

VALLEY OF THE MOON WATER DISTRICT
REGULAR MEETING MINUTES
June 3, 2008

A regular meeting of the Board of Directors of the Valley of the Moon Water District was held on Tuesday, June 3, 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:	Ron Prushko Sanford Smith Russell Townsend Mark Bramfitt
Directors Excused:	Ed Kenny
District Personnel:	Shari Walk, Office Supervisor Paul Gradolph, Operations and Maintenance Supervisor
General Manager:	Krishna Kumar
Public Present:	Ken Borba, Sandi Hansen, <u>Sonoma Index-Tribune</u> , Donna Johnson, and Pam Jeane, Sonoma County Water Agency

2. PUBLIC COMMENTS

There were no comments from the public.

3. CONSENT CALENDAR

- A. Minutes of the May 6, 2008 Board of Directors Meeting [REMOVED FROM CONSENT]**
- B. Approve Water Facilities Installation Agreement with the Curiel Family 2008 Trust, Project No. 2921**
- C. Accept Project Closing Documents, Water Facilities Installation Agreement with the Valley of the Moon Teen Center, Project No. 2914**
- D. Employment Agreement – General Manager**

Motion by **Director Smith**, seconded by **Director Prushko** and carried unanimously by a voice vote to adopt the Consent Calendar, as shown, with the removal of Item A.

The following item was removed from the Consent Calendar.

A. Minutes of the May 6, 2008 Board of Directors Meeting

Motion by **Director Prushko**, seconded by **Director Townsend** to approve the minutes of the May 6, 2008 Board of Directors meeting carried by the following vote:

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

The Board of Directors continued on with the agenda pending the 6:45 P.M. time period to allow the opening of the Public Hearing scheduled for that time.

5. OPERATIONAL & COMMITTEE REPORTS

A. Monthly Financial Reports & Disbursements

Director Smith asked about the Association of California Water Agencies (ACWA) 2008 Agency Membership Dues, which appeared to be much higher this year than last year.

Office Manager Shari Walk explained that the VOMWD had not paid those dues the last few years which fees had been paid by the Sonoma County Water Agency (Water Agency).

General Manager Krishna Kumar further explained that the dues last year were similar to what was currently shown although that total would increase by more than 30 percent next year. He reported that he had spoken with the Water Agency to see if the Agency could again cover the cost of those dues.

In further response to Director Smith as to whether or not ACWA would modify its position for water districts that were not beneficiaries of the Delta, **Mr. Kumar** stated that the primary driver behind the dues increase was the last round of the Water Awareness Campaign to increase the state-wide awareness of the vital importance of water, which was very costly. He advised that the VOMWD was involved through Region 1 in the current deliberations to address the projected steep increase in ACWA dues.

Motion by **Director Prushko**, seconded by **Director Smith** and carried unanimously by a roll call vote to approve the monthly financial reports and disbursements for the month of April 2008, in the amount of \$361,836.70.

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 2008, as follows:

- **Project #2902 – Production Well No. 5:** The well project was moving along well with everything underground completed in that the electrical conduit and water lines had been installed. The pads had been poured for the backwash tank and the filter tank as well as for the pump house. A change in the electrical service was required and conduit would have to be run up to Arnold Drive. District staff would do that work.

Director Prushko verified with Mr. Gradolph that the SCADA system was working well.

- **Project #2912 – Agua Caliente, Trinity Oaks, El Verano Water Mains:** Piazza Construction had received a Notice of Award for this contract from the VOMWD. The contractor was in the process of completing the contractual requirements from the VOMWD and had indicated that they would like to start construction in early June.

Mr. Gradolph added that the Carmel Avenue Project would be started on June 23, 2008.

C. Water Source Report

Mr. Kumar reported that the VOMWD was anticipating the use of approximately 2,900 acre feet of water from the Water Agency as opposed to the initial annual limit of 3,200 acre feet, partly due to the last 15% reduction, ongoing conservation and Mother Nature.

Director Prushko asked about the amount of water in fire storage, reported by **Mr. Kumar** that VOMWD's current water storage capacity of 5 million gallons met all the regulatory requirements. An additional 18 million gallons of storage was available through the Water Agency's storage tanks in the Valley.

Given the 6:45 P.M. hour, the Board of Directors continued with the scheduled public hearing.

4. PUBLIC HEARING

- A. Public Hearing.** Time set 6:45 P.M. Proposed Water Rate Increase, Effective July 1, 2008.

President Bramfitt opened the public hearing for the proposed water rate increase effective July 1, 2008. There was no one to speak. **President Bramfitt** closed the public hearing.

President Bramfitt advised that action on the proposed rate increase would occur under Old/New Business.

- B. Public Presentation.** Presentation by Pam Jeane, Deputy Chief Engineer, Sonoma County Water Agency; Russian River Minimum Flow Requirements.

Pam Jeane, Deputy Chief Engineer, Sonoma County Water Agency, spoke to Russian River minimum in stream and Decision 1610 flow requirements. She presented handouts to the Board which were also available to the audience. She pointed out the three water supply reservoirs supplying water to the Water Agency users in Mendocino and Sonoma County at Lake Pillsbury, Lake Mendocino and Lake Sonoma which had been built by the US Army Corps of Engineers with the Water Agency as a sponsor. She provided some background to the flow to and from each reservoir and the Water Agency's role in each.

Ms. Jeane described the 60,000 acres of vineyards in the watershed, the many municipalities and others who used water from the Russian River and explained that the Water Agency's water rights required compliance with stream flow requirements from both Lake Mendocino and Lake Sonoma in three different reaches on the river. She noted with respect to those requirements that the type of water year was set based on the Decision 1610, which would use cumulative inflow into Lake Pillsbury as the deciding factor to determine whether there was a "normal," "dry" or "critically dry" year. She emphasized that did not relate to the amount of water in the lake but the amount of water that flowed into the lake. She described how that inflow was monitored to make the determination of the water year, which determination set the minimum stream

flow requirements in each of the three reaches of the Russian River.

Ms. Jeane explained that the way of determining the water year had been set prior to the current regulatory stipulations benefiting fish, the changes in the Potter Valley project, impacts from potential climate change and other changes. She described the historical record and noted that the situation did not seem to be applicable today and might require changes to Decision 1610.

Ms. Jeane referred to the calculations of “dry spring conditions” and explained what occurred when the flows were significantly less than they should be, such as the current year’s conditions, and how that impacted fish populations and conflicted with the Water Agency’s requirements. She explained that reductions in water usage had been requested similar to what had occurred last year when a 15 percent reduction had been requested and had been exceeded. It had been projected that Lake Mendocino would get extremely low this year, potentially to 12,000 acre feet. She added that the Army Corps of Engineers which operated Lake Mendocino was uncertain what would occur if the lake was below 12,000 acre feet. The concern with the water getting that low was what could occur with the endangered Chinook Salmon, which would start migrating up the river to spawn. Since the fish spawned in the river itself it was preferred that water be retained in Lake Mendocino to help facilitate that spawning.

As to whether or not Decision 1610 could be changed, **Ms. Jeane** commented that in 1986 and as late as 1999, it was not believed there was any Chinook Salmon in the Russian River watershed. She stated it had been found that there were literally thousands of the fish coming upstream to spawn every year. She noted that the timing of the flows included in Decision 1610 were not appropriate in that some of the flows were off in terms of time of year and when the fish needed the water, which would have to be addressed if Decision 1610 was to be revised. She advised that the process of completing an Environmental Impact Report (EIR) and Environmental Impact Statement (EIS) was being pursued to change Decision 1610, which process would take approximately two years of studies. Until that time, no changes could be made.

Ms. Jeane also identified the Water Agency’s water conservation campaign this year as “Less is More Any Time of the Year.”

President Bramfitt stated that there were still issues around the Potter Valley project and the flow rates.

With respect to the controversial Potter Valley project, **Ms. Jeane** expressed her belief that the changes made to the flows and the diversion were inadvertent. She described her understanding of what had occurred and why the flows had been changed from 160,000 acre feet to approximately 107,000 acre feet.

In response to **Director Smith** as to who could change Decision 1610 given that it was a State decision, **Ms. Jeane** stated that the State Water Resources Control Board (Water Board) had the authority to set the in stream flow requirements and would make the decision as to the amount of water to be stored, to be released, or to be diverted to customers.

Ms. Jeane added that no decision would be made without the approval of the California Department of Fish and Game and the National Marine Fishery Service.

Mr. Kumar stated that the Water Agency’s right to divert 75,000 acre feet from the Russian River stemmed from Decision 1610. He stated that Decision 1610 would be revised by the Water Board subject to the input and blessing of all other applicable state and federal jurisdictional agencies.

President Bramfitt suggested it was somewhat unfair that the Water Agency had to drive the process given that all regulatory agencies and other constituents and users had an interest in the outcome.

In response to **Director Prushko** as to whether or not the fish population was increasing, **Ms. Jeane** stated there was no clear trend. She noted that the fishery population had crashed last year in some of the river systems and had come four weeks later than normal last year. Approximately 1,900 returning adults had been counted last year, which was not the lowest or highest range in nine years of monitoring. She commented on the belief that what was occurring in the river itself was only a portion of the problem in that some of the fish did not have good conditions when reaching the ocean. In further response to **Director Prushko**, she explained that she was unaware of the actual impact the seals at the mouth of the Russian River had on the fish population.

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

Director Smith referred to his written report to detail his May 5, 2008 attendance at the May 5-8 ACWA Insurance and Personnel Committee Meeting and ACWA/JPIA Convention, which report he provided in writing and presented orally to the Board of Directors.

Director Smith also reported on the Ethics Training workshop he had attended where there had been added emphasis of the effects of discovery motions in litigation affecting Boardmembers who conducted district business via their personal home e-mail addresses. In light of what he had learned, he and Mr. Kumar proposed that all district-related business communications to the Boardmembers be routed via a district e-mail address.

Mr. Kumar proposed that each member of the Board have a district issued e-mail, which e-mails would then reside in the VOMWD server.

President Bramfitt commented that Boardmembers did little to converse by e-mail.

President Bramfitt requested that the General Manager send a note to Randy Poole of the Water Agency to thank Pam Jeane for her presentation.

Given a VOMWD ratepayer present in the audience, **President Bramfitt** moved to Item 8 A at this time.

8. OLD/NEW BUSINESS

A. Fiscal Year 2008-09 Final Budget and Water Rates

President Bramfitt expressed his appreciation for the communication materials that had been distributed to VOMWD ratepayers and characterized those materials as well prepared.

Director Smith expressed his appreciation for the work from North Marin Water District and commended staff for the work and was pleased with the VOMWD's comparison with other water contractors since the VOMWD had some of the lowest rates.

President Bramfitt commented that no one was happy with rate increases in general. He stated that negotiations with the Water Agency had been very tough but that the 4.5 percent proposed rate increase was in direct response to the water rate increases by the Water Agency. He stated that the VOMWD had been keeping expenses well under control while running a great operation and doing the right thing with the

VOMWD's Capital Improvement Program (CIP).

President Bramfitt advised that the public hearing had been opened and closed earlier in the meeting.

Mr. Kumar recommended that the Board take actions to adopt the following:

1. Resolution No. 080604, overruling objections and protects, adopting a report on charges for water services and confirming such charges for fiscal year 2008-09, and amending District Regulations 8-2.19 and 8-2.21 to reflect such charges.
2. Resolution No. 080605, adopting the fiscal year 2008-09 operations and maintenance budget and the annual statement of investment policy.
3. Resolution No. 080606, adopting the five-year capital improvement program for fiscal years 2008-09 through 2012-13 and approving funds for fiscal year 2008-09 capital improvement program budget.

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

1. Resolution No. 080604, overruling objections and protects, adopting a report on charges for water services and confirming such charges for fiscal year 2008-09, and amending District Regulations 8-2.19 and 8-2.21 to reflect such charges.
2. Resolution No. 080605, adopting the fiscal year 2008-09 operations and maintenance budget and the annual statement of investment policy.
3. Resolution No. 080606, adopting the five-year capital improvement program for fiscal years 2008-09 through 2012-13 and approving funds for fiscal year 2008-09 capital improvement program budget.

B. Installment Sale Agreement with the California Infrastructure and Economic Development Bank

Mr. Kumar advised that this was the final item in terms of approving the California Infrastructure and Economic Development Bank (I-Bank) loan of \$810,000 to fund the Well No. 5 project at an interest rate of 3.17 percent, and formalized the earlier direction from the Board. The payment would be approximately \$60,000 semi-annually with the interest rate fixed for the 20-year term of the loan.

Mr. Kumar recommended the adoption of Resolution No. 080601 authorizing the execution and delivery of the installment sale agreement by and between the Valley of the Moon Water District and the California Infrastructure and Economic Development Bank and approving certain other matters in connection therewith.

In further response to **Director Prushko**, **Mr. Kumar** advised that between the Water Agency and the I-Bank, the well would be totally funded with the exception of the VOMWD's direct contribution of \$35,000 to \$40,000. **Director Prushko** commended staff for putting together a financing package that will considerably benefit the District.

Motion by **Director Smith**, seconded by **Director Prushko** and carried unanimously by a roll call vote to adopt Resolution No. 080601 authorizing the execution and delivery of the installment sale agreement by and between the Valley of the Moon Water District and the California Infrastructure and Economic Development Bank and approving certain other matters in connection therewith.

President Bramfitt returned to the regular agenda.

7. GENERAL MANAGER'S AND DISTRICT COUNSEL'S REPORTS
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A. Technical Advisory Committee Meeting of June 2, 2008

General Manager Kumar advised that at the last TAC meeting, the coordinated contractor response to the dry spring conditions and voluntary water reductions during this summer had been discussed. He stated that the group had decided to replicate the same process as last year, from June 1 to October 31. This would be a voluntary local effort, with no mandates from the State.

Director Prushko verified that the driving force was the amount of water that needed to be stored in Lake Mendocino which would help the Chinook Salmon in fall.

B. Release of Draft EIR on Water Agency Project

The Draft EIR for the Water Agency Project would be released on June 24, 2008. Four regional meetings would be held with one to be held in the valley on August 21, 2008. **Mr. Kumar** stated that he would bring a regular item to the next Board meeting to formally choose two members of the Board of Directors to represent the VOMWD at that meeting.

In response to **Director Prushko** regarding water for the vineyards, Mr. Kumar stated that the Water Agency had formalized an agreement among all the agricultural interests in the Dry Creek area for more efficient use and sharing of Russian River water. He explained that the Water Agency had no jurisdictional authority over the agricultural interests. He added that the State Water Resources Control Board appeared to want the Water Agency to fulfill some of the State Board's obligations.

C. AB 2175 and AB 2153

Mr. Kumar referred to the opposition letter to AB 2175, requiring Californians statewide to cut per capita urban water use by 20 percent by 2020, which bill passed by a vote of 48 to 30 in the Assembly. The bill was expected to be heard by a Senate committee this month where several proposals for amendments would be considered.

With respect to AB 2153, **Mr. Kumar** stated that bill had not moved out of the Assembly and was almost dead. As directed by the Board, an ad hoc committee comprised of Directors Bramfitt and Townsend had drafted a response.

In light of the passage of AB 2175 in the Assembly, **President Bramfitt** verified that the letter would be submitted to the State Senator. He stated that the VOMWD's own senator should receive a copy of the letter as well.

D. Reduction of Gas Consumption in VOMWD Office Building

Mr. Kumar reported that the VOMWD had reduced its consumption of gas in the office by 9 percent and had received a \$40 credit from PG&E.

E. General Manager Appointed to Human Rights Commission

Mr. Kumar reported that the Sonoma County Board of Supervisors had appointed him to the Sonoma County Human Rights Commission.

Director Smith verified with Mr. Kumar that the 15 percent voluntary reduction for the next five months was exactly the same as last year.

President Bramfitt adjourned into Closed Session at 7:52 P.M.

9. CLOSED SESSION

A. Conference with Labor Negotiator Pursuant to Government Code Section 54957.6; Agency Negotiator: General Manager Krishna Kumar; Negotiating Parties: International Union of Operating Engineers, Stationary Local 39 AFL-CIO.

10. REQUEST FOR FUTURE AGENDA ITEMS
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President Bramfitt reconvened at 8:15 P.M. from Closed Session. There was nothing to report.

There were no requests for future agenda items.

11. ADJOURNMENT

On motion by **Director Smith**, seconded by **Director Prushko** and carried unanimously by a voice vote to adjourn the meeting at 8:17 P.M. The next scheduled meeting is a regular meeting at 6:30 P.M. on July 1, 2008.

Shari Walk, Deputy Board Secretary

Mark Bramfitt, Board President