

VALLEY OF THE MOON WATER DISTRICT
REGULAR MEETING MINUTES
March 2, 2010

A regular meeting of the Board of Directors of the Valley of the Moon Water District was held on Tuesday, March 2, 2010, 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 Russ Townsend 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:	Ron Prushko Ed Kenny Mark Bramfitt Al Bandur Russ Townsend
General Manager:	Krishna Kumar
District Personnel:	Paul Gradolph, Operations and Maintenance Supervisor Shari Walk, Office Supervisor
Public:	None

2. PUBLIC COMMENTS

There were no public comments.

3. CONSENT CALENDAR

- A.** Minutes of the February 2, 2010 Board of Directors Meeting.

On motion by **Director Kenny**, seconded by **Director Prushko** and carried by a voice vote to adopt the Consent Calendar, as shown.

4. PUBLIC PRESENTATION - NONE

5. OPERATIONAL REPORTS

- A.** Monthly Financial Reports & Disbursements.

On motion by **Director Prushko**, seconded by **Director Bramfitt** and carried unanimously by a roll call

vote to approve the monthly Financial Reports & Disbursements for the month of January 2010 in the amount of \$222,070.27.

B. Water Source Report

There were no comments on the Water Source Report.

6. PRESIDENT'S AND DIRECTORS' REPORTS OR COMMENTS
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There were no Director's reports or comments.

7. GENERAL MANAGER'S AND DISTRICT COUNSEL'S REPORTS
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Mr. Kumar reported the following:

Technical Advisory Committee and Water Advisory Committee meetings of March 1, 2010

The single most important item that was discussed at the TAC and WAC meetings was the Sonoma County Water Agency's FY 2010-11 budget and the water rates. The proposed increase in the wholesale rate for the next fiscal year was 10%, which was slightly less than earlier indications. The District's FY 2010-11 proposed budget accounted for this increase in the wholesale rate.

At the WAC meeting, the Cities of Santa Rosa, Petaluma, and Cotati were not willing to support the Water Agency's proposed rate increase. Because of that, a special meeting had been called for March 22nd in Rohnert Park. The understanding was that these three water contractors would have had their respective Council meetings by then.

Director Bramfitt stated that he was frankly taken aback by the reaction of these three cities. He thought the TAC Budget Committee, vice-chaired by the District's General Manager, had done a reasonable job of meeting with the Water Agency and understanding the budget requirements. The Water Agency had cut some costs, deferred some projects and let some people go. They based their budget on deliveries of 49,000 acre-feet, which was right in line with what the contractors collectively used last year, and given the wet weather, it was a reasonable amount of deliveries to expect next year.

Director Bramfitt said the rate increase was largely driven by the fact that deliveries were down from 54,000 acre feet to 49,000 acre feet. When the fixed costs of the Water Agency were spread over lower deliveries, the rates had to go up. Based on the reactions of the three cities, he felt that the WAC was not going to unanimously support the budget. He was disappointed, but commented that the TAC did a really great job and in particular the District's General Manager deserved a lot of credit for that, because he took on the budget sub-committee pretty much by himself. He thought the Water Agency did a good job as well. He was also not in favor of pre-committing to the Water Agency a specified amount of water deliveries for the next fiscal year in order to get the rates lower. He wanted the flexibility for this board to choose the District's water supplies.

In response to **President Townsend**, **Director Bramfitt** explained the weighted voting system used by the WAC.

Vice-President Bandur confirmed with Mr. Kumar that the WAC does not approve the Water Agency's

budget and that it was simply an advisory committee.

In response to **Director Prushko**, Mr. Kumar explained that the 10% rate increase was primarily because the base deliveries have dropped by 5,000 acre-feet, as was the case the previous year also.

Director Bramfitt commented that Marin Municipal just raised their rates 10%, and they had 100 people in their boardroom to complain. The District had done a lot better than that, keeping the rate down in the 7% range, and in previous years in the 4-5% range. Given the lower deliveries and the need to fix the Water Agency's aging infrastructure, it was going to get expensive. People's bills will stay the same, even using less water, because the District needs the money to cover the fixed costs.

Mr. Kumar pointed out that the District had made every effort to insulate the District's customers from the steep increases in the wholesale water rate during the last three years through a combination of good financial management and additional efforts to tighten the belts. While North Marin Water District raised its retail rates by 25% this fiscal year, the District was able to restrict its rate increase to 7%. Out of all the eight contractors, the District's retail rate increase had been one of the lowest.

JM Eagle

Mr. Kumar reported that four states and 43 California localities had joined a whistleblower lawsuit seeking millions of dollars in damages from JM Eagle and its former parent company, Formosa Plastics Corp. for supplying water and sewer pipes that the company allegedly knew were substandard. The District used 2,266 feet of 8" PVC water main supplied by the company in November 2005 at a cost of \$268,970, including installation costs, as part of the Hill Road pipeline project. Staff was in touch with District Counsel who was examining the options that the District had and will keep the Board informed.

In response to **Director Prushko**, Mr. Kumar confirmed that this was the pipeline that went to the new tank on Hill Road.

In response to **President Townsend**, Mr. Gradolph explained the deficiencies in the pipe. Apparently shortcuts were made to speed up the manufacturing process, which reduced the tensile strength of the pipe.

In response to **Vice-President Bandur**, Mr. Gradolph said the pipes were manufactured between the years 1996-2005.

Mr. Gradolph reported that staff had started on a landscape project in front of the District Office and the Corporation Yard, on a tight budget. About 25% of the new plants were purchased from the Sonoma County Jail Industries at a very reasonable price. The remaining plants would come from the California Native Plant Nursery in Petaluma and the local nurseries.

8. OLD/NEW BUSINESS

A. Eldridge-Madrone Pipeline Payment Dispute Settlement Agreement.

President Townsend introduced the item, stating that the District's General Manager worked really hard on resolving this dispute. The settlement agreement itself looked very basic and laid out the District's obligations at \$242,631.44, and the City of Sonoma's at \$180,380.14 for a total of \$423,011.58. He commented that the Board members all ended up agreeing that this was probably the best they can do

without paying a lot in attorney fees.

Director Bramfitt noted that the main thing the District wanted to accomplish out of this going forward was perhaps, as part of a new agreement with the Water Agency and its prime contractors, appropriate assignment of the costs of the transmission system to the contractors. He indicated that there were a number of contractors who now recognize that the allocations for various pieces of the transmission system need to be adjusted, notably the City of Rohnert Park. He thought that once the Urban Water Management Plan was complete, the WAC will want to take on the Restructured Agreement fixing some of the problems in it.

Mr. Kumar noted that between the City of Sonoma and the District, the total savings, based on the settlement agreement, amounted to \$225,000.

On motion by **Director Bramfitt**, seconded by **President Townsend** and carried unanimously by a roll call vote to approve the Eldridge-Madrone Pipeline Payment Dispute Settlement Agreement and authorize the President to sign the Agreement.

President Townsend adjourned into Closed Session at 7:00 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 Operation Engineers, Stationary Local 39 AFL-CIO.
- B. Public Employee Performance Evaluation Pursuant to Government Code Section 54957-General Manager.

10. RECONVENE INTO OPEN SESSION
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President Townsend reconvened from Closed Session at 7:35 P.M. There was nothing to report.

11. REQUEST FOR FUTURE AGENDA ITEMS
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There was no request for future agenda items.

12. ADJOURNMENT

Motion by **Director Bramfitt**, seconded by **Director Prushko**, and carried unanimously to adjourn the meeting at 7: 36 P.M. The next scheduled meeting is a regular meeting on April 6, 2010 at 6:30 P.M.

Shari Walk, Deputy Board Secretary

Russell Townsend, Board President