

VALLEY OF THE MOON WATER DISTRICT
REGULAR MEETING MINUTES
February 5, 2008

A regular meeting of the Board of Directors of the Valley of the Moon Water District was held on Tuesday, February 5, 2008, 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 Mark Bramfitt 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 Ed Kenny Sanford Smith Russell Townsend
District Personnel:	Shari Walk, Office Supervisor Paul Gradolph, Operations and Maintenance Supervisor
General Manager:	Krishna Kumar
Public Present:	Jeff Stuhr and Sandi Hansen, <u>Sonoma Index-Tribune</u>

2. PUBLIC COMMENTS

Jeff Stuhr addressed the Board and wondered if the District had considered giving rebates for the installation of a recirculating pump. He explained the process to the Board and said he believed this device saved considerable amounts of water and power. **President Bramfitt** responded stating the District did not have such a program, neither did PG&E. He directed the General Manager to check into whether anyone else was rebating for the device, and what information was out there, and report back to the Board and Mr. Stuhr with his findings.

3. CONSENT CALENDAR

- A. Minutes of the January 2, 2008 Board of Directors Meeting
- B. Accept Project Closing Documents, Water Main Extension Agreement with John Walsh, Project No. 2913
- C. Accept Project Closing Documents, Water Main Extension Agreement with Rogelio Guerrero, Project No. 2916
- D. Submission of Financing Application to the California Infrastructure and Economic Development Bank

Director Townsend requested the removal of Consent Calendar Item D for discussion.

Motion by **Director Prushko**, seconded by **Director Kenny** and carried unanimously by a voice vote to adopt the Consent Calendar with the removal of Item D.

The following item was removed from the Consent Calendar for discussion.

- D. Submission of Financing Application to the California Infrastructure and Economic Development Bank

Director Townsend sought clarification regarding language in the proposed Board Resolution pertaining to the reimbursement of prior expenditures out of the I-Bank loan proceedings. In response, General Manager Krishna Kumar clarified that the statute allowed for the District to recoup costs incurred up to 60 days prior to the date of adoption of the Resolution. However, the District was not planning to take advantage of this reimbursement provision since the loan amount would cover construction costs only. The Resolution was modeled after the standard language from the I-Bank.

In response to **Vice-President Prushko**, Mr. Kumar confirmed that the estimated project costs were close to 1.5 million dollars, and that staff has compared the price of other wells installed by other Districts and Cities.

Motion by **Vice-President Prushko**, seconded by **Director Smith** and carried unanimously by a voice vote to approve Consent Calendar Item D, submission of financing application to the California Infrastructure and Economic Development Bank.

4. PUBLIC HEARING - NONE

5. OPERATIONAL & COMMITTEE REPORTS

- A. Monthly Financial Reports & Disbursements

Motion by **Vice-President Prushko**, seconded by **Director Smith** and carried unanimously by a roll call vote to approve the monthly Financial Reports & Disbursements for the month of December 2007 in the amount of \$265,697.14.

- B. 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 2008, as follows:

- **Project #2902 – Production Well No. 5:** The contractor had been issued a Notice to Proceed and would be scheduling a pre-construction meeting soon.
- **Project #2912 – Agua Caliente, Trinity Oaks, El Verano Water Mains:** Design of project 100 percent complete. To be advertised for bids in the spring.

- C. Water Source Report

There were no comments on the Water Source Report.

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

Director Kenny reported that he attended the opening ceremony of the City of Sonoma's newly remodeled Council Chambers.

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

A. Technical Advisory Committee Meeting of February 4, 2008

General Manager, Krishna Kumar reported that the Technical Advisory Committee recommended approval of the Sonoma County Water Agency's FY 08-09 budget and water rates to the Water Advisory Committee, which will meet in March to consider this item. The wholesale water rate increases ranged from 6.7% to 10.7%, depending on the aqueduct. The Sonoma Aqueduct customers' rates went up by 7.2%, which is considerably less than the initial 8.8%.

Vice-President Prushko stated he can not come to terms with the Sonoma County Water Agency raising the rates by 7.2% considering that this County is going through a huge recession.

Mr. Kumar responded by saying that two factors were driving the rate increase, 1) the water deliveries were down by about 4,000 acre feet because of the state mandated 15% reduction and 2) all three aqueducts had an increase to their aqueduct capital charge, which is the funding source for carrying out capital projects for the respective aqueduct. The aqueduct capital charge for the Sonoma Aqueduct would be \$15 per acre foot, which is currently zero. This is needed for funding the second segment of the Sonoma Aqueduct parallel pipeline or other capital improvement projects. It would be desirable to add to that amount each of the subsequent years to build up the necessary funding for future debt service.

President Bramfitt confirmed with Mr. Kumar that this helps to stabilize the rates to avoid a large spike down the road.

Mr. Kumar noted that the City of Santa Rosa approved a 9% increase each year for the next two years, and City of the Sonoma a 5% increase this year, while staff was requesting a 4.5% in comparison.

Sonoma Hydrological Information Portal

Mr. Kumar reported that in order to strengthen groundwater management planning efforts in the Sonoma Valley, Sonoma Valley Basin Advisory Panel and the Sonoma County Water Agency were collaborating with H2O2U, a company whose primary focus was building web based Environmental Information Management Systems (EIMS). Their first product WebH2O was an Internet-based system to securely collect, analyze and share environmental information.

The company was providing free on-line groundwater data collection services to the Sonoma Valley called SHIP – Sonoma Hydrological Information Portal, on a trial basis. This portal

includes automated statistics calculations, alerts for water surface elevation, charts for analyzing historical trends, and contour mapping capabilities. VOMWD planned to avail this opportunity to up load the data the District collects from its wells.

President Bramfitt noted that our own water resources here in the valley in one way or another were going to be cost competitive with what we were getting from the Russian River, so all the background activity that we do which will enable the District to access groundwater resources is important with the added benefit of it being free.

8. OLD/NEW BUSINESS

A. Proposed Operations and Maintenance and Capital Improvement Program Budgets for Fiscal Year 2008-2009

General Manager Kumar presented a brief outline of the proposed Operations and Maintenance and Capital Improvement Program budgets for FY 2008-09.

Vice-President Prushko asked if the District was expecting a huge spike in medical costs for the retirees. Mr. Kumar stated that for both the retirees and regular employees, the agreement with the employees had a cost sharing component for health care increases. Any increases in the health insurance were shared 50/50 between the District and employees/retirees beyond the FY 04-05 level. During FY 09-10 staff will be revisiting the cost of the health care package for both employees and retirees as part of the next round of negotiations with the employees in an effort to comply with the provisions of GASB 45.

Vice-President Prushko stated that given the financial obligations that the District was facing, he felt comfortable about the 4.5% rate increase.

President Bramfitt noted that the 4.5% was higher than we're used to, but in comparison to the other entities, it's low, and he was also comfortable with the rate increase.

Mr. Kumar reported that the District was planning on spending \$1 million on capital projects next fiscal year, for a total of close to \$4 million over the next 5 years. He also reported that the required Prop 218 notice, along with a flier titled "understanding your water budget" will be mailed to all customers as a bill insert beginning next week.

Director Townsend questioned the increase in attorney fees for the next budget year. Mr. Kumar stated that attorney fees are one of the budget items that are unpredictable, and depending upon the outcome of the current closed session item, that number may or may not be adequate. Any unspent monies would carry over to funding capital projects. He also noted that staff will take a closer look at the attorney fees before the final budget is brought back to the board for adoption.

President Bramfitt pointed out that even with the 4.5% increase, the moderately high water users will only see a \$3.31 monthly increase, and the average user only a \$1.51 monthly increase, so he felt that the District was doing a good job at keeping the rate increases at a reasonable level.

Motion by **Vice-President Prushko**, seconded by **Director Smith** and carried unanimously by a voice vote to:

- 1) Authorize staff to mail notices to all District customers regarding the proposed 4.5% water rate increase for FY 2008-2009.
- 2) Set June 3, 2008, 6:45 PM as the date and time of the Public Hearing to a) review the protests received, if any, regarding the proposed 4.5% water rate increase and b) receive public comments regarding the 2008-2009 proposed budget.
- 3) Authorize staff, effective July 1, 2008, to add \$200,000 to the Board designated reserve for retiree health benefits.

When asked, **Mr. Kumar** confirmed that the proposed rate increase would take effect July 1, 2008.

President Bramfitt adjourned into Closed Session at 7:10 P.M.

9. CLOSED SESSION

- A. Real property negotiations pursuant to Government code Section 54956.8 – District Negotiator: General Manager: Property: 2020 Heaven Hill Road and 2400 Sobre Vista Road: Subject: Terms and price

President Bramfitt reconvened into open session at 7:25 P.M. and advised that there was nothing to report from Closed Session.

10. REQUEST FOR FUTURE AGENDA ITEMS
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President Bramfitt requested the General Manager's annual evaluation to be included in the agenda for the March meeting.

11. ADJOURNMENT

Motion by **Director Kenny**, 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 regular meeting on March 4, 2008.

Shari Walk, Deputy Board Secretary

Mark Bramfitt, Board President