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3 **NORTH MARIN WATER DISTRICT**  
4 **MINUTES OF REGULAR MEETING**  
5 **OF THE BOARD OF DIRECTORS**  
6 August 2, 2005

7 **CALL TO ORDER**

8 President Baker called the regular meeting of the Board of Directors of North Marin Water  
9 District to order at 7:30 p.m. at the District headquarters and the agenda was accepted as  
10 presented. Present were Directors Jack Baker, Rick Fraites, Steve Petterle, Dennis Rodoni and  
11 John Schoonover. Also, present were General Manager Chris DeGabriele, Acting Secretary Renee  
12 Roberts, Auditor-Controller David L. Bentley and Chief Engineer Drew McIntyre.

13 District employees Mike McMaster (Operations Superintendent) and Joyce S. Arnold  
14 (District Secretary), Marcia Davis (Water Quality Supervisor), Pablo Ramudo, Marc Reischman,  
15 Zdena Sucha and Michael Sharp, Manager, StoneTree Golf Course representing Bill Bunce of  
16 Black Point Partners were in the audience.

17 **MINUTES**

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

20 **GENERAL MANAGER'S REPORT**

21 Mr. DeGabriele reported that he attended William "Bill" Seeger's memorial. Mr. Seeger was  
22 the former General Manager of Marin Municipal and was much respected by his colleagues.

23 Mr. DeGabriele also reported that a solo vehicle accident occurred while an employee was  
24 driving on a very steep, dirt road near District water tank. The employee suffered no injuries, and  
25 the vehicle sustained approximately \$2000 damage to vehicle.

26 Mr. DeGabriele stated that there was a good turnout at the District's picnic and that  
27 everyone had a good time.

28 The General Manager advised he attended the Novato Sanitary District rate hearing and  
29 voiced the District's encouragement for the Sanitary District to improve facilities, to be aware of  
30 construction costs escalating and that North Marin is hopeful to proceed with the Water Recycling  
31 Project soon.

32 **OPEN TIME**

33 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:

1 West Marin Group

2 Director Rodoni reported that as a member of LAFCo, he was invited to a meeting last  
3 month by group of people from all of the West Marin communities who are looking at all the  
4 possibilities of special districts, what is available and what might be usable by them to have "more  
5 local control." This group felt that the local government failed to solicit opinions and ideas from the  
6 communities concerning the Sonoma-Marín Mosquito Control District Annexation. He stated that the  
7 West Marin Mosquito Control Committee will give a presentation at the next Board meeting asking  
8 the District to support their protocols. Director Rodoni will keep the Board apprised.

9 Marin Conservation League

10 Director Fraites stated that he attended the monthly Marin Conservation League breakfast at  
11 which Congresswoman Lynn Woosley was the guest speaker. He noted that she stated that she  
12 supported the SMART rail system and reviewed environmental bills and other concerns facing  
13 Congress.

14 **QUARTERLY FINANCIAL STATEMENT**

15 Mr. Bentley reviewed the Cash on Hand Report noting three items: (1) the Conservation  
16 Incentive Rate fund has a balance of \$156,176; (2) the Cash On Hand bottom line has remained flat  
17 for the past 3 years despite significant water rate increases; and (3) the Oceana Marin Sewer  
18 District has paid off its debt to Novato Water, adding that West Marin water is now \$271,895 in debt  
19 to Novato Water due to improvement projects.

20 Mr. Bentley reviewed the quarterly financial statements dated June 2005 noting that this is a  
21 preliminary financial statement that the outside auditors will examine and that after the audit, the  
22 financial statement will be presented once again to the Board.

23 Novato Water

24 Mr. Bentley reported that the District had performed better than budgeted and that 83% of  
25 Improvement Budget projects have been completed, the best performance since 1993. Operating  
26 revenue increased 12%.

27 West Marin

28 Water revenue increased 11%, however Operating Expenses increased 32%, due in part to  
29 system leaks, telemetry system failures and treatment plant costs. In spite of raised rates, there  
30 was a loss of \$79,000, compared to a budgeted loss of \$19,000. Ninety-Seven percent of budgeted  
31 Improvement Projects were completed.

1 Oceana Marin

2 Mr. Bentley reported that the District added six new customers and collected one  
3 connection fee. There was a net income of \$49,000 more than budgeted. Improvement Projects  
4 were deferred until tax revenues are reviewed.

5 Director Baker inquired if the District had yet been approached regarding water services for  
6 Parcel K in Oceana Marin that has recently been submitted to the County. Mr. McIntyre responded  
7 that the District has been in communication with the Applicant and requested they submit an  
8 application and pay \$15,000 for updating the Wastewater Treatment and Disposal System Oceana  
9 Marin Master Plan originally done by Bracewell Engineering. With the submission of these funds,  
10 the District will be moving forward and will come back to the Board with an agreement to update the  
11 current Master Plan.

12 **CONSENT CALENDAR:**

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

15 Water Recycling Capital Reserve Fund

16 The Board authorized Resolution No. 05-29 to establish a Water Recycling Capital Reserve  
17 Fund to meet the requirements of the State Water Resources Control Board State Revolving Fund  
18 Loan.

19 Safety Recognition Award First Aid Kit

20 The Board approved to recognize the Safe Work Performance of District employees by  
21 awarding each employee a first aid kit.

22 Fall 2005 and Spring 2006 "Water Line"

23 The Board approved the authorization of the General Manager to enter into an agreement  
24 with Strahm Communications for the programming, design, printing, freight and postage of the Fall  
25 2005 and Spring 2006 issues of "Water Line" for an amount not to exceed \$17,000 without prior  
26 written authorization from the General Manager.

27 Lagunitas Creek Streamgaging Station Cost Sharing

28 The Board authorized the General Manager to enter into an agreement with United States  
29 Geological Survey (USGS) to continue funding the Gallagher Streamgaging Station in Lagunitas  
30 Creek (Station #11460600). Currently the cost of operating and maintaining this station is shared  
31 between North Marin, the National Park Service and Marin Municipal Water District. The

1 agreement date is for the period of November 1, 2005 to October 31, 2006 at a cost to the District  
2 of \$6,230.

3 Disbursements

4 The Board authorized payroll and accounts payable vouchers totaling \$567,395.58 and  
5 estimated overheaded payroll for August of \$263,000.00.

6 **ACTION CALENDAR**

7 **APPROVE NOVATO HORSEMEN WATER AGREEMENT**

8 Mr. McIntyre requested that this item be deferred to the next Board meeting because Mr.  
9 Aldo Gighiotti of Novato Horsemen, Inc. could not attend tonight's meeting. No action was taken.

10 **APPROVE BLACK POINT PARTNERS RECYCLED WATER SERVICE**

11 Mr. McIntyre stated that staff has been working with Black Point Partners and the District's  
12 legal counsel since April 2005 when the Draft Agreement was presented to the Board. During this  
13 same time, the District proceeded with the bid opening for the construction of the project. Mr.  
14 McIntyre reminded the Board that Maggiora & Ghilotti is the apparent low bidder and that staff is  
15 completing the bid analysis and has completed the approval to award application package for the  
16 State Revolving Fund (SRF) loan and has submitted same to the State.

17 Mr. McIntyre stated that financial arrangements have been modified to allow a payment plan  
18 alternative with very specific arrangements, including required bimonthly payments to cover interim  
19 District financing in advance of getting SRF monies. Based upon recent conversations with the  
20 State staff is comfortable that the District is first or second in line to receive the SRF loan money  
21 toward end of this year or early 2006. He said that the District is anxious to move forward this  
22 construction season before receiving SRF loan monies. He noted that the Auditor-Controller was  
23 able to secure interim financing and those terms are reflected in the Draft Agreement (higher  
24 interest rate) which allows Black Point Partnership to make payments and still obtain lower interest  
25 financing once the SRF monies are available. Mr. McIntyre reported that the Agreement includes  
26 language stipulating that a performance bond is required for security to back up payment plan and  
27 the District anticipated receiving suggested language from Black Point Partnership before the  
28 meeting addressing an alternate performance guarantee financing, but that language had not been  
29 received. He stated that it is the District's understanding that Black Point Partnership would like the  
30 District to consider an alternative to a performance bond because Black Point Partnership most  
31 likely could not secure a performance bond.

32 Mr. McIntyre stated that the cost of recycled water is priced in the agreement to match the  
33 zone 1 potable commodity rate. This rate will be sufficient to cover costs that the District will pay to

1 Novato Sanitary District (NSD) for the operation and maintenance of the facility as well as  
2 accommodate a replacement fund and pay any additional owner's cost that the District will incur.  
3 Mr. McIntyre requested to modify the recommendation to the Board recognizing that final input from  
4 Black Point Partnership has not been received and that the Board approve this Agreement in  
5 general form and authorize any final revisions by the General Manager with input from legal  
6 counsel. He added that Black Point Partnership's past due invoices were paid in full today.

7 Director Petterle inquired how overdue were these invoices and Mr. Bentley answered that  
8 some of the invoices were over one year delinquent.

9 The General Manager introduced Michael Sharp, General Manager of StoneTree Golf  
10 Course, representing Bill Bunce, Managing Partner of Black Point Partnership who could not attend  
11 tonight's meeting. Mr. Sharp read and distributed copies to the Board a letter from Mr. Bunce which  
12 stated Black Point Partnership's commitment to the Water Recycle Project, its participation in efforts  
13 to secure the SRF loan and acknowledged the past due invoices and that those invoices have now  
14 been paid.

15 President Baker thanked Mr. Sharp and noted that Mr. Sharp may not be able to answer  
16 questions from the Board, however Mr. Sharp will be able to relay any questions or concerns back  
17 to Mr. Bunce. He confirmed that Mr. Sharp is not a member of the Black Point Partnership  
18 corporation, but strictly employed by the golf course.

19 Director Schoonover requested clarification of the statement in Mr. Bunce's letter stating  
20 that recycled water for StoneTree "will be very expensive when compared to the rates paid by other  
21 golf courses in Northern California..." since North Marin Water District's rates are one of the lowest  
22 in the State. Mr. DeGabriele responded that typically recycled water delivery is subsidized at a rate  
23 less than potable rates. He stated that this is one of the discussion points in the Agreement  
24 because the cost of operating and maintaining the recycle water facility are unknown at this time.

25 Director Petterle stated that he is deeply concerned about the payment plan due to Black  
26 Point Partnership's history of delinquent payments. He noted that collecting on performance bond is  
27 not a straight forward process. He stated the District needs to make it clear that there will be very  
28 serious consequences if there is another incidence of delinquent payments.

29 Director Frites asked if the five-year review period as provided in the proposed agreement  
30 is reasonable. Mr. DeGabriele stated that because the agreement being executed now and with  
31 Stafford Treatment Plant's start up next summer, the first full irrigation season for collecting  
32 operating cost history will be 2007. The District would want at least 2 to 3 years of history to get

1 reliable data of actual costs. Director Fraites also inquired if the District had an opportunity to  
2 examine the Black Point Partnership books. Mr. Bentley replied that in talking with local banks  
3 familiar with Black Point Partnership he learned that the banks declined to get involved with Black  
4 Point Partnership because their books were very complex. Director Fraites stated that he shares  
5 Director Petterle's concerns.

6 Director Rodoni stated that he also is very concerned with the Applicant's sincerity in that  
7 they paid their delinquent invoices today and agrees with Director Petterle. He stated that he is  
8 very committed to this Recycled Water Project, and asked if the District discussed collateral other  
9 than the Performance Bond. Mr. DeGabriele stated that Black Point Partnership did not believe  
10 they could fulfill the Performance Bond obligation and Mr. DeGabriele told Black Point Partnership  
11 that their proposal must be tangible, callable, and if Black Point Partnership uses their property as  
12 collateral that the District must know what other prior obligations are attached to the property. He  
13 stated that the District would not enter into an Agreement without addressing that issue and without  
14 legal counsel.

15 Director Rodoni asked if the partners would personally guarantee the loan. Mr. DeGabriele  
16 stated that that issue has not come up and that the District is waiting for Black Point Partnership's  
17 proposal. Director Rodoni asked for clarification about the limitation on amount of recycled water.  
18 Specifically that potable water would not be available if recycled water is disconnected due to non  
19 payment. He suggested that Section 9 of the Agreement be revised to make this very clear.  
20 Director Rodoni also inquired if the potable water charge includes the funding of the loan. Mr.  
21 Bentley replied that there would be a bimonthly charge equal to the loan payment in addition to the  
22 potable water charge. He also requested that staff make a strong commitment to turning off Black  
23 Point Partnership water in the event that they do not make their payments and that staff make this  
24 agreement very tight so that Black Point Partnership does not avoid making payments noting that  
25 the District is making a huge commitment.

26 Director Rodoni asked if the timing for approval of this agreement is crucial. Mr. McIntyre  
27 responded that the longer it takes to award the construction contract the longer it will be until the  
28 project will be implemented. He stated that it is staff's desire to award the construction contract at  
29 the next meeting. He stated that it would be preferable to have an agreement with Black Point  
30 Partnership before the construction contract is awarded.

31 Director Petterle stated that it is better to have an ironclad agreement with Black Point  
32 Partnership and take more time than to be faced with debt that cannot be repaid.

1 Mr. DeGabriele stated that the construction contract will be at the next meeting for award.  
2 However, without an agreement with Black Point Partnership there will be no authorization to make  
3 payment of the construction contract.

4 After much discussion the Board decided that more time was required to review the  
5 agreement before approving same, and it was decided to continue this item to an adjourned  
6 meeting scheduled next Tuesday, August 9, 2005.

7 On motion of Director Petterle, seconded by Director Fraites and unanimously passed the  
8 Board adjourned this item to Tuesday, August 9, 2005 at 7:00 p.m.

9 The Board thanked Mr. Sharp and he left the meeting.

10 **APPROVE STAFFORD TREATMENT PLANT REHABILITATION – FRONTIER CONTRACTING**  
11 **CHANGE ORDERS**

12 Mr. McIntyre reviewed two change orders requested by Frontier Contracting, Inc. for the  
13 Stafford Treatment Plant Rehabilitation Project. Change Order No. 12. is for changing out Hach  
14 Model 1720 turbidimeters. The manufacturer no longer makes this model and staff believes that  
15 purchasing the new model would be in the best interest of the District.

16 Change Order No. 15 brings the existing clarifier concrete special coating to acceptable  
17 standards. Mr. McIntyre stated that removal of the clarifier internal mechanism allowed a more  
18 thorough analysis of the concrete, and it was determined that the degree of deterioration of the  
19 concrete was such that the specified coating system in the original design would not adequately  
20 protect the concrete. The change order is to provide an 80 to 100 mil epoxy coating system instead  
21 of the 4 to 8 mils in the original design.

22 On motion of Director Petterle and seconded by Director Schoonover Change Order No. 12  
23 in the amount of \$19,551 and Change Order No. 15 in the amount of \$20,478 were unanimously  
24 approved.

25 **CONSIDER CONTRIBUTION TO FIRESAFE MARIN**

26 The General Manager presented the Board with a solicitation from FIRESafe MARIN for a  
27 contribution. FIRESafe MARIN is a non-profit organization dedicated to reducing wildland fire  
28 hazard and improving fire safety awareness in Marin County.

29 On motion of Director Petterle and seconded by Director Rodoni, a \$500 contribution to  
30 FIRESafe MARIN was unanimously approved.

31 **CONSIDER CONTRIBUTION TO ABAG - CALFED TASK FORCE**

1 Mr. DeGabriele presented the Board with a solicitation from Association of Bay Area  
2 Governments (ABAG) – CalFed Task Force / Bay Area Water Forum. The Forum’s mission is to  
3 improve communication and understanding about water resource issues and to provide  
4 opportunities for collaboration and funding of projects. Mr. DeGabriele advised the Board that the  
5 Forum has taken the lead in coordinating the Proposition 50 grant proposals of which the District’s  
6 Recycled Water Project is included.

7 On motion of Director Schoonover and seconded by Director Rodoni a \$500 contribution to  
8 ABAG - CalFed Task Force / Bay Area Water Forum was unanimously approved.

9 **INFORMATION ITEMS:**

10 **QUARTERLY PROGRESS REPORT – WATER QUALITY DEPARTMENT**

11 Water Quality Supervisor Marcia Davis stated that both the Novato Service Area and Point  
12 Reyes during the fourth quarter of fiscal year 2004-2005 met all state and federal regulations.

13 Ms. Davis informed the Board that she will be retiring as of October 1, 2005 and the Lab will  
14 see changes in staff’s positions. She stated that Pablo Ramudo will become Water Quality  
15 Supervisor, Stacie Goodpaster will move into the Senior Chemist position, Marc Reischmann will  
16 move up to Chemist II and that Sarah Aguillon has been hired as Chemist I. Zdena Sucha  
17 continues as a temporary employee and a new temporary student intern has been hired. Ms. Davis  
18 stated that she believes the Lab will be in excellent hands.

19 Pablo Ramudo and Marc Reischmann presented a very interesting PowerPoint presentation  
20 demonstrating the capabilities of the Laboratory’s new microscope and camera by showing pictures  
21 of magnified algae and plankton found in Stafford Lake.

22 **BILL ADJUSTMENT POLICY**

23 The Auditor-Controller reviewed the District’s Bill Adjustment Policy. He compared the  
24 District’s policy with other agencies’ policies using a PowerPoint display. He stated that the  
25 District’s policy is complicated and difficult for most customers to understand.

26 There was a lengthy discussion and Director Baker requested that the Directors give their  
27 suggestions on revisions to the Bill Adjustment Policy to Mr. Bentley for a later discussion.

28 **LETTER TO COUNTY OF MARIN – REQUEST FOR INFORMATION ON MARIN COUNTYWIDE**  
29 **PLAN ALTERNATIVES AND PROJECT BUILDOUT NUMBERS**

30 Mr. DeGabriele presented a draft letter to the Marin County Community Development  
31 Agency who requested information on North Marin’s water supply being sufficient to meet  
32 alternatives in the countywide plan update. He stated that fortunately North Marin’s water supply



1 forecast is ample enough meet development objectives identified both in the alternatives and  
2 preferred project. He noted that the information is for Novato Service Area only and staff will  
3 prepare a second letter for the West Marin Service Area. The Water Supply Assessment language  
4 is being reviewed by legal counsel.

5 **WATER ADVISORY COMMITTEE MEETING (AUGUST 1, 2005)**

6 Mr. DeGabriele stated that the Water Advisory Committee (WAC) meeting was short and  
7 therefore did not write a summary memorandum to the Board. He said that he provided WAC with  
8 an update on the proposed Sonoma-Marín Saving Water Partnership. Mr. DeGabriele stated that  
9 partners are developing Best Management Practices for water conservation as they relate to new  
10 development. There was discussion that there should be a minimum level of staffing in larger  
11 agencies like North Marin which would include another conservation specialist assigned to North  
12 Marin to deal with surveys and large landscape audits. Mr. DeGabriele said he is looking forward to  
13 data that will support the Urban Water Management Plan so the proposed Partnership can evaluate  
14 what the long-range target for water conservation should be.

15 **MISCELLANEOUS:**

16 The Board received the following miscellaneous information: Review of Scheduled Agenda  
17 Items, West Marin Water Consumption by Elevation Zone, Regional Residential Clothes Washing  
18 Machine Rebate Program, National Water Resources Association (NWRA) Election, PB Service  
19 Lines, and Day in the Capitol Event.

20 The Board also received the following news articles: Bernardi Leaving Builders Group  
21 (7/27/05), William R. Seeger "Bill" Obituary (7/27/05), Study Says State Water Demands Will Surge  
22 (7/27/05), For New Hybrids, Going Green Means Going Fast (7/17/05), Audit Shows Procedures Not  
23 Followed on Delta Water Plan (7/14/05), and Feds Want Salmon Order Overturned (7/14/05).

24 **ADJOURNMENT**

25 At 10:00 p.m. on motion by Director Schoonover and seconded by Director Petterle, and  
26 unanimously passed, the meeting is adjourned to Tuesday, August 9, 2005 at 7 p.m. for  
27 consideration of approval of the Black Point Partnership Recycled Water Service Agreement.

28 Submitted by

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31  
32 Renee Roberts  
33 Acting District Secretary