

VALLEY OF THE MOON WATER DISTRICT
REGULAR MEETING MINUTES
February 6, 2007

A regular meeting of the Board of Directors of the Valley of the Moon Water District was held on Tuesday, February 6, 2007, 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 Ed Kenny called the meeting to order at 6:30 P.M. and led the Pledge of Allegiance.

Roll Call by **Deputy Secretary Walk** noted the following present:

Directors Present:	Ron Prushko Sanford Smith Russell Townsend Ed Kenny
Directors Excused:	Mark Bramfitt
Directors Absent:	None
District Personnel:	Shari Walk, Office Supervisor Paul Gradolph, Operations and Maintenance Supervisor
General Manager:	Krishna Kumar
Public Present:	Ken Borba, Larry Carniglia, Joseph Decker and Family, Robert (Bob) Freeland, Mitch Hood and Family and Sandi Hansen, <u>Sonoma Index-Tribune</u>

2. PUBLIC COMMENTS

There were no comments from the public.

3. CONSENT CALENDAR

- A.** Receive and Approve Minutes of Regular Meeting of November 7, 2006
- B.** Receive and Approve Minutes of Regular Meeting of January 2, 2007
- C.** Receive and File ACWA Joint Powers Insurance Authority, President's Special Recognition Awards
- D.** Adopt Resolution No. 070201, Expressing Appreciation for Services Rendered by Retiring Employee, Robert Freeland
- E.** Adopt Resolution No. 070202, Expressing Appreciation for Services Rendered by Retiring Employee, Larry Carniglia

There was a determination to remove all items from the Consent Calendar.

Motion by **Director Smith**, seconded by **Director Prushko**, and carried by a voice vote to adopt Consent Calendar Item 3A, by the following vote:

Ayes: Prushko, Smith, Kenny
Noes: None
Abstain: Townsend
Absent: Bramfitt (Excused)

Motion by **Director Smith**, seconded by **Director Townsend**, and carried by a voice vote to adopt Consent Calendar Item 3B, by the following vote:

Ayes: Smith, Townsend, Kenny
Noes: None
Abstain: Prushko
Absent: Bramfitt (Excused)

Motion by **Director Smith**, seconded by **Director Townsend**, and carried unanimously by a voice vote to adopt Consent Calendar Item 3C.

The remaining items on the Consent Calendar were moved for discussion after the Public Presentation.

4. PUBLIC PRESENTATION

AWARD OF CERTIFICATES OF COMMENDATION TO MITCH HOOD AND JOSEPH DECKER, THE TWO LOCAL WINNERS OF THE SONOMA COUNTY WATER AGENCY'S 2007 WATER AWARENESS CALENDAR CONTEST.

General Manager Krishna Kumar introduced Mitch Hood and Joseph Decker, Fifth Grade students from Dunbar Elementary School, the local winners of the Sonoma County Water Agency's 2007 Water Awareness Calendar Contest for the month of December 2007.

Mitch Hood and **Joseph Decker** explained that they had prepared a drawing with a turtle floating on its back and suggested that the turtle would not have been floating on its back if there was no water and hence the need to save water.

Director Smith awarded both Mitch Hood and Joseph Decker Certificates of Commendation and read the commendation into the record. The VOMWD Board of Directors also commended both boys for promoting water conservation.

President Kenny moved back to Consent Calendar Items D and E at this time.

D. Adopt Resolution No. 070201, Expressing appreciation for Services Rendered by Retiring Employee, Robert Freeland

E. Adopt Resolution No. 070202, Expressing Appreciation for Services Rendered by Retiring Employee, Larry Carniglia

Bob Freeland commented that he would depart and retire after 33 years of service to the VOMWD. He stated that he had immensely enjoyed working for the VOMWD. He had enjoyed the crews and enjoyed serving the public, and expressed his appreciation for working for the VOMWD. He stated that he would miss it very much. He added that the years had been wonderful.

Larry Carniglia echoed the comments made in working for the VOMWD for a number of years. He commended the office staff that he would miss and he thanked the Board of Directors for the opportunity of working at a great place. He added that he was very delighted that he was leaving in a very pleasant atmosphere with a wonderful manager.

Motion by **Director Smith**, seconded by **Director Prushko**, and carried unanimously by a voice vote to adopt Resolution No. 070201, expressing appreciation for services rendered by retiring employee, **Robert Freeland**.

Motion by **Director Smith**, seconded by **Director Prushko**, and carried unanimously by a voice vote to adopt Resolution No. 070202, expressing appreciation for services rendered by retiring employee, **Larry Carniglia**.

5. OPERATIONAL & COMMITTEE REPORTS

A. Approve Current Financial Reports for December 2006

Motion by **Director Prushko**, seconded by **Director Townsend** and carried unanimously by a roll call vote to approve the monthly Financial Reports & Disbursements for the month of December 2006 in the amount of \$278,619.08.

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 January 2007, as follows:

- **Project #2902 – Production Well No. 5:** Proposals for the design and equipping of Well No. 5 had been received from Brelje & Race Consulting Engineers and Winzler & Kelly Consulting Engineers. An item on the agenda would evaluate the proposals and offer staff recommendation.

Mr. Gradolph also advised that a preconstruction meeting had been scheduled for February 7, 2007 with Vulcan Construction to review the service lines and meter replacement project that had recently been awarded to that firm. Approximately 45 polybutylene services and approximately 780 meters would be replaced throughout the VOMWD.

President Kenny asked that staff check into a possible report of a lawsuit of polybutylene services given potential health concerns.

Mr. Gradolph was aware of a lawsuit regarding defective material but was unaware of any other lawsuits. Staff would research that matter. He also responded to a number of comments related to the replacement process and the benefits of the new meters.

C. Water Source Report

When asked by **Director Prushko**, **Mr. Gradolph** advised that the wells were essentially being rested.

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

Director Smith stated that he had attended the Water Advisory Committee (WAC) meeting on February 5.

With respect to rates from the County Water Agency, he noted that the rate increases were lower than what had been proposed last year.

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

With the absence of **Director Bramfitt**, **General Manager Kumar** presented a copy of the meeting highlights of the Sonoma Valley Groundwater Management Plan Basin Advisory Panel of January 25, 2007. He advised that a subcommittee is currently discussing data collection and monitoring protocol for the development of the plan, which would be the next major step in the process.

A. Technical Advisory Committee (TAC) Meeting of January 8, 2007

General Manager Kumar reported that the Water Agency's 2007-08 Preliminary Budget and the water rates had been the major topic of discussions. Randy Poole, the General Manager and Chief Engineer of the Sonoma County Water Agency (Water Agency) had announced that the Water Agency would consider appointing the WAC as the hearing officer in connection with the California Environmental Quality Act (CEQA) process for the Water Supply project, which announcement was a surprise to the water contractors. The role of the hearing officer was to hold hearings and to ensure that all comments were received, recorded and responded. He noted that Mr. Poole had clarified during discussions that his office would lend that administrative support and that in years past the Water Agency had nominated outside bodies to be the hearing officer. The intent was for the WAC to function in that capacity. He noted that the ongoing discussions had indicated that most water contractors were not happy with that suggestion. The general tone of the discussion was one of displeasure of that development.

A member of the Water Agency Board of Directors was present at the meeting and that individual had indicated that he had heard all comments and he would like to discuss it further with the Water Agency's staff.

With respect to the status of the Biological Opinion, **Mr. Kumar** noted that it was expected by June 2007. He clarified the background of the Biological Assessment and Opinion for the benefit of the Board.

Mr. Kumar noted that the water contractors had requested that the Water Agency should consider putting a pipeline from Lake Sonoma through the side of Dry Creek and up to the Russian River confluence and possibly up to the Water Agency's intake area further downstream. That proposal could resolve the issues with Dry Creek. An alternate proposal was to provide channel maintenance for Dry Creek itself which would assist in the conservation and recovery of listed salmonid species and was a less expensive alternative. The WAC Subcommittee had reached a tentative figure of \$250 million for the pipeline and was refining the number at this time.

B. Water Advisory Committee (WAC) Meeting of February 5, 2007

Mr. Kumar referred to a report card of retail water agencies on water conservation savings. He reported that the VOMWD had received an A minus. He suggested that a small issue needed to be addressed and that the VOMWD should be at an A level by the time of the next report.

Mr. Kumar also reported that the Water Agency Board of Directors had approved the position of Assistant General Manager to assist Mr. Poole in the day to day administration of the Agency. The WAC had agreed to send a letter to the Chair of the Water Agency Board offering the WAC's participation in the selection process.

C. VOMWD Positions

Mr. Kumar further reported that staff had completed the recruitment process and had decided not to fill the Water Distribution Specialist position at this time given an inability to find suitably qualified candidates, but would continue with the recruitment process of the Water Distribution Mechanic. Two qualified persons had been identified to fill the two vacant positions. At the present time, staff would under fill the Water Distribution Specialist position with a Water Distribution Mechanic. He explained that offers had been made. Subject to the passing of physical exams, the positions could be filled in late February or early March.

D. 2007 ACWA Legislative Conference

Mr. Kumar added that he would be attending the 2007 Association of California Water Agencies (ACWA) Legislative Conference in Washington, D.C. from February 13 to 15, 2007.

8. OLD/NEW BUSINESS

A. **Discuss/Direct Staff:** Fiscal Year 2007 – 08 Sonoma County Water Agency Proposed Wholesale Water Rates and Preliminary Budget

Mr. Kumar stated that last year the Water Agency had proposed a 5.5 percent increase and he had been directed by the VOMWD Board to see if that rate could be reduced. The rate had been reduced to 4.4 percent. This time under the newly formed Technical Advisory Committee (TAC), a Budget Subcommittee had been formed. He served as the Chair of that Subcommittee. For two months he stated the subcommittee had worked with Agency staff to negotiate a 2.5 percent rate increase. He had recommended the approval of that budget to the WAC, which recommendation had been approved by that committee. He explained that if the Board were to approve the 2.5 percent increase in water rates that would translate to approximately .08 percent rate increase to the VOMWD customers.

B. **Discuss/Direct Staff:** 1) Authorize staff to mail notices to all District customers regarding the proposed 3.0 percent water rate increase for FY 2007-2008; 2) set June 5, 2007, 6:45 PM as the date and time of Public Hearing to 1) review the protests received, if any, regarding the proposed 3.0 percent water rate increase and b) receive public comments regarding the 2007-2008 proposed budget; and 3) authorize staff, effective July 1, 2007, to set up a Board Designated Reserve for retiree health benefits in the amount of \$200,000

Mr. Kumar noted that, compared to the years past, the budget package is being submitted to the Board months in advance. Referencing a new ruling where water rates were subject to Proposition 218 regulations which require a 45-day notice to property owners to allow protests. With the VOMWD's two-month billing cycle, the item would have to be considered at this time to meet those time constraints.

Mr. Kumar advised that a 3.0 percent rate increase had been proposed. He referred to Page 2 of the budget and the first table where past rate increases had been identified. He stated that the historical average with the tiered rate system was slightly under 3.0 percent over the past three years. He noted that the average customer would see a monthly rate increase of \$.56.

In response to **Director Prushko** who expressed concern for regular rate increases, **Mr. Kumar** explained that there were entities whose Boards had made a policy decision not to exceed cost of living increases. It was typically believed that rate increases could track cost of living indexes. If there was a stable rate

structure, as he suggested the VOMWD had, it should be able to continue to do that. He added that over the years, the VOMWD had been able to develop a rate structure that had sufficiently addressed both operational and capital needs.

Mr. Kumar explained that the Board had approved a Reserve Policy in September 2006 which would allow the Board to designate reserves. He noted that there was only one reserve at this point; the Operating Reserve representing three months the operating expenses or a million dollars, whichever was less. He recommended another reserve in the amount of \$200,000 to address the GASB requirements. He noted that the GASB issue would be revisited in 2009-2010 and it was now prudent to earmark some funds. Even with the \$200,000 designated reserve, he advised that the Five Year Capital Improvement Program (CIP) would be balanced as now presented.

Director Prushko asked whether or not the flyer would reflect the proposed rate increase. He was advised that the three tables included in the staff report would be printed on the other side of the notice to ratepayers.

President Kenny opposed the Board Designated Reserve for retiree health benefits.

In response, **Mr. Kumar** advised of the intention to reduce that amount in 2009-2010. He stated that the \$200,000 reserve would represent only a small portion of the anticipated total funding needs. He added that collective bargaining would be reopened in 2009-2010 with a view to reduce the District's outstanding liability in this regard.

Motion by **Director Smith**, seconded by **Director Prushko** and carried by a roll call vote to:

- 1) Authorize staff to mail notices to all District customers regarding the proposed 3.0 percent water rate increase for FY 2007-2008.
- 2) Set June 5, 2007, 6:45 PM as the date and time of Public Hearing to 1) review the protests received, if any, regarding the proposed 3.0 percent water rate increase and b) receive public comments regarding the 2007-2008 proposed budget.
- 3) Authorize staff, effective July 1, 2007, to set up a Board Designated Reserve for retiree health benefits in the amount of \$200,000.

Ayes: Prushko, Smith, Townsend; Noes: Kenny; Absent: Bramfitt (Excused)

- C. **Discuss/Approve:**
- 1) Authorize the termination of the remaining work under Phase-II by Brown and Caldwell, without cause, after providing the required ten days notice; 2) approve a task order with Winzler & Kelly for a not-to-exceed amount of \$194,526 for engineering and inspection services for equipping well no. 5; and 3) approve an agreement with North State Resources for a not-to-exceed amount of \$17,414 for the preparation of environmental documents including an Initial Study/Mitigated Negative Declaration pursuant to CEQA and authorize the General Manager to execute the agreement

Mr. Kumar reported that Brown & Caldwell team had successfully completed the construction of the test well. The original Request for Proposal (RFP) had not included the need for treatment since it had not been known at that time. Due to the change in the scope of work, Brown and Caldwell had requested an additional \$95,000 which staff was of the opinion was excessive, as reported to the Board at its last meeting. Staff had made a request for proposals from local firms.

The existing agreement with Brown and Caldwell was for \$175,000. The proposal that had been received from another party was for \$171,000 even with the inclusion of the treatment component, resulting in a \$95,000 savings in terms of the request from Brown and Caldwell. The proposal from the other party, Winzler & Kelly, had included a unique approach for a treatment pilot where a trailer would be brought to the well site and treatment pilot testing done prior to the completion of the design. These additional two components would cost an additional \$22,000, although compared to the Brown and Caldwell's revised request, it still would be under that cost.

When asked by the President, **Mr. Gradolph** described the green sand filtration and explained that the material could either be spread out and dried out and hauled to the dump or it could be disposed through a septic service to the sanitation district. It would not likely have to be done more than twice a year.

In response to **President Kenny** with respect to potential noise issues, **Mr. Kumar** advised that the pump would operate during the day to avoid any issues with neighbors.

Director Smith noted the original concern of the Board for a substantial change order to the original contract. He stated that the proposal was comparable to the existing contract with Brown and Caldwell. He supported the savings with the new contract and thanked the General Manager for addressing the situation that had resulted in that savings.

Director Prushko also complimented General Manager Kumar for bringing forward a cost saving proposal.

Motion by **Director Prushko**, seconded by **Director Smith** and carried unanimously by a roll call vote to:

- 1) Authorize the termination of the remaining work under Phase-II by Brown and Caldwell, without cause, after providing the required ten days notice.
- 2) Approve a task order with Winzler & Kelly for a not-to-exceed amount of \$194,526 for engineering and inspection services for equipping well no. 5
- 3) Approve an agreement with North State Resources for a not-to-exceed amount of \$17,414 for the preparation of environmental documents including an Initial Study/Mitigated Negative Declaration pursuant to CEQA and authorized the General Manager to execute the agreement.

President Kenny verified that the bidding process included prevailing wage considerations.

- D. **Receive/Direct Staff:** Receive the Draft 2005 Urban Water Management Plan and Set March 6, 2007, 6:45 PM as the Date and Time of the Public Hearing

Mr. Kumar stated that the Agency's 2005 Urban Water Management Plan had been approved on December 12, 2006 by the Agency Board of Directors. The draft plan would be distributed to the public with a hearing set at the next Board meeting to consider the adoption of the plan. Brown and Caldwell would make a presentation at the next meeting.

When asked by **Director Townsend**, **Mr. Kumar** identified the most significant component of the plan as the 2030 water needs projection for all the Water Agency's contractors. In the year 2030, the Water Agency's allocation for the VOMWD would be 3,729 acre feet which would be 529 acre feet more than the VOMWD's current 3,200 acre feet. To meet the total demand of 3,817 acre feet, 3,729 acre feet would come from the Water Agency, 83 acre feet would be obtained from groundwater sources, and 5 acre-feet from recycled water.

As to the long term feasibility of getting the 500 acre feet from Forestville after 2009, in response to

Director Prushko, Mr. Kumar stated that Forestville was no longer a prime contractor and hence that agreement cannot be renewed.

Motion by **Director Smith**, seconded by **Director Townsend** the Board of Directors received the Draft 2005 Urban Water Management Plan and set March 6, 2007, 6:45 PM as the date and time of the Public Hearing.

- E. **Discuss/Appoint:** 2007 Board Representative for ACWA/JPIA (Second Alternate) and ACWA/Region 1 (Board Representative)

Mr. Kumar advised that **Director Prushko** had not been present at the last meeting of the Board and he asked that he confirm the two positions that he now occupied. **Director Prushko** clarified with the General Manager the meeting dates for ACWA/JPIA and ACWA/Region 1. By consensus, the Board designated **Ron Prushko** as the 2007 Board representative for ACWA/JPIA (Second Alternate) and for the ACWA/Region 1 (Board Representative).

9. **CLOSED SESSION**

- A. None

10. **RECONVENE INTO OPEN SESSION**

There was no Closed Session.

11. **REQUEST FOR FUTURE AGENDA ITEMS**

There were no requests for future agenda items.

12. **ADJOURNMENT**

On motion by **Director Smith**, seconded by **Director Townsend** and carried unanimously by a voice vote to adjourn the meeting at 7:44 P.M. The next scheduled meeting is a regular meeting on Tuesday, March 6, 2007 at 6:30 P.M.

Shari Walk, Deputy Board Secretary

Edward Kenny, Board President