

1 **NORTH MARIN WATER DISTRICT**
2 **MINUTES OF REGULAR MEETING**
3 **OF THE BOARD OF DIRECTORS**
4 August 21, 2007

5 **CALL TO ORDER**

6 President Petterle called the regular meeting of the Board of Directors of North Marin Water
7 District to order at 7:30 p.m. at the District headquarters and the agenda was accepted as
8 presented. Present were Directors Jack Baker, Steve Petterle and John Schoonover. Director
9 Fraites arrived at 7:38 p.m., and Director Rodoni was absent. Also present were General Manager
10 Chris DeGabriele, Auditor-Controller David Bentley, Chief Engineer Drew McIntyre, and Acting
11 Secretary Sue Kessler.

12 Novato resident Tilden Hansen, District employees Doug Moore (Construction
13 Superintendent), Robert Clark (Facilities Maintenance Superintendent), Peter Castellucci
14 (Construction Laborer) and Dan Garrett (Maintenance Foreman) were also in the audience.

15 **CLOSED SESSION**

16 Director Petterle immediately adjourned the Board into Closed Session in accordance with
17 California Government Code Section 54957 for Public Employee Performance Evaluation (One),
18 Title: General Manager.

19 **OPEN SESSION**

20 Upon return to regular session at 8:04 p.m., President Petterle stated that during the Closed
21 Session the Board had discussed Mr. DeGabriele's performance review and possible salary
22 adjustments, and that no reportable action had been taken.

23 **MINUTES**

24 On motion of Director Schoonover, seconded by Director Baker and unanimously carried by
25 those Directors present, the Board approved the minutes from the previous meeting as amended.

26 **GENERAL MANAGER'S REPORT**

27 **General Manager Vacation**

28 Mr. DeGabriele informed the Board that he would be on vacation beginning tomorrow and
29 would return to the office on August 29. He stated that during his absence, the Auditor-Controller
30 would act as General Manager. He also reported that Mr. Bentley would be attending the
31 Governor's Water Forum on August 28, 2007 at the Sonoma County Water Agency office.

1 Labor Day at the Lake

2 Mr. DeGabriele reminded the Board that this year's Labor Day at the Lake festivities would
3 be held on September 2nd at Stafford Lake Park, that it was to be a non-fireworks event, but that a
4 large-scale laser light show was scheduled.

5 **OPEN TIME**

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

8 Swimming Pool Covers

9 Mr. Tilden Hansen addressed the Board and expressed his concern that water bills
10 containing extra informational material were not marked as such on the outside envelopes. He
11 stated that he had been unaware of any new water rules, as he frequently disposes of any inserts
12 included with any bill he receives. He reported that he doesn't take the local newspaper, and
13 suggested that the District might put some type of notification on the outside of bill envelopes
14 notifying customers that there was important information inside.

15 Mr. Hansen also announced that he had arranged to meet with David Bentley at his home
16 next Wednesday to demonstrate pool cover safety. He explained that he had checked with several
17 businesses in Novato and most required insurance and charged a fee to hold such a
18 demonstration.

19 Mr. Hansen thanked the Board and left the meeting.

20 Reduction in Water Consumption

21 Director Fraites acknowledged that Novato customers have succeeded in meeting SCWA's
22 request to cut water consumption by 15%, but expressed his deep concern that the City of Santa
23 Rosa had simply opened up more wells, pumping water out of an aquifer, and that they were not
24 really encouraging the community to "go the extra mile" to conserve. He also stated that he felt it
25 was an "insult" to Novato ratepayers, who are working diligently to conserve, if others in the
26 Sonoma County area were not doing the same.

27 Mr. DeGabriele stated that Santa Rosa's situation is a bit different than that of Novato, and
28 that he was unaware of what their exact water savings were. He reported that as a group, the water
29 contractors were reducing Russian River diversions by 19%, which is above the target established
30 by the State Water Resources Control Board. Mr. DeGabriele also stated that NMWD had used the
31 Stafford Lake Water Treatment Plant in 2004, but is using it more in 2007 to help meet reduction

1 requirements. He commented that all the water contractors are doing their utmost to collectively
2 meet the target reduction, not looking at individual contractors and are not trying to pit one against
3 the other.

4 Mr. DeGabriele also noted that when the Stafford Lake Water Treatment Plant was
5 upgraded, NMWD was the beneficiary of \$1.8 million in local water supply funding from SCWA. He
6 explained that this was essentially a no-interest loan, paid into over time. He further explained that
7 Santa Rosa developed the Farmer's Lane wells under the same program, and he stated that he felt
8 using local supplies during this period of mandated reduction in Russian River diversions was the
9 right thing to do.

10 **MONTHLY PROGRESS REPORT**

11 Mr. DeGabriele reported that Novato water production is down 14% from one year ago, as
12 well as down 9% from July 2004. He noted that Stafford Water Treatment Plant production is up
13 significantly, even though no water had been produced in July of last year, and that the plant had
14 produced 131 million gallons this year, up 87% from July 2004. He reported that the average
15 temperature in July 2007 was 20 degrees lower than July 2006. Mr. DeGabriele reported that the
16 freeboards at Oceana Marin wastewater ponds were looking good, going into the summer months.
17 He noted that the District has identified three areas in the Oceana Marin collection system that are
18 in need of repair, due to infiltration and inflow, and commented that Engineering staff is lining up a
19 contractor. There were no comments from the Board on the General Manager's Report.

20 **CONSENT CALENDAR**

21 Director Fraites requested that Item 6, Callwood Settlement Claim, be removed from the
22 Consent Calendar.

23 On the motion of Director Schoonover, seconded by Director Baker and unanimously
24 carried by those Board members present, the following items were approved on the Consent
25 Calendar:

26 **OUT OF STATE TRAVEL TO ATTEND ASSET MANAGEMENT CONFERENCE**

27 Chief Engineer Drew McIntyre will be traveling out of state to attend a 2-day "Asset
28 Management" seminar in Arizona. He has identified that this seminar will be useful for final
29 development of District facility replacement program implementation. Cost to the District is being
30 held to \$600 due to the Chief Engineer's use of private (family) lodging in the Phoenix area.

1 **DISBURSEMENTS**

2 The Board authorized and approved for payment payroll and accounts payable vouchers
3 totaling \$963,358.44 for payment.

4 **ACTION CALENDAR**

5 **CALLWOOD CLAIM SETTLEMENT**

6 On October 9, 2005, Ms. Eloise Callwood of Novato allegedly tripped over a valve cap in
7 the sidewalk at 232 San Marin Drive, and sustained injuries to her hand, knee and back.
8 Approximately one year later, Ms. Callwood filed suit in Marin Superior Court, naming NMWD, the
9 City of Novato and the property owner as defendants. A mediated settlement conference was held
10 in August 2007. After four hours, a settlement in the amount of \$18,000 was reached, with all three
11 defendants agreeing to split the cost equally.

12 On motion of Director Fraites, seconded by Director Baker, and unanimously carried by
13 those Board members present, the Board authorized a contribution of \$6,000 to settle the Callwood
14 claim.

15 **APPROVE - EMPLOYER ASSISTED HOUSING PROGRAM LOAN**

16 Mr. DeGabriele explained that this was a request for an employer-assisted housing loan
17 from Peter Castellucci, an NMWD Construction/Maintenance Laborer. Mr. DeGabriele noted that
18 Peter was a long-time resident of Novato, and graduate of San Marin High School, and had been
19 employed by the District for approximately one year. He stated that Mr. Castellucci proposed to
20 purchase a bank-repossessed, 900 square-foot, one-bedroom condominium for \$280K. Mr.
21 DeGabriele asked the Board to authorize the District to issue the \$140K loan under current District
22 policy for market rate property and asked that the Board authorize the General Manager to sign the
23 loan paperwork when ready.

24 Director Petterle commented that this was a great opportunity for Peter, and a great
25 investment for him as well for the District.

26 On motion of Director Baker, seconded by Director Fraites, and unanimously carried by
27 those Board members present, the Board approved the loan, and authorize the General Manager to
28 sign the loan note at such time as is required to close the purchase transaction.

29 **CONSIDER - REVISION TO EMPLOYER ASSISTED HOUSING POLICY**

30 Mr. DeGabriele explained that this was a proposed revision to the District's existing
31 Employer Assisted Housing Policy. He noted that the program has been very successful, as
32 depicted on charts provided by the Auditor-Controller which show that in 1991, only 12% of District

1 employees lived in Novato, whereas today, 41% of employees reside in Novato, several under both
2 the Meadow Park Workforce Housing as well as through the District's own policy. Mr. DeGabriele
3 commented that the District Employer Assisted Housing Policy had not taken into consideration
4 employees who currently live in Novato and desire to upgrade to a larger home. He explained that
5 Dan Garrett, Maintenance Foreman, is currently living in Meadow Park Workforce Housing, in a
6 below-market, two-bedroom home. He noted that Mr. Garrett had not previously utilized the
7 District's Employer Assisted Housing Policy, but was looking to move to a larger home, as his family
8 is expanding. Mr. Garrett is currently first on the list for a below market rate 3-bedroom, two-bath
9 home in the Virginia Grove project for \$400K and needs up to \$150K loan from the District to make
10 the purchase. Mr. DeGabriele noted that it would take some language modification to the District's
11 program to make that happen. Changes in the District policy would allow District funds to be used to
12 assist current homeowners to upgrade to larger homes.

13 Mr. DeGabriele stated that the Auditor-Controller had expressed concerns about
14 maximizing the amount the District was dedicating to employer-assisted home loans, and with this
15 request, the current policy limit for the total amount to be loaned (\$1M) will be met. Mr. DeGabriele
16 also stated that he felt that with further study, the policy could be modified to entice employees to
17 repay District funds earlier to infuse the program with more funds for future loans. He commented
18 that this would be brought back to the Board for feedback at a later date. He also noted that if the
19 Board should authorize the prospective \$150K loan to Mr. Garrett, the majority of housing funds
20 expended would be dedicated to field employees under the age of 35 who would be available to
21 respond to District emergencies. Mr. DeGabriele asked that the Board authorize revision of the
22 Employer Assisted Housing Program, as well as approve the housing assistance loan to Mr. Garrett
23 up to \$150K and authorize the General Manager to sign the loan note at the close of the sale
24 transaction.

25 Director Fraites questioned how District monies could be freed up in the future, and Mr.
26 DeGabriele responded that currently, the employee shares equity with the District when the
27 property is sold and due to local housing market appreciation, employees are not able to afford to
28 refinance. Mr. DeGabriele stated that his intent was to return to the Board to discuss alternatives to
29 encourage employees to refinance.

30 Director Baker asked whether it would depend on prevailing interest rates at the time of
31 refinancing, and Mr. DeGabriele responded that it would.

32 Director Petterle asked how many times the District has been reimbursed for housing loans,
33 and Mr. DeGabriele stated he thought this had been accomplished three times.

1 Director Petterle asked Mr. Garrett for his input, and Dan noted that with his expanding
2 family, his current house was too small, and commented that he couldn't stay there much longer.
3 He stated that if he can't move to another home in Novato, he could no longer stay in the Novato
4 area. He also stated that would have to look at homes in Santa Rosa, and that this was his only
5 opportunity to remain in Novato.

6 Director Petterle asked for discussion from the Board, and Director Fraites stated he had a
7 problem with the policy revision. He stated it gave the appearance that the District was getting into
8 the housing business. He commented that he supported the concept to have employees live in
9 Novato, and that it was an admirable thing the District was doing, but acknowledged that this
10 request was for a loan to move from an existing home to another larger home. Director Fraites
11 further commented that he didn't want the District to extend itself too far financially and not be able
12 to see a good return. He also expressed concern about depleting the housing fund if loans
13 continued to be made. Mr. DeGabriele commented that the Board had previously set a \$1M housing
14 loan threshold, and should the Board authorize the proposed policy revisions, that threshold would
15 be realized with the Garrett loan. He stated he felt the District needed to go back to look at
16 encouraging employees to repay their loans through refinancing in order to keep the program
17 viable. Director Fraites restated that he would support the concept but wanted to make sure the
18 District did not go overboard, and that he was looking to the General Manager for these
19 assurances.

20 Director Petterle stated that this warrants a more in-depth look as proposed by Mr.
21 DeGabriele. He noted that this was an unexpected situation, but acknowledged that it probably
22 should have been anticipated, and that the District could see more requests of this nature. He
23 stated that the District needs to develop a system for some type of accommodation without
24 depleting funds.

25 On motion of Director Baker, seconded by Director Fraites and unanimously carried by
26 those Board members present, the Board authorized revision of the Employer Assisted Housing
27 Program Objective and Below Market Rate Housing Amount as noted, and approved a housing
28 assistance loan to Dan Garrett of up to \$150,000, and authorized the General Manager to sign the
29 loan note at such time as required to close the purchase transaction.

30 Both Peter Castellucci and Dan Garrett thanked the Board and then left the meeting.

1 **ACCEPT - 2007 WATER AGENCY RESPONSE NETWORK (WARN) AGREEMENT**
2 **W/COMMENTS**

3 Mr. DeGabriele noted that the Water Agency Response Network (WARN) was created in
4 1991 as a response to the Oakland Hills fire, and stated that the District had been a member of
5 WARN since its inception. He reported that WARN is asking the District to accept an updated,
6 broadly-revised agreement. Mr. DeGabriele stated that the revision is acceptable in all respects,
7 except as it pertains to Workers' Compensation. He commented that the original agreement assigns
8 responsibility to the requesting entity, whereas the revision maintains that coverage is the
9 responsibility of the employee's agency. Mr. DeGabriele stated that he is uncomfortable with this
10 change and has informed the WARN Chair. He commented that his recommendation to the Board
11 is to accept the agreement with comments and to express the District's concern regarding the
12 Worker's Compensation coverage. He further noted that this change would probably mean that the
13 District would never agree to send its employees to another entity, but would accept assistance
14 from another agency if needed. He surmised that until this issue is resolved, NMWD would not be
15 the only agency having a problem with this change.

16 Director Baker stated his belief that fire protection agencies have a mutual response
17 agreement, and asked if there were any instances to which the District could relate. Mr. DeGabriele
18 responded that other water agencies (Contra Costa, East Bay MUD, Santa Clara) sent teams in
19 response to Hurricane Katrina, as well as to southern California following the Northridge
20 Earthquake. He noted that usually the bigger agencies with more employees were the first to
21 respond, and commented that the District didn't have that luxury.

22 On motion of Director Schoonover, seconded by Director Baker and unanimously carried by
23 those Board members present, the Board authorized staff to accept the 2007 WARN agreement
24 with comments and forward comments regarding worker's compensation responsibility to Cal
25 WARN State Steering Committee.

26 **APPROVE - LETTER TO MMWD RE JOINT MEETING ACTION ITEMS**

27 Mr. DeGabriele noted that at the previous meeting, Director Rodoni had suggested writing a
28 letter to the President of Marin Municipal Water District's Board regarding joint meeting action items
29 as discussed on May 22, 2007. Director Baker commented that it was a good letter, and stated he
30 had a few suggested minor revisions which he referred to President Petterle. Director Baker
31 further commented that he thinks the letter is appropriate, and noted there were a few areas where
32 the two Districts had differences and will work to resolve them.

1 On motion from Director Baker, seconded by Director Schoonover and unanimously carried
2 by those Directors present, the Board approved the letter, as amended, to MMWD Re Joint Meeting
3 Action Items.

4 **NORTH BAY WATER REUSE AUTHORITY STUDY -- TRANSITION TO FEDERAL PRINCIPLES**
5 **AND GUIDELINES**

6 Mr. DeGabriele stated that the North Bay Water Reuse Authority (NBWRA) transition -- from
7 current Bureau of Reclamation Title XVI process for completion of the NBWRA study to the
8 Bureau's Federal Procedures and Guidelines (P&G) Requirements -- is being sought by project
9 proponents to potentially achieve a greater federal funding share in completion of a feasibility study
10 and environmental review. He noted that the study will include an environmental review for all
11 NMWD Recycled Water Implementation Plan projects and that the District is sharing the cost of the
12 study with Novato Sanitary District (NSD). Further, he noted that Las Gallinas Valley Sanitary
13 District (LGVSD) has also asked if NMWD will share in LGVSD's costs as well as NSD's. Mr.
14 DeGabriele reported that the NWMD Recycled Water Subcommittee has requested to meet with
15 both LGVSD and NSD to discuss the issues and return with a recommendation for Board
16 consideration by the next regular meeting, and that the joint meeting is scheduled for August 31st.
17 Mr. DeGabriele asked that the Board authorize this meeting.

18 On motion of Director Baker, seconded by Director Schoonover and unanimously carried by
19 those Board members present, the Board authorized the NMWD Recycled Water Subcommittee to
20 meet with Novato Sanitary District and Las Gallinas Valley Sanitary District to discuss cost sharing.

21 **INFORMATION ITEMS**

22 **FY IMPROVEMENT PROJECTS YEAR END REPORT -- ENGINEERING DEPARTMENT**

23 Chief Engineer Drew McIntyre presented the year-end status report to the Board on the
24 District's performance in completing budgeted FY06-07 Improvements Projects (IP). In summary,
25 Mr. McIntyre explained that actual IP expenditures were 74% of the approved FY06-07 budget for
26 Novato, versus a mid-year forecast of 86%. With respect to West Marin (including Oceana Marin),
27 IP expenditures were approximately 54% of the approved FY06-07 budget value, versus a mid-year
28 forecast of 95%. Highlights of Mr. McIntyre's presentation included: Performance Status for Special
29 Improvement Projects; Project Cost Variances; and Engineering Department SIP Labor Hours.

30 Director Baker commented on paving projects being done by the City of Novato, and noted
31 that it appeared that a thin layer of asphalt, rather than complete repaving, was being applied. Mr.
32 McIntyre responded that this was indeed true, that the City is calling it "paving rehab," but that some
33 streets are actually getting overlays only. Mr. McIntyre also noted that the recent PB replacement in

1 West Marin had actually been budgeted for FY08, but because the project was quickly released by
2 the county, the work had actually been completed at the end of FY07. He also reported that one of
3 the biggest deferred projects was the Administration building access renovation.

4 **LAFCO SURVEY NOVATO AREA SPHERES OF INFLUENCE**

5 Mr. DeGabriele reported that LAFCo (Local Agency Formation Commission) is beginning an
6 update of the Novato area sphere of influence and that NMWD had responded to LAFCo's survey
7 requests.

8 **AUGUST 2007 UPDATE TO THE SANTA ROSA RECYCLED WATER MASTER PLAN**

9 Mr. DeGabriele noted that Santa Rosa has updated their Recycled Water Master Plan and
10 that said updates would increase recycled water delivery to the Geysers steamfield and reduce the
11 amount discharged to the Russian River. He also noted that it was contemplated that in dry years,
12 there would be absolutely no discharge. Mr. DeGabriele further reported that any amendment to the
13 Geysers Recharge Project would have to be approved by a court overseeing Calpine's bankruptcy
14 proceedings, and whether the court would approve a revision to the agreement with Santa Rosa
15 and Calpine. He added that Santa Rosa is hopeful they can maintain the existing discharge
16 location, thereby avoiding direct discharge to the river and any potential resulting impact on SCWA
17 water supply facilities.

18 **MISCELLANEOUS**

19 The Board received the following miscellaneous information: Outstanding Invoices (BOD
20 only); Characteristics of Service Areas; ACWA Letter Re Support For CA Water Public Education
21 Program; and End Fluoridation, Say 600 Physicians, Dentists, Scientists and Environmentalists.

22 **ADJOURNMENT**

23 President Petterle adjourned the meeting at 9:14 p.m.

24 Submitted by

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Sue Kessler
Acting District Secretary