

**VALLEY OF THE MOON WATER DISTRICT**  
REGULAR MEETING MINUTES  
October 2, 2007

A regular meeting of the Board of Directors of the Valley of the Moon Water District was held on Tuesday, October 2, 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:	Mark Bramfitt Ron Prushko Sanford Smith Russell Townsend Ed Kenny
District Personnel:	Shari Walk, Office Supervisor Paul Gradolph, Operations and Maintenance Supervisor
General Manager:	Krishna Kumar
Public Present:	Ken Borba, Chris Monroe, 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 September 4, 2007
- B. Adopt Resolution No. 071001, Approving the District's Purchasing Policy

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

**4. PUBLIC HEARING**

There was no Public Hearing.

**5. OPERATIONAL & COMMITTEE REPORTS**

- A. Monthly Financial Reports & Disbursements

Motion by **Director Bramfitt**, seconded by **Director Townsend** and carried unanimously by a roll call vote to approve the monthly financial reports and disbursements for the month of August 2007, in the amount of \$573,255.84.

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 September 2007, as follows:

- **Project #2902 – Production Well No. 5:** Staff had a meeting with the Design Engineer on September 28, had reviewed the 50 percent plans, and had discussed the lead time on the filtration system and the pump. The Design Engineer had indicated a 12 to 16 week lead time. With respect to the scheduling of the contract, an award of contract was recommended for the December meeting to allow the items to be ordered and to allow the project to commence construction in the spring of 2008.

**Director Prushko** verified with Mr. Gradolph that the filtration system and the pump had to be manufactured to the contract specifications.

- **Project #2912 – Agua Caliente, Trinity Oaks, El Verano Water Mains:** Staff had met with the Design Engineer on September 20 to discuss comments on the 50 percent plans. The 95 percent plans were expected for review by late October. No rush of work was expected and the project would not commence until the spring of 2008.

C. Water Source Report

As to whether or not the VOMWD was meeting its 15 percent required reduction in water use, in response to **Director Prushko**, General Manager Krishna Kumar reported that the VOMWD's water use had been reduced 13 percent in July and close to 15 percent in both August and September. He explained that there had been a slight increase in pumping in September. In total, the water contractors had affected a 20.2 percent reduction in water use to help the Water Agency meet the State Water Resources Control Board's (State Board) requirement that the Water Agency reduce its take from the Russian River by 15 percent.

**Director Smith** questioned whether or not the same requirements imposed this year would likely be repeated next year, to which Mr. Kumar explained that weather was the primary driver for this year's response from the Water Agency to approach the State Board to request a change in flow different from what was required under Decision 1610. If the weather was a factor again next year, he suggested it was likely the Water Agency would repeat the same course of action.

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

**Director Bramfitt** presented the Draft Sonoma Valley Groundwater Management Plan, what he described as the end product of the Sonoma Valley Groundwater Basin Advisory Panel, of which he was a member. He advised of the need to complete the draft in time for the meeting of the Sonoma County Supervisors serving as Directors of the Water Agency, and the VOMWD Board of Directors meeting in November to approve the plan. With the completion of the plan, he described the possibilities of a State grant to finance one or two monitoring wells in the Valley.

With respect to the draft, **Director Bramfitt** explained that the Executive Summary had not been included but would have identified the top three things to do to monitor groundwater in the Valley in the future and the top three projects or activities to pursue, such as the Recycled Water Project, conservation programs and the like. He noted that there would be sufficient time to review the final plan prior to the November meeting.

**Director Smith** reported that there would be an emergency phone meeting of the Insurance and Personnel Committee of the Association of California Water Agencies (ACWA) Joint Powers Insurance Authority (JPIA) regarding a rate quote on one of the insurance policies. He stated that he would report on the results of that meeting at the next meeting of the Board.

On another matter and as a private well owner, **Director Smith** asked if there had been any discussion in the Groundwater Management Plan of monitoring the amount of water use by private well owners.

**Director Bramfitt** advised that the issue had been discussed at length and the conclusion of the report would be that ongoing monitoring of the groundwater situation in the Valley could be accomplished from well level monitoring only and not usage since usage could be estimated by land use. He stated that there had been no recommendation or discussion of doing any monitoring of wells for water usage. There would be a recommendation of a continuation of the voluntary program for well water levels only with the need for additional volunteer wells in some particular areas. He added that there was absolutely no recommendation to monitor water usage, simply that the existing voluntary program to monitor water levels would continue along the lines presently carried out by the District and the City of Sonoma.

**Director Prushko** asked if the premise was that if the water table were to drop would the issue be re-discussed, reported by **Director Bramfitt** that the recent study by the United States Geological Service (USGS) had pointed out that the same three areas that had been a problem continued to be a problem. Those areas were identified as Buena Vista, Carriger Road, and Felder Creek. In addition, water intrusion remained a problem in the southern end of the Valley. He reiterated that those situations and any developing situations could be monitored by monitoring water levels.

**Chris Monroe**, 434 Falido Court, Agua Caliente, asked if satellite information could be used in place of well monitoring. He suggested that as many people as possible in the Valley should be encouraged to monitor their own wells to identify the levels of the aquifer. He also asked about water quality.

**Director Bramfitt** explained that the water level monitoring was important although there was no need to monitor the water levels in each well. He stated that there were plenty of volunteers and he suggested that the monitoring plan would identify some areas where more volunteers were needed. He suggested that the existing program offered a fairly complete picture but he reiterated that not every well needed to be monitored.

**Mr. Monroe** commented that he had spoken with Regional Water Quality Control Board staff and State Mosquito and Vector Control Board staff, along with the local ecology center, and had not been provided any help in a situation near his home. He described people who had been dumping gas into Sonoma Creek outside his apartment complex. He stated that petroleum blotches remained in the creek and was affecting the wildlife in that creek. He asked the Board for help in addressing that situation that was impacting the creek and its inhabitants.

In response to **Director Prushko** as to who should be contacted in that case, Mr. Gradolph reported that the County Hazardous Materials Division would be the party to address that type of concern.

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

A. Technical Advisory Committee Meetings of September 10, 2007 and October 1, 2007

**General Manager Kumar** advised that the Water Agency had indicated the possibility of a steep increase in the next year's water rates to compensate for reduced water sales due to the 15 percent State Water Resources Control Board mandated cuts in the water deliveries to its customers. As of September 30, the total reduction has been 20.2 percent. He stated that the Water Agency planned to bring several alternatives to the Technical Advisory Committee (TAC) and to the Water Advisory Committee (WAC). As the Chair of the Budget Subcommittee of the TAC, he reported that he would be working with Water Agency staff to develop budget strategies for the next fiscal year.

**Director Bramfitt** recognized that the Water Agency had fixed costs as well as some variable costs. He asked if the reduction was expected to be permanent. He also noted that some of the variable costs should have been reduced as a result of the water reduction.

B. Drought Workshop

**Mr. Kumar** reported that he had attended the Drought Workshop jointly offered by the Department of Water Resources and the California Urban Water Conservation Council. The central piece of the presentation was the need for developing and adopting a sound Water Shortage Contingency Plan. He emphasized that the VOMWD had adopted a comprehensive Contingency Plan for the District in 2005.

C. Environmental Work - \$5,000 Savings

**Mr. Kumar** reported that the VOMWD had been able to complete the environmental work associated with the Well No. 5 Replacement Project at a cost savings of \$5,000. The work had been completed for \$12,400, \$5,000 or 28 percent less than the original contract amount of \$17,400.

D. Christmas Party

**Mr. Kumar** reported that the VOMWD's Christmas Party had been scheduled for December 13, 2007 at 6:00 P.M. with dinner at 7:00 P.M., the site of which had yet to be determined.

8. OLD/NEW BUSINESS

A. **Discuss/Accept:** Accept the Annual District Audit Report for Fiscal Year 2006-2007

**Director Bramfitt** commended management and staff for another clean Audit Report.

**Mr. Kumar** commended Office Supervisor Shari Walk for having provided complete, accurate and timely information to the District's auditor.

By acclamation, the Board of Directors accepted the Annual District Audit Report for Fiscal Year 2006-2007.

- B. Approve/Authorize:** Approve and Authorize the President to Sign the Agreement for Auditing Services with the firm of Moss, Levy & Hartzheim, Certified Public Accountants, to Perform the District's Annual Financial Audits for Three Fiscal Years Beginning with the Audit for FY 2007-08, Subject to an Annual Review

**Mr. Kumar** stated that an agreement had been negotiated with the accounting firm of Moss, Levy & Hartzheim with just a three percent increase in the rates for the next three years. He reminded the Board that the firm's quote was the lowest at the time it had been hired. The increase would represent the estimated increase in the cost of living index for the next three years. He characterized the agreement as extremely favorable and fair. He recommended approval of the agreement for auditing

**Director Bramfitt** suggested that a Request for Proposals (RFP) process should again be considered in the fifth year of the contract with Moss, Levy & Hartzheim.

Motion by **Director Prushko**, seconded by **Director Smith** and carried unanimously by a roll call vote to approve and authorize the President to sign the agreement for auditing services with the firm of Moss, Levy & Hartzheim, Certified Public Accountants to perform the District's annual financial audits for three fiscal years beginning with the audit for FY 2007-08, subject to an annual review.

- C. Discuss/Approve:** Approve an Agreement with Ashlin Pacific Construction, Inc. in An Amount Not to Exceed \$75,600 for Replacing Water Meters and Authorize the General Manager to Execute the Agreement

**Mr. Kumar** noted that in 2005 the Board of Directors had authorized a phased Meter Replacement Program. This is the third year of that program. Proposals from two firms had been requested and received. The proposal from Ashlin Pacific Construction, Inc. was the lowest bid by \$2,300. He added that the VOMWD had worked with both firms and had been happy with both. He recommended the approval of an agreement with Ashlin Pacific Construction, Inc. in an amount not to exceed \$75,600 for replacing water meters.

**Director Bramfitt** verified that this was a catch up program in that the life of water meters was approximately 20 years. He verified with staff that the VOMWD would catch up to its regular maintenance schedule in one year.

Motion by **Director Prushko**, seconded by **Director Smith** and carried unanimously by a roll call vote to approve the agreement with Ashlin Pacific Construction, Inc. in an amount not to exceed \$75,600 for replacing water meters and authorize the General Manager to execute the agreement.

- D. Approve/Authorize:** Approve and Authorize the General Manager to Sign the Term Agreement for Maintenance Services for SCADA with MCC Control Systems, LP, for Three Fiscal Years, Subject to an Annual Review

**Mr. Kumar** presented a proposal to formalize the VOMWD's SCADA maintenance requirements. He noted that a pre-approved agreement would involve the same rates but would allow a quick turnaround in case of emergencies. He recommended approval of the agreement for maintenance services for SCADA and explained that the total amount of payments under the agreement would not exceed \$10,000 in any fiscal year.

In response to **President Kenny** who had expressed concern for the amount of work that the VOWMD was required to perform as part of the contract, Mr. Kumar clarified that the VOMWD would only be required to perform minimal work.

**Mr. Gradolph** explained that there were occasionally problems with various stations and the agreement would allow staff to affect repair without having to pursue a piecemeal purchasing process.

Motion by **Director Smith**, seconded by **Director Prushko** and carried unanimously by a roll call vote to approve and authorize the General Manager to sign the term agreement for maintenance services for SCADA with MCC Control Systems, LP, for three fiscal years, subject to an annual review.

- E. Discuss/Authorize:** Authorize the General Manager to Submit a Preliminary Application to the California Infrastructure and Economic Development Bank for a Loan of \$800,000 to Fund the Construction of Well No. 5

**Mr. Kumar** reported that the District's design engineer Winzler & Kelly has estimated the probable construction cost of Well No.5 to be \$ 890,000. Noting that staff had discovered the availability of financing from the California Infrastructure and Economic Development Bank (I-Bank), a State financing authority that promoted economic growth, quality of life, and revitalization of California communities through low-cost financing of infrastructure and economic development projects, he stated that financing would be at 3.3 percent representing two thirds of a tax exempt bond rate, the lowest obtainable rate. Given that the VOMWD currently earned slightly better than 3.3 percent as interest income, he recommended a strategy to make an application for an I-Bank loan of \$800,000 to fund the construction of Well No. 5.

Advising that I-Bank would not lend money until the test well was complete, **Mr. Kumar** suggested that the \$600,000, originally budgeted for the construction of Well No.5 could be saved for the VOMWD's next well to get it up to the test well stage, particularly since there would be no more funds from the Water Agency for 7 to 8 years, allowing the VOMWD to leverage the funds to complete two wells. He added that currently the VOMWD was well under its prudent debt levels.

**Director Prushko** expressed concern for a potential loan given his desire to plan and be in a stable financial position for any emergency. He verified with Mr. Kumar that the VOMWD had a four-month reserve for operating expenditures.

When asked if he was comfortable with the strategy, **Mr. Kumar** stated that the proposal was optimal, the amount was small, and available funds could be leveraged towards the next well. Acknowledging that the life span of a well was 30 years, he explained that the loan could be for a 20 year or a 30-year term.

**Director Prushko** verified with Mr. Kumar that the Larbre well had been most recently leased since 2000 and that most of the VOWMD's wells had been on line for 30 years, although the Park Avenue well had been on line for up to 50 years.

**Director Bramfitt** commented that since only half of the well would be financed and at least half of the well would operate for 30 years absent the treatment facilities that might need upgrading, he could support the recommendation, as presented.

Motion by **Director Bramfitt**, seconded by **Director Smith** and carried unanimously by a voice vote to

authorize the General Manager to submit a preliminary application to the California Infrastructure and Economic Development Bank for a loan of \$800,000 to fund the construction of Well No. 5.

With respect to the next meeting, a Joint Meeting with the Sonoma City Council, **President Kenny** verified the expectation that the Joint Meeting would start at 6:30 P.M. after which the VOMWD would pursue its regular meeting agenda.

**9. CLOSED SESSION**

There was no Closed Session.

**10. RECONVENE INTO OPEN SESSION**

There was no Closed Session.

**11. REQUEST FOR FUTURE AGENDA ITEMS**

There was no request for future agenda items.

**12. ADJOURNMENT**

On motion by **Director Bramfitt**, seconded by **Director Smith** and carried unanimously by a voice vote to adjourn the meeting at 7:30 P.M. The next scheduled meeting is a Joint Meeting with the Sonoma City Council at 6:30 P.M. on Tuesday, November 6, 2007, after which the regular VOMWD Board of Directors meeting would commence.

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Shari Walk, Deputy Board Secretary

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Ed Kenny, Board President