been moved to the recycled water facility to provide potable backstop supply for the Treatment Plant.

Novato Advance

Mr. DeGabriele reported that last week he spent time with Tim Omarzu, editor of the Novato Advance, and discussed the Sonoma-Marín Narrows project and the likely requirement for relocation of the District aqueduct. He stated that they also talked about the preliminary discussions between the District and Marin Municipal Water District regarding providing capacity in the relocated aqueduct for MMWD's delivery of Russian River water in the future and made sure that Mr. Omarzu understood that these are preliminary discussions and that the expense of relocation and size of pipe required is not known at this time.

OPEN TIME

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

Stan Truttman Retirement

Doug Moore announced that Stan Truttman, District Pipeline Foreman, will retire on December 26, 2007 from the District after nearly 29 years of employment.

Mike McMaster Retirement

Mike McMaster advised the Board that he will retire effective January 15, 2008.

Director Rodoni requested that, in light of the two impending retirements of West Marin employees, staff come back with suggested plan for the interim, both short-term and long-term, for continued District presence in West Marin.

Oceana Marin Emergency Generator Enclosure

Mr. McIntyre reported that the Electrical/Mechanical crew has been working on enclosing the existing emergency generator structure at the Oceana Marin Lift Station and that the project was "red-tagged" by the county due to lack of a building permit. He said that he met with the county to review the project and determined that the project does not require county design review approval, but a question remains whether a building permit is required. He stated that he is continuing to work with the county building inspector to resolve the matter.

Sonoma-Marin Narrows Aqueduct Relocation

Mr. McIntyre informed the Board that tomorrow, November 21, he and Mr. DeGabriele have a meeting with the design engineer and representative from CalTrans right-of-way regarding the Marin-Sonoma Narrows Project. He advised the staff will present a draft response letter to the project EIR at the December 4th Board meeting. He said the purpose of the meeting with CalTrans is to discuss how the project will progress in respect to relocation, timing and responsibility. He clarified that any relocation work that is required for the CalTrans' project will be within CalTrans' expanded right-of-way limits and is covered by CalTrans' initial EIR. He said he does not believe that the District will need to do CEQA work for relocation of the District pipeline that are in those specific CalTrans' locations; however, the District would be in the lead for CEQA work to expand the aqueduct and for areas that are outside of the CalTrans' project scope. Mr. McIntyre said that he will provide another report at the next meeting.

MONTHLY PROGRESS REPORT W/QUARTERLY CUSTOMER SERVICE QUESTIONNAIRE

Mr. DeGabriele reviewed the Monthly Progress Report for October and reported that water production in Novato was down 15% from one year ago and down 8% from this same period in 2004. He stated that he had reviewed the reduction of Russian River diversions at the last meeting which confirmed that Russian River water use was down about 24% from 2004. He reported that West Marin water production was down 21% and that Stafford production resulted in 432 million gallons which is similar to the last full year of production in 2003. He stated that there was 2 inches of rainfall through October 2007 and that last year there was less than 1 inch at this time. Mr. DeGabriele reported that the District experienced nearly 300 days without a lost time accident. He noted that the District rebated 48 horizontal washing machines and that water waster complaints numbered 24 this year while there were zero complaints last year. He stated that the total number of leak complaints was almost identical with 2006 and high bill complaints were down this year.

Mr. Bentley reported on the Financial Reserve Summary and said that the cash balance is \$13M up \$1M from last year, and that in 2005 the cash balance was \$15M. He advised that interest rates continue to fall.

CONSENT CALENDAR

Director Baker requested that agenda item No. 6, Outside Auditor's 2006/07 Report and Management Letter be removed from the Consent Calendar for further discussion.

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

CHEANG LAND DIVISION, 1690 HILL ROAD

The Cheang Land Division located at 1690 Hill Road, divides an existing 0.80 acre parcel with 1 residential service into three lots for single family homes and service will be provided to two new residences. New Zone 1 water facilities required include 320 feet of 6-inch PVC main, 60 feet of 1-inch copper, one residential fire hydrant and two 1-inch meters.

The Board approved Resolution 07-44 entitled, "Authorization of Execution of Water Service Facilities Construction Agreement."

CONSENT - APPROVE DISBURSEMENTS

The Board approved and authorized for payment payroll and accounts payable vouchers totaling \$737,107.99.

ACTION CALENDAR

APPROVE: OUTSIDE AUDITOR'S 2006/07 REPORT AND MANAGEMENT LETTER

Director Baker stated that he wished to comment on the report, specifically on the first paragraph of the Management's Discussion and Analysis where it is stated that "there was ample storage in Lake Sonoma...." He said that the ability to deliver Lake Sonoma water is problematic and that the statement is misleading. Director Baker directed his comments to the report section involving vendor authorization and cautioned on the use of "phantom vendors" that has been problematic to other agencies. He asked for clarification that there is separation of tasks in the Billing Department as the report cited different job titles within that department which he was unfamiliar with. Finally, Director Baker inquired when "staff will initiate software program change..." as stated in the report and will that software remove the General Ledger posting from the payroll process.

Mr. Bentley stated that as part of the solution to these findings, the auditors will come back to check that their recommendations have been put in place, will make a report to the Board and will hold staff accountable.

On motion of Director Schoonover, seconded by Director Rodoni, the Board approved the Outside Auditor's 2006/07 Report and Management Letter.

APPROVE: REPLACEMENT OF GRANULAR ACTIVATED CARBON FOR STAFFORD TREATMENT PLANT

Mr. McMaster stated that he described the decline in effectiveness of the granular activated carbon (GAC) for Stafford Treatment Plant to the Board's attention in August and presented the plan to replace the carbon in two of the existing four GAC cells and augment the FY 07/08 budget by \$88,000 for Board approval. He advised that twelve suppliers were solicited for bids and that four vendors responded. He said that staff is recommending Activated Carbon as the supplier of the carbon only at a cost of \$62,479.72 and ERS for the removal of the old carbon and installation of the new carbon at a cost of \$22,059.76.

On motion of Director Baker, seconded by Director Fraites, the Board unanimously approved to contract with Activated Carbon and ERS and to augment the FY 07/08 budget by \$88,000.

SET DATE: LONG RANGE PLANNING WORKSHOP

Mr. DeGabriele stated that the previous long-range planning workshop with consultant Robert Rauch was on January 30, 2006 and asked the Board to decide on either January 21 or January 25 for the 2008 workshop date.

After a brief discussion and on motion of Director Baker and seconded by Director Schoonover, the Board set the date of Monday, January 21, 2008 as the date for the Long-Range Planning Workshop by the following vote:

AYES: Directors Baker, Petterle, Rodoni, Schoonover

NOES: Director Fraites

ABSTAIN: None

ABSENT: None

CONSIDER: WEBSITE REDESIGN VENDOR

Mr. Bentley reported that eleven vendors were solicited to submit proposals for the redesign of the District website and that two vendors, Wabaco and Bart Direction + DREX, responded. He said that a committee comprised of Jim Roeters, Sue Kessler, Renee Roberts, Directors Rodoni and Petterle and himself interviewed the vendors on Thursday, November 15th. He stated that the two vendors had different approaches to the website re-design but that their pricing proposals were similar. Mr. Bentley showed the Board the website designed by Wabaco for the City of Rohnert Park as well as a sample webpage designed for the District. The Board was presented with print-outs of Bart Direction + DREX's sample website for their review. Mr. Bentley reviewed the differences in each proposal and noted that Wabaco's concept allowed for District staff to easily revise the website and that Bart Direction + DREX was more creative and "eye-popping".

Director Rodoni stated that he agreed that Bart Direction + DREX would provide the best service in terms of production and creativity but that he also felt that Wabaco would be suitable. He further stated that given that the costs were not much different, Bart Direction + DREX would produce higher quality product with more "pizzazz". He said that staff should strive to not spend more than is budgeted for the website redesign.

Director Petterle said that the Monthly Progress Report shows that there are over 1900 visits to the District's website per month and that the website is what people see more than any other aspect of the District. He opined that Bart Direction + DREX's other websites were fantastic and very creative.

On motion of Director Schoonover and seconded by Director Rodoni, the Board unanimously approved contracting with Bart Direction + DREX to develop the District's website in the amount of \$20,900.

APPROVE: CONTRIBUTION TO VINEYARD ROADWAY MAINTENANCE

Mr. DeGabriele stated that in February 2007, the Board directed staff to continue contributing to periodic maintenance of the extension of Vineyard Road that crosses District watershed property and to form a formal maintenance agreement with the roadway easement users. He further stated that the road maintenance agreement has not been developed in a timely manner and that he is, therefore, asking the Board to authorize payment of three shares of last year's roadway maintenance in the amount of \$911.25 (one share each for the District, Indian Valley Golf Course and Marin County Open Space District). Director Baker asked why the golf course was included and Mr. DeGabriele stated that the roadway is near the golf course maintenance facility. Mr. DeGabriele stated that he is hopeful that the golf course and Open Space will reimburse the District for their shares, but that he cannot guarantee this.

On motion of Director Baker and seconded by Director Schoonover, the Board unanimously authorized payment of \$911.25 (3 shares) for 2006 Vineyard Road maintenance.

INFORMATION ITEMS

QUARTERLY REPORT – WATER QUALITY W/QUARTERLY BACTERIOLOGICAL QUALITY MONITORING REPORT

Mr. Ramudo reported that all water served to Novato and Point Reyes met federal and state water quality standards during the first quarter of FY 2007-2008. He stated that algae numbers were up from the previous year and that the Solar Bees provided increased aeration in the lake thus avoided prolonged anoxic conditions caused by decreased oxygen levels at the bottom of the lake. Mr. Ramudo said that the Point Reyes raw water quality was good throughout the quarter and salt water intrusion began to rise in July but remained within acceptable levels. He said that salt content has been climbing with each successive spring tide during this dry period and results in disinfection by-products significantly increasing at one of the locations but still below the threshold.

Director Baker asked if the removal of the Giacomini Dairy will affect the salt water intrusion in Lagunitas Creek. Mr. Ramudo replied that the National Park Service hydrologist will take a look at it but the salinity levels will not get any better. He said the proposed Gallagher Pipeline project, if funded, will help mitigate the salinity problem.

Mr. Ramudo reported that the Stafford Treatment Plant was able to achieve the total organic carbon (TOC) rule requirements and achieved a 45% removal in September despite the fact that the granular activated carbon (GAC) (used to remove contaminants, including TOC and disinfection byproducts (DBP)), has been declining in efficiency. He said that this is a significant

accomplishment as DBP levels are commonly highest during the high temperature months of August and September.

QUARTERLY REPORT – OPERATIONS DEPARTMENT

Mr. McMaster presented the Operations Department report for the first quarter of FY 2007-08 and said that this quarter ends the Water Year with the lowest rainfall recorded since 1916 at 15.32". He said that significant water production from Stafford Water Treatment Plant started in July. Mr. McMaster reported that flows out of Stafford this quarter totaled 57% more water than in 2004. He stated that the Stafford Treatment plant operators have been able to keep Total Organic Carbon (TOC) reductions down, but that in meeting the overall TOC reductions, filter runs and efficiencies have been declining which limit the overall capacity of the plant and increases treatment and energy costs. He stated that the treatment plant staff is working diligently to address this issue.

2007 NOVATO MASTER PLAN – ADMINISTRATIVE DRAFT

Mr. McIntyre distributed copies of the 2007 Novato Master Plan – Administrative Draft (Plan) to the Board and requested that they review it in preparation for a presentation by Mark Soldati at the next Board meeting. He stated that the Board will have time after that presentation for comments and that the Plan will come back for Board approval at the second meeting in December. Mr. McIntyre noted that the Plan contains a new section 8 entitled, "Infrastructure Repair and Replacement Plan" which addresses asset management.

SCWA WATER CONTRACTOR STATISTICS

Mr. DeGabriele provided the Board with a table of Water Contractor Statistics, graphs of Lake Mendocino and Lake Sonoma storage, and graphs of Lake Releases and Diversions for 2004 and 2007. He said that he prepared this information to demonstrate that the recent mandatory reductions of Russian River diversions had little impact on Lake Mendocino storage and to advocate to the Sonoma County Water Agency manager to request that the State Board not mandate future restrictions on Russian River diversions to maintain Lake Mendocino storage. He informed the Board that he felt it may be difficult to convince the agency to take this approach to the State Board and to get the consensus of the other water contractors. He reported that the Valley of the Moon Water District has expressed their support. Mr. DeGabriele walked through each graph to support his argument that there is ample water in Lake Sonoma, that contractors' diversions originate from Lake Sonoma and that the mandatory restrictions on the water contractors imposed by the State Board did not affect the storage levels in Lake Mendocino. He said it is important to get this message to the State Board.

Director Baker asked if the water contractors and Agency need to be in consensus before the State Board. Mr. DeGabriele replied that the Agency will be back before the State Board before next spring likely asking for relief from instream flow requirements to preserve water in Lake Mendocino for release later in the year for the fisheries. He said that that the Water Agency's priority is to protect the fish and keep all users of the system happy which is difficult to do. He said the water contractors are better served if the facts are known and to get the message out.

MISCELLANEOUS

The Board received the following miscellaneous information: Water Education Foundation 2008 Water Tours, Marin Art & Garden Center Fall 2007 Special Events, Annual Report of Employee Event Costs, Customer Letter Complimenting Staff. The Board also received the following news articles: Lawn, Water Use Program Planned (11/13), Prospectors Claim Stretches of Ocean, Hoping to Harness Wave Energy (11/11), Water Officials Nervous in Redwood Valley (11/9).

ADJOURNMENT

President Petterle adjourned the meeting at 8:47 p.m.

Submitted by

Renee Roberts
District Secretary