

VALLEY OF THE MOON WATER DISTRICT
REGULAR MEETING AGENDA
September 2, 2003

A regular meeting of the Board of Directors of the Valley of the Moon Water District was held on Tuesday, September 2, 2003, in the Board Chambers of the District Office at 19039 Bay Street, El Verano, California.

1. CALL TO ORDER - PLEDGE OF ALLEGIANCE - ROLL CALL

President Ron Prushko called the meeting to order at 6:30 P.M. Roll Call by **Deputy Secretary Shari Walk** noted the following present:

Directors Present:	Mark Bramfitt Ed Kenny Sanford Smith Michael Woods Ron Prushko
Directors Absent:	None
District Personnel:	Shari Walk, Office Supervisor
General Manager:	Lee Harry
Board Secretary:	Shari Walk
Public Present:	Theodore Chenoweth, Erik Holbek, Tom Gilley, Larry Johnson, Jim Kemp, Mario Pasquini, Steve Perry, Phillip Sales, several unidentified members of the audience, and Sandi Hansen, Sonoma Index-Tribune

2. PUBLIC COMMENTS

There were no public comments at this time, but the public comment period was reopened later in this meeting.

3. CONSENT CALENDAR

- A.** Receive and Approve Minutes of August 5, 2003
- B.** Receive and Approved Minutes of August 19, 2003

Motion by **Director Bramfitt**, seconded by **Director Woods** and carried unanimously by a voice vote to adopt the Consent Calendar, as shown, with Director Bramfitt's abstention on Item A due to absence and Director Wood's abstention on Item B for the same reason.

4. **PUBLIC HEARING**

There was no Public Hearing.

5. **OPERATIONAL & COMMITTEE REPORTS**

A. Approve Current Financial Reports for July 2003

Office Supervisor Shari Walk advised that Director Smith had brought an error on the balance sheet to her attention, which error would be corrected on the next month's Financial Report.

Motion by **Director Bramfitt**, seconded by **Director Smith** and carried unanimously by a roll call vote to approve the monthly Financial Reports & Disbursements for the month of July 2003 in the amount of \$374,604.91.

B. Review/Comment on Current District Projects and Significant O & M Issues

Operations and Maintenance Supervisor Paul Gradolph presented the summary review of current district projects and significant operations and maintenance issues for August 2003 related to the following:

- **Project #2855** - Glen Ellen Storage Tank: The project had been placed on hold pending the results of the lawsuit filed protesting the Mitigated Negative Declaration that had been conducted on the Project.
- **Project #2863** – Sobre Vista Water Main Replacement: The project was 75 percent complete with completion expected by the end of September.
- **Project #2865** – Future Production Well at Arnold Drive and Felder Road: A public hearing had been scheduled on the project for the Board meeting of September 16, 2003.

For members of the public present at this time related to Project #2865, **General Manager Lee Harry** clarified that the newspaper article on the subject had indicated that information would be accepted, along with correspondence, with a public hearing to be held on September 16, 2003. Pursuant to the California Environmental Quality Act (CEQA), he added that members of the public had until the 22nd of September to submit written comments on that project. The public would also have an opportunity to appear before the VOMWD Board of Directors on September 16.

Given the comments from the audience, **Director Woods** suggested that the Public Comment portion of the meeting be reopened to allow the speakers an opportunity to present his/her comments. He also noted that the well at Arnold Drive and Felder Road was not on the current agenda and the Board could consider no action on that item at this time.

Sandi Hansen, Sonoma Index-Tribune, advised that she was the reporter who normally covered the VOMWD. For the benefit of the public who had misconstrued the notice in the newspaper that a public hearing would be held at this time, she clarified that the article had indicated that the next regular meeting of the Valley of the Moon Water District Board of Directors would be on September 2 at 6:30 P.M. at 19039 Bay Street, El Verano and that the Board was currently accepting comments on the Initial Environmental Study and proposed Negative Declaration for the Felder Road/Arnold Drive Well Project, and would do so until September 22, 2003. The public hearing on the project would take place on September 16, 2003. For a copy of the September 16 meeting agenda, the article advised that those interested should call the District

Office at 996-1037.

Ms. Hansen clarified that the article did not state that the comments were to be taken at the current meeting. She apologized on behalf of the Index-Tribune if the article was not clear. She stated that the article was meant to announce that comments were being received by the VOMWD through the open period.

President Prushko reopened public comments. Staff and members of the Board encouraged members of the public present at this time to offer his/her comments.

Mr. Harry emphasized that as the General Manager of the VOMWD, his directive from the Board had always been to try to find additional local supply to address summer peaking needs without impacting neighboring wells. He reported that the hydrology study conducted to date indicated that the pumping of groundwater at this site would be compensated for by the recharge capability at the Arnold Drive site and would not have a negative impact on neighboring wells. He stated that issue would be discussed more fully at the public hearing and responded to after all public input has been received.

Director Woods emphasized that the Board wanted to be apprised of the comments from the public, although comments on the Arnold Drive/Felder Road Well Project offered at this time would not be part of the record of the hearing on the environmental document that had just been released for review. He therefore recommended that those interested in speaking to the matter be present at the public hearing on September 16 or provide his/her comments in writing to be included in the public input process.

Jim Kemp, 1281 Felder Road, Sonoma, a resident of that property since 1967, commented that 600 plus acres had been planted to vineyard three years ago and wells at the same depth as the proposed well had been sunk. He stated that last year at the end of the season his well would not sufficiently recharge to keep up with the diminished use of the well since that time. He commented it was beyond coincidence that for the first time in 35 years his well would not recharge.

If the VOMWD were to place a well at the same depth, **Mr. Kemp** stated that would exacerbate the problem, particularly since the VOMWD would be taking water out of an area to which it did not provide water service. He emphasized that the area was totally dependent on its wells.

Mr. Kemp added that he would be out of town until September 15 and would not have sufficient time to do any research to determine whether or not the proposal would negatively impact his property. Had he been notified when the proposal had first been considered he would have been able to do so.

Director Woods recommended that Mr. Kemp secure a copy of the hydrology report along with the environmental document, at this time if need be, to allow him the appropriate time to evaluate the situation and make written comments if he were not able to attend the September 16 public hearing.

President Prushko declared a recess at this time to allow VOMWD staff to make the reports available to Mr. Kemp. The meeting was reconvened after providing the requested reports to Mr. Kemp and others in the audience.

Phillip Sales, 1355 Felder Road, Sonoma, inquired whether or not Mr. Boudreau's report would be made available to the public.

Director Woods noted that only one copy of the report was available at this point. The report was available for public review. He stated that the conclusions and the summary of the report had been included in the

document just presented to members of the public.

Mr. Sales stated that he had read the environmental document but could find no substantive information on the hydrology aspects of the proposal and how that would affect Felder Creek. He stated that he would pick up a copy of the report on September 3.

Mario Pasquini, 1435 Felder Road, Sonoma, inquired whether or not the public would have until September 22 to make detailed comments on the Arnold Drive/Felder Road Well Project. He was advised that was the deadline for which the VOMWD would accept written statements on the project.

Tom Gilley, 1345 and 1347 Felder Road, Sonoma advised that he would offer his testimony at the September 16 meeting.

Steve Perry, 13975 Arnold Drive, Glen Ellen, verified with the Board that while testimony would be taken at the public hearing on September 16, no decision would be made by the Board until sometime after the closure of the public comment period on September 22.

Director Woods reported that the item would be on the Board agenda of October 7, 2003 for a decision.

President Prushko continued with the posted agenda at this time.

- **Project #2869** - Highway 12 Main Relocation: The project was 100 percent complete.
- **Project #2875** - Donald and Hanna Storage Tank Painting: The contractor was mobilizing the equipment this week to recoat the exterior of the Hanna Tank, after which the Donald Tank would be recoated, interior and exterior.

C. Water Source Report

Mr. Gradolph noted that the VOMWD had its highest purchase with the Sonoma County Water Agency (SCWA) in two years.

6. **RECEIVE & FILE PRESIDENT'S AND DIRECTOR'S REPORTS OR COMMENTS**

There were no reports or comments from the President or Directors at this time.

7. **GENERAL MANAGER'S AND DISTRICT COUNSEL'S REPORTS**

General Manager Reports:

A. WAC Regular Meeting of August 4, 2003

General Manager Harry explained that the Marin Municipal Water District had delayed responding to the request for information from the Water Advisory Commission (WAC) related to its request to become a prime contractor as part of the negotiations. The District indicated that it was not ready to respond and that its full Board of Directors would have to discuss that issue, which would return to the WAC at its September 9, 2003 meeting.

B. Communication from SCWA Regarding Limitation on Water Diversion Rights

Mr. Harry referenced a letter he had received from Randy Poole of the SCWA regarding the VOMWD's annual water entitlements having to do with the lawsuit successfully filed that the Potter Valley Project had not been adequately included in the Environmental Impact Report (EIR) supporting the Eleventh Amended Agreement.

Mr. Harry stated that Mr. Poole was now indicating that the contractors might be asked to live with SCWA's current water rights of 75,000-acre feet from the Russian River. The current annual diversion for all contractors was 64,000-acre feet. The SCWA asked the VOMWD by the end of September to submit any information it had as to approved or proposed projects that would rely on SCWA water. He suggested that the Burbank Housing Project as well as a potential increase in size of the clubhouse at the Sonoma Mission Inn Golf Course would have to be included. He indicated that District Counsel Maddow had expressed some concern with the situation.

Mr. Harry added that another issue to be addressed by the WAC at its next meeting was an extension of the Temporary Impairment Memorandum of Understanding (MOU). Further information will be presented at the next meeting on the issues affecting the VOMWD if there were to be an extension of the Temporary Impairment MOU.

Director Woods questioned how the Board's expected response was to be coordinated with the County given the SCWA's suggestion that water suppliers that did not have land use jurisdiction should be in communication biannually with the entity that did have land use jurisdiction to identify the anticipated growth.

Mr. Harry stated that he would have to seek a clarification of that issue that he characterized as troublesome.

Director Woods expressed a preference to secure something in writing from the County to document for the VOMWD what the approved or anticipated projects would be to allow the VOMWD to appropriately respond. He otherwise characterized the letter from the SCWA as significant. Mr. Harry indicated that he would submit a letter to the County PRMD requesting coordination of the information to be given to the SCWA.

C. Status Report - Felder Road Well Project

Mr. Harry pointed out that the second Board meeting in September had been scheduled for the public hearing for the Felder Road Well Project.

D. Bill Stuffer Regarding New Conservation Based Water Rate to be Effective January 1, 2004

As directed by the Board, **Mr. Harry** reported that specific information was being distributed regarding the approved water rate increase for single family residential customers to become effective in January 2004. He added that on November 1, 2003, a refined version or the same notice would be sent out along with a personalized letter to the highest water users.

8. OLD/NEW BUSINESS

A. **Review/Accept:** Auditor's Report/Annual Statement FY 2002-2003
(Larry Johnson, CPA)

Larry Johnson, CPA the VOMWD's Auditor, reported that there was another unqualified, clean opinion for the audit. He pointed out that \$60,000 in loan fees was being amortized \$3,000 each year. He referenced the VOMWD's current ratio, current assets over current liabilities, and noted that the VOMWD's ratio had dropped as a result of the debt although it was within an acceptable range. He highlighted the remainder of the report and pointed out the financial statement notes, which he described as standard.

Director Woods verified that the \$62,000 charge for an abandoned project was the Verano well which after the expense of exploratory funds had proven not to be viable.

For upcoming budgets, **Mr. Johnson** explained in response to the Enron problems that a Statement on Auditing Standards had been adopted whereby all auditors would now have to conduct a fraud assessment that would have to be documented in the work papers, which would take an additional amount of time. In addition, Governmental Accounting Standards Board (GASB) 34 would require some changes, including changes to the financial statement, to a number of reclassifications, and in the footnotes.

The Board thanked Mr. Johnson for the report.

Motion by **Director Smith**, seconded by **Director Kenny** and carried unanimously by a voice vote to receive and accept the annual audit report for Fiscal Year 2002-2003.

B. **Discuss/Direct Staff:** Progress Concerning the New Master Water Agreement
with Sonoma County Water Agency and the Water
Advisory Committee

Mr. Harry presented a progress report on a number of issues related to the New Master Water Agreement with the SCWA and the WAC, for a new proposed charge for watershed planning and restoration, proposed new language for new facilities and potential new capacity, and a proposed Recycled Water/Local Supply Charge. He explained that he was a member of the subcommittee created to discuss capacity issues. A survey of the water contractors to determine what the current demand reduction through recycled water projects or other local projects would be and for the amount of water that could be saved as a result had also been sought. The issues were problematic and could be a concern to the VOMWD and its ratepayers.

Mr. Harry commented that he and President Prushko continued to attend the meetings that he commented would become more intense in the future.

In response to Director Kenny, **Mr. Harry** described some of the difficulties associated with the negotiations and commented that changes to the Eleventh Amended Agreement would not benefit all contractors collectively.

Mr. Harry added in response to President Prushko that the VOMWD was currently at 4.7 million gallons per day (mgd) on its maximum entitlements. The water report had identified the VOMWD using 4.2-mgd in July. If the VOMWD's wells were not on line, the VOMWD would be at its maximum entitlement. He emphasized that the wells were not something that the VOMWD wanted to use for its annual entitlement. The VOMWD was dependent upon Russian River water to meet its annual entitlement.

In further response to comments, **Mr. Harry** stated that the SCWA was still looking to Marin projects as part of the solution on the Section VII Consultation since the restoration of Coho Salmon on Lagunitas Creek was a success story that the SCWA wanted to include under the Total Watershed Restoration Program under its Section VII Consultation.

Mr. Harry also explained that the process was expected to take some time, potentially another two years. The consensus of the Board was to direct Mr. Harry to continue to proceed as he had been doing.

C. Discuss/Direct Staff: Representation on ACWA Committees

Mr. Harry reported that the Association of California Water Agencies (ACWA) was in the process of considering appointments/reappointments to its committees. He reported that Director Woods was the current member of the Energy Committee and ex-Director Willer had been a member of the Groundwater Committee. All persons interested in appointment to ACWA committees would have to submit candidate forms by October 1, 2003.

Director Woods expressed a desire to remain as a member of the Energy Committee.

President Prushko expressed an interest in being a member of the Groundwater Committee.

Mr. Harry reported that he would defer the submittal of application forms until September 25, 2003 so that any other member interested in participating would have an opportunity to express that interest.

Mr. Harry reported that there was no need for a Closed Session at this time.

9. CLOSED SESSION

There was no Closed Session

10. RECONVENE IN OPEN SESSION

There was no Closed Session.

11. REQUEST FOR FUTURE AGENDA ITEMS

There was no request for future agenda items.

12. ADJOURNMENT

Motion by **Director Bramfitt**, seconded by **Director Woods** and carried unanimously to adjourn the meeting at 7:37 P.M. The next scheduled meeting is a Regular Meeting on September 16, 2003 at 6:30 P.M.

Shari Walk, Deputy Board Secretary