

VALLEY OF THE MOON WATER DISTRICT
REGULAR MEETING MINUTES
August 3, 2004

A regular meeting of the Board of Directors of the Valley of the Moon Water District was held on Tuesday, August 3, 2004, 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 Michael Woods called the meeting to order at 6:30 P.M. and led the Pledge of Allegiance. Roll Call by **Deputy Secretary Shari Walk** noted the following present:

Directors Present:	Mark Bramfitt Ed Kenny Ron Prushko Sanford Smith Michael Woods
Directors Absent:	None
District Personnel:	Shari Walk, Office Supervisor Paul Gradolph, Operations and Maintenance Supervisor
General Manager:	Krishna Kumar
Board Secretary:	Shari Walk
Public Present:	Steve Perry, Win Smith, Sandi Hansen, Sonoma Index-Tribune

2. PUBLIC COMMENTS

There were no comments from the public.

3. CONSENT CALENDAR

- A.** Receive and Approve Minutes of Regular Meeting of July 6, 2004
- B.** Approve Amendment No. 2 to Extend the Duration of the Term Agreement with the Engineering Firm of Winzler and Kelly to August 1, 2007
- C.** Adopt Resolutions
 - 1. Resolution No. 040801, Approving Water Facilities Agreement with Rich Merlo
 - 2. Resolution No. 040802, Approving Water Facilities Agreement with Mark and Susan Molofsky
- D.** Receive and Authorize Staff to Continue the Current Conflict of Interest Policy
- E.** Cancel Regular Meeting of August 17, 2004

Motion by **Director Kenny**, seconded by **Director Bramfitt** and carried unanimously by a voice vote to adopt the Consent Calendar, as shown.

4. PUBLIC PRESENTATION

There was no public presentation.

5. OPERATIONAL & COMMITTEE REPORTS

A. Approve Current Financial Reports for June 2004

Office Supervisor Shari Walk presented the final financials for Fiscal Year 2003-04 and reported a surplus of \$224,000 for the year. She stated that the auditor would be starting the audit on August 12, with the audit to be submitted to the VOMWD Board of Directors in either September or October 2004.

When asked to summarize the areas of surplus, **Ms. Walk** advised that \$185,000 had been gained in operating revenue from the budget. Summarizing other high points in the budget, she added that the VOMWD was over on purchased water, under on salaries, and the remaining budget was right on, with the exception of being over on attorney fees while being under on utilities and other general expenses, by \$45,000.

Director Kenny expressed concern for payments of a small denomination, such as \$3.00 payment, which he suggested was wasteful.

Motion by **Director Smith**, seconded by **Director Prushko** and carried unanimously by a roll call vote to approve the monthly Financial Reports & Disbursements for the month of June 2004 in the amount of \$349,506.16.

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 May 2004, as follows:

- **Project #2855 - Glen Ellen Storage Tank:** Winzler and Kelly consulting engineers had been issued a task order to begin design of the storage tank and pipeline project. A setup meeting with the consulting engineer had been scheduled for August 5.
- **Project #2865 - Future Production Well at Arnold Drive and Felder Road:** The project had been placed on hold pending investigation of an alternative well site at Gillman and Arnold Drives.
- **Project #2878 - Arnold Drive, Horn Avenue, Garric Avenue, Hill Drive and Mound Avenue:** A Notice to Proceed had been issued to the contractor, Pipeline Excavators on July 27. A preconstruction meeting with the contractor and VOMWD staff had been scheduled for August 3. The project had a 90 calendar day time limit; and
- **Project #2879 - Loma Vista Drive:** A Notice to Proceed had been issued to the contractor, John Benward Co. on July 27. A preconstruction meeting with the contractor and VOMWD staff had been held this date. The project also has a 90-calendar day time limit.

C. Water Source Report

General Manager Krishna Kumar reported that the VOMWD had used 3.8 million gallons a day (mgd) in July as opposed to the 4.8 allotted to the VOMWD for the peak period demand for the year. He noted that

the City of Sonoma had an allotment of 3.4 mgd and was at 3.0 mgd for July resulting in less pressure on the system for two of the three critical demand months.

In response to Director Prushko, **Mr. Gradolph** explained how the operations had been changed for the Donald Well during the peak demand periods.

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

Director Smith reported that he had attended the session of the Southern Sonoma County Resource Conservation District Seminar when interesting information had been provided for the well-attended session.

Referring to the correspondence between Steve Perry and **Mr. Kumar** with respect to the Sonoma Valley Planning Area Residential Growth Management Plan, **Director Smith** questioned whether or not the VOMWD kept a running account of the number of annual hook-ups to monitor the VOMWD in relationship to the Growth Management Plan. He also questioned whether or not the Plan was a guideline or a mandate related to the number of hook-ups allowed.

In response, **General Manager Kumar** advised that he would be submitting an item to the Board related to the VOMWD's annual entitlement and its current number of hook-ups in relation to that entitlement. He also noted that the Growth Management Plan had been adopted by the County as part of its General Plan and the County was bound by those guidelines with respect to the issuance of permits. The VOMWD would allow the water hook-ups accordingly.

Director Smith requested to be apprised of the number of hook-ups allowed by the VOMWD each year given what he suggested had been a significant number of hook-ups this year.

Ms. Walk advised Director Smith that the VOMWD's Annual Statistical Report included that information.

Steve Perry, Glen Ellen, clarified his correspondence at this time.

Director Bramfitt pointed out that the Growth Management Ordinance strictly related to residential growth.

Director Kenny spoke to the 400 units proposed in the Kenwood area and questioned whether or not that development would have any effect on the VOMWD system.

In terms of additional connections in Kenwood, **President Woods** suggested that the question had to do with how the supply was tracked or monitored.

Mr. Kumar noted that in terms of the Sonoma County Water Agency's (SCWA's) total water production and its allocation, the SCWA had a current limitation of 75,000 acre feet annually that it could take out of the Russian River.

While there was a pending permit request with the State Water Resources Control Board for additional 26,000 acre feet for a total of 101,000 acre feet, **Mr. Kumar** stated that total would have to be distributed amongst the eight prime contractors, the Marin Municipal Water District and other Russian River Direct Diversion Customers. The SCWA would have to monitor the water availed by each of those segments.

In response to President Woods, **Mr. Kumar** clarified that Russian River Direct Diversion customers did not necessarily meter their use of water and there was some self-reporting involved along with jurisdictional issues which created some lack of clarity in that regard. He noted his understanding that each was required

to report to the State Board the annual take from the Russian River.

Win Smith suggested that one day there might be meters on private wells.

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

A. Report of Meeting with SCWA on July 8, 2004 Regarding Water Entitlement

General Manager Kumar reported on the meeting with the SCWA on July 8 that he and Director Bramfitt had attended where the Marin Municipal Water District's annual allocation had been discussed with respect to its option to add an additional block of 5,000 acre feet to its current 9,300 acre foot annual allocation from the SCWA. He noted that the option is to expire in June 2005. Since that additional block of water was not needed by Marin Municipal for 10 to 12 years, the SCWA and Marin Municipal is planning to amend the existing agreement to reflect the postponement of the option date by 10 to 12 years, which would free up 5,000 acre feet from the available pool of water from the SCWA, which would increase the VOMWD's chances to increase its annual entitlement to reflect the projected water needs in the proposed new General Plan.

Director Bramfitt added that Marin Municipal did not need the 5,000 acre foot allocation, did not want to pay for that allocation for another 10 to 12 years, and was working on a pilot plant for a desalinization project. While that could help with the VOMWD's current allocation situation, he noted that did not mean that the VOMWD would not have to continue with its conservation efforts. He explained that Randy Poole of the SCWA had pointed to the situation where the water transmission system itself was in need of improvement, particularly with respect to the Petaluma Aqueduct. Elected officials were asked to speak out to the community as to the need for transmission system improvements and the low flow water regime in the Russian River. He emphasized the need for the SCWA to offer the necessary information to its water customers.

B. Report of the Public Workshop on July 22, 2004 Conducted by the State Water Resources Control Board on SCWA's Temporary Urgency Petition for Changing the Minimum Flows for Dry Creek and the Russian River

Mr. Kumar presented a graph of the Past and Projected Lake Mendocino Storage levels from 2002 January to 2004 December. He pointed out the actual and projected levels of the lake from 2002 to 2004. He noted that the SCWA had been closely monitoring the 2004 storage levels which resembled the 2002 actual levels, which was why the SCWA had decided to approach the State Water Resources Control Board. The SCWA's petition had noted that 2004 would pose the same type of risk as in 2002. Given the current storage levels in Lake Mendocino, the SCWA had requested that 2004 be reclassified from a normal year to a dry year and corresponding reduction in the flow be allowed.

Mr. Kumar reported that the State Water Resources Control Board had allowed the SCWA's request for reduced flows from the date of the ruling to December 31, 2004 (for six months) and to comply with several conditions relating to monitoring of fishery resources, water temperature and water quality, which conditions had been added in response to testimony from the public.

The Board also ordered the SCWA to prepare a water conservation status report for the SCWA service area and other areas served by Lake Mendocino to specify the water savings from the water conservation measures during the term of the temporary change and to itemize such savings for future years, which report would be presented to the State Water Resources Control Board in October or November 2004.

Director Prushko questioned whether or not there had been any suggestions for a moratorium on building

given the potential that water supplies would be in short supply. He suggested that the issue of growth would have to be addressed.

Mr. Kumar advised that a moratorium on building had not been discussed.

Win Smith questioned the conditions during 2002 and questioned how far from normal that year had been.

Director Prushko commented that the year had not been normal given that rain had been plentiful in April of that year. As to whether or not the State Water Resources Control Board could deny the permit, Mr. Kumar advised Director Prushko that it could deny the request.

C. Report of Regular WAC Meeting of August 2, 2004

Mr. Kumar stated that the City of Santa Rosa's consultant had updated the Water Advisory Commission (WAC) on the status of Santa Rosa's Incremental Recycled Water Program, to plan for additional flows into Santa Rosa's Subregional Wastewater Reclamation System based on that City's latest General Plan. The program elements included several reuse options related to discharge into the Laguna de Santa Rosa and the Russian River. The City was to keep the WAC informed of the exact options to be chosen after the required California Environmental Quality Act (CEQA) process.

D. Agreement with Forestville Water District

Mr. Kumar commented that the VOMWD had an agreement with the Forestville Water District which allowed the VOMWD to make use of the amount of water not being used by the Forestville Water District up to 500 acre feet per fiscal year to the extent that the Forestville Water District was not using its full delivery limits. The agreement had been in place for five years. There was a need to extend that agreement another five years and the Forestville Water District Board was considering that extension this date, to 2009. He stated that the extended agreement would be submitted to the VOMWD Board at its next meeting.

E. Letter to the Editor of the Sonoma Index-Tribune

Mr. Kumar noted that a VOMWD ratepayer had raised an issue through a letter to the Editor of the Sonoma Index-Tribune which had been published on July 30, of charging all single family homes, duplexes, and triplexes the same rate under the VOMWD's new tiered rate system. Acknowledging that the Board had discussed that issue and had decided in favor of including properties with a main residence and up to two additional residences within the definition of a single family residence, he suggested that the Board might want to reconsider that situation.

President Woods recalled that part of the discussion at that time was the difficulty in the billing system and the fact that it was not practical to recognize the difference with only one actual residential connection but with more than one dwelling unit at the location.

Mr. Kumar stated that while not easy, there could be a situation to exclude multi-family units. He noted that there were some operational issues involved.

President Woods recommended that the item be returned on a future agenda with more information to be submitted to the Board to see how that issue could be addressed.

8. OLD/NEW BUSINESS

A. **Discuss/Direct Staff:** Goal Setting Workshop

Mr. Kumar stated that the Board had requested the workshop to discuss the VOMWD's goals and priorities. He had identified some of the goals that the Board had earlier identified, along with potentially other goals and objectives that the Board might wish to address.

President Woods expressed his support for the list and noted that the General Manager had evaluated earlier lists that had been brought up to date with more current items. He characterized the list as comprehensive and fairly complete. With respect to 1 A, ii, *Seek increased annual entitlement limit*, he recommended that statement read instead: *Obtain increased annual entitlement limit*. He also asked staff to monitor the tiered rate structure and watch for circumstances where adjustments might be appropriate. He did not recommend wholesale changes to the rate structure. He questioned whether or not customers were offering comments and whether or not disparities had been identified. He requested that any comments or disparities be submitted to the Board for discussion. He also sought a clarification of how the rate structure was performing. He suggested that be placed on the list.

President Woods also emphasized the importance of maintaining the relationships between VOMWD staff and the Board and to present information, as necessary, to the Board to keep it well informed. He requested that item be placed on the list.

Director Prushko referred to Water Systems/Operations Improvements and "Upgrade six pressure reducing stations." He requested a clarification of that item, which Mr. Gradolph provided by explaining that it was a preventive measure.

Director Prushko also noted with respect to the earthquake valves that there was one on the Bolli Tank. He questioned whether or not earthquake valves would be required on the other VOMWD tanks.

In response, **Mr. Gradolph** suggested that the installation of earthquake valves might not be warranted on all tanks. The theory was to save water for drinking and for health reasons during an earthquake. He explained that if the Bolli Tank was full at the time of a quake, there would be 400,000 gallons in that tank, although that water would not be available for the whole system and would not, for instance, be able to serve the Glen Ellen area. He stated that the tanks would have to be reset after a quake and could be done manually by one man.

Director Bramfitt noted that while rates would have to be watched, the revenue versus projections would also have to be monitored. He otherwise supported a new type of water conservation program where the VOMWD could be a role model in that regard.

As part of his review of past goals workshops, **Mr. Kumar** acknowledged the tremendous accomplishments of the VOMWD. He commended the Board and the then General Manager for those accomplishments.

Director Bramfitt recommended a general item of earthquake sufficiency for the system to determine whether or not there were things that should be considered that had not previously been considered including earthquake valves.

Mr. Gradolph reported that a study had been conducted which had primarily considered the structural integrity of the VOMWD's tanks.

Win Smith referred to discussions related to emergency disaster drills among some of the emergency fire personnel in the Valley. He noted that it had been a long time since public utilities and fire service

representatives had gotten together to address problems that might be encountered in the event of an earthquake, fire or natural calamity. He suggested that be done.

Mr. Kumar advised that he could address that issue.

Several items were added to the list, including:

- Monitoring the new tiered water rate structure and the District revenues;
- Reviewing District's overall seismic preparedness including considering installation of seismic control valves in the District's storage tanks as appropriate
- Adding Emergency Disaster Drills with Public Utilities to Item 6.D.

Mr. Kumar stated that he would modify the goals list and return that list to the Board at its next meeting as a Consent Item.

- B. **Discuss/Review:** Draft 4 of the Proposed Restructured Agreement for Water Supply and Draft 4 of the Proposed Temporary Impairment MOU Extension

General Manager Kumar stated that the purpose of the item was to give the Board a status report on the proposed Restructured Agreement for Water Supply and Draft 4 of the proposed Temporary Impairment Memorandum of Understanding (MOU) Extension. The staff report dated August 3, 2004 had offered a summary of significant changes to the Restructured Agreement that would specifically impact the VOMWD.

Mr. Kumar explained that the City of Santa Rosa had indicated that it had completed discussions with each water contractor regarding an allocation methodology under Section 3.5 of the Restructured Agreement and would recirculate a report on the matter and proposed revisions to that section in the near future. At that same meeting, Randy Poole had advised that the SCWA was drafting a policy document related to Section 3.5 to be adopted by the SCWA Board. He stated that more work needed to be done around that allocation methodology and he suggested that it looks like it might reside in a policy document to be adopted by the SCWA Board.

President Woods verified with Mr. Kumar that Santa Rosa had received the VOMWD's comments. He commented on the implications of the discussions related to the allocation methodology.

Mr. Kumar reported that Table 1 in Draft 4 of the Temporary Impairment MOU Extension provided 5 mgd as a peak demand allotment for the VOMWD, which would be revised to 4.9 mgd in the latest revision, which is the same as in the current agreement. He stated that he was comfortable with that, which was the only change to the document submitted to the Board. He added that District Counsel was currently reviewing Draft 4 of the Restructured Agreement and Draft 4 of the Temporary Impairment Extension. Staff would return the item with comments from District Council and any proposed changes from the WAC along with the General Manager's recommendation. No action was required of the Board at this time.

When asked, **Mr. Kumar** stated that he could accept comments at this time although the item would be returned to the Board in the future.

The Board offered comments at this time, as follows:

- Concern with respect to Section 3.5. [**Bramfitt**]

- Insistence on the 1,000 acre foot adjustment required by the VOMWD and for which the VOMWD had been assured an adjustment would be made, to be included in one or the other document. [Woods] {Mr. Kumar advised that more information in that regard would be provided to the Board at its next meeting.}
- Section 1.2 (kk) redefining the Oakmont pipeline as a storage facility with a savings to the VOMWD which had been identified as \$200,000 and which had previously referenced a total as high as \$1 million. Clarification requested of that number and the legal basis for the VOMWD's obligation to pay. [Woods] {Mr. Kumar stated that the next report would clarify the makeup of the \$200,000.}
- Section 2.2, a provision in the current agreement that provides that no contract shall be awarded by the SCWA for the construction of the second barrel of the Sonoma Aqueduct without the prior written consent of the City of Sonoma and the VOMWD. Now proposed for deletion, if a second barrel was to be included there was a question as to how that decision would be made. [Woods]
- Section 2.8 with respect to the new \$35 per acre foot charge for watershed planning and restoration. Request for an understanding of the nexus between the need for watershed restoration and the way it was described in the current draft of the Agreement and the impacts created by the VOMWD's use of Russian River water. There was a concern in the share of watershed restoration costs by SCWA non-transmission system customers that divert water directly from the Russian River. [Woods]
- In terms of the proposed two-tiered makeup of the Water Advisory Committee (WAC - policy level board/elected officials) versus the Technical Advisory Committee (TAC – staff level representation), concern expressed whether or not the subject matter and decisions presently being made by the WAC would change in a material way if the provision went into effect. [Woods]
- With respect to the Agreement itself there was a recognition that recycled water projects to be implemented should include the reduction in the use of potable water. [Woods]
- Item (g) on Page 5 to be modified to specifically place the comma to clarify the intent of that section. [Woods]
- Page 11 where a Water Conservation Project was defined, which definition was to be clarified. [Woods] {Mr. Kumar described the intent to differentiate between water conservation and recycled water projects because there were separate subcharges and separate funds in the new Restructured Agreement for those purposes.}
- Section 3.1, Page 25, the significance of the change to the column heading from 'Average During the Month' to 'Average of Flow During Any Month' was requested. Also referred to Page 26 where in VOMWD was allotted an average flow of 8.5 mgd and an annual allocation of 3,200 acre-feet while the City of Sonoma was allotted 6.3 mgd and 3,000 acre-feet although both the entities were supplied from the same Sonoma Aqueduct. Clarification was requested for both. [Woods]
- Section 3.4, Page 29, Surplus Water, where the SCWA would have the right to turn over its surplus water customers to the VOMWD where those customers were located within two miles of the VOMWD's corporate territory. If the VOMWD were to refuse that customer, the SCWA

could give that customer to another water contractor. Noted the VOMWD's concern in the past of taking on those surplus water customers. The actual impacts to the VOMWD were asked to be identified. [Woods]

- Another significant change noted was that the Agreement, as written, deletes the use of surplus water for the irrigation of land used for commercial production of food or fiber, which was a concern. [Woods] {Mr. Kumar advised that existing agricultural customers were grandfathered. The section referred to new agricultural customers only.)
- Section 3.5, Page 32, with respect to water allocation methodology, a concern for the new statement that "No customer shall receive under these paragraphs (first and second) a total quantity of water in excess of its reasonable requirements or its said entitlement limits or contracted amount, whichever is less." The question related to who would determine what each SCWA contractor's reasonable requirements were in the event of a shortage. [Woods]
- Section 4.6 (d) (2), page 54, defining the basis for how the cost of the second barrel of the Sonoma Valley Aqueduct would be apportioned between the City of Sonoma and the VOMWD. The significance of the language to the VOMWD was requested. [Woods]

The difficulty of following the agreements was emphasized.

President Woods declared a recess at 8:10 P.M. and adjourned into Closed Session at 8:15 P.M.

9. CLOSED SESSION

- A. Conference with Real Property Negotiators Pursuant to Government Code Section 54956.8; Negotiate Price and Term of Payment. Agency Negotiator; Krishna Kumar; Negotiating Party: County of Sonoma. Proposed Well Site at Ernie Smith Park on Arnold Drive

10. RECONVENE IN OPEN SESSION

President Woods reconvened into open session at 8:45 P.M. and reported that no reportable action had been taken in Closed Session.

11. REQUEST FOR FUTURE AGENDA ITEMS

There was no request for future agenda items.

12. ADJOURNMENT

Motion by **Director Smith**, seconded by **Director Bramfitt** and carried unanimously to adjourn the meeting at 8:50 P.M. The next scheduled meeting is on September 7, 2004 at 6:30 P.M.

Shari Walk, Deputy Board Secretary