

VALLEY OF THE MOON WATER DISTRICT
REGULAR MEETING MINUTES
April 6, 2010

A regular meeting of the Board of Directors of the Valley of the Moon Water District was held on Tuesday, April 6, 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:	Mark Heneveld & Heidi Danieli

2. PUBLIC COMMENTS

There were no public comments.

3. CONSENT CALENDAR

- A. Minutes of the March 2, 2010 Board of Directors Meeting.
- B. Ordering an election to be held and requesting consolidation with the November 2, 2010 general election.

On motion by **Vice-President Bandur**, seconded by **Director Bramfitt** 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 Bramfitt**, seconded by **Director Prushko** and carried unanimously by a roll call vote to approve the monthly Financial Reports & Disbursements for the month of February 2010 in the amount of \$215,685.53.

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 March 2010.

Project #2926 – Boyes Springs Main Replacement and Trinity Interconnection: **Mr. Gradolph** reported that the plans and specifications for this project were 100% complete. Advertisement for “Notice Inviting Bids” was sent on March 22, 2010. A pre-bid meeting was held that day and the bids were to be opened at 2:00 pm on April 20th. Staff expected to have the bid results on the May 4th agenda for board approval. Construction would begin after school was out in June.

C. Water Source Report

In response to **Director Prushko**, Mr. Gradolph reported that District staff started up the wells in March and that the water levels were holding good.

In response to **Vice-President Bandur**, Mr. Gradolph confirmed that staff was getting all the wells ready for summer use. He added that because of the filtration unit associated with the treatment plant, the Verano well cannot be idled excessively. Because of the minimum delivery constraints in the agreement with Larbre, that well also cannot be idled for too long.

6. PRESIDENT’S AND DIRECTORS’ REPORTS OR COMMENTS

Director Bramfitt reported that on behalf of the District, he attended the ACWA’s 2010 Legislative Symposium in Sacramento on March 17, noting that the attendance at the function was dramatically lower than in the past years. One major presentation and related discussions emphasized that the State of California was looking for any possible ways to turn a service that they normally offered free to the state’s water agencies into something that it could charge for. This was particularly true for other agencies that were trying to secure water rights etc. but the District didn’t seem to be receiving any such service now.

Director Bramfitt also reported that he met with Assembly Member Jared Huffman who had also attended the event. Assembly Member Huffman inquired if there was anything that he could do to support the District’s efforts to work with the Sonoma Developmental Center (SDC) to enhance available water supply options. He added that it was quite noteworthy for Assembly Member Huffman to remember the conversation that he had with him a year ago and that it was still high on the Assembly Member’s agenda to help the District out.

In response to **Director Prushko**, **Director Bramfitt** said he did not have any discussion with Assembly Member Huffman regarding the Water Agency’s governance issue, but did have extensive conversations with Supervisor Paul Kelley, who is also the President of ACWA, although not specifically on the governance matter.

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

Mr. Kumar reported the following:

Water Advisory Committee (WAC) Meeting of March 22, 2010

As was reported at the last Board meeting, there was a special WAC meeting on March 22nd to finalize the recommendation regarding the Sonoma County Water Agency's (Water Agency) FY 2010-11 budget and the water rates. At the meeting, the Cities of Santa Rosa, Petaluma, Rohnert Park and Cotati voted against supporting the Water Agency's proposed rate increase, while the District, North Marin Water District, Cities of Sonoma and Windsor supported the Water Agency's budget. Because of the split vote, the WAC, as a body, could not support the recommended budget. The WAC's vote is not binding on the Water Agency's Board since the WAC is only an advisory body. The Water Agency's Board was scheduled to consider the budget at its meeting on April 20th.

In response to **President Townsend's** question, as to whether the Cities of Santa Rosa, Petaluma, Rohnert Park and Cotati gave a reason as to why they didn't support the Water Agency's proposed budget, **Director Bramfitt** said it was no surprise to anyone that Petaluma voted no, perhaps not so much of a surprise that Cotati did, although, the City Engineer of Cotati, as well as the City Council Member from Cotati were quite vocal in their opposition. The surprise to him was the no votes from the City of Santa Rosa and the chair of the WAC, Jake McKenzie, a Councilmember from Rohnert Park, who had voted yes already on behalf of the City at an earlier WAC meeting, and then came back with a no vote, after a 4 to 1 no vote from his fellow council members.

Director Bramfitt explained that the Water Agency ran its business as an enterprise fund, and if the water deliveries were down by 10%, the Water Agency had to raise its rate in order to recoup the fixed costs. He expected elected officials to understand that. The posturing by some of the cities were that they were laying off police officers and fire fighters, and hence the Water Agency had to lay off some of its staff and cut spending, and yet at every WAC meeting there were discussions about inadequate maintenance of the Water Agency's system and its staff not being responsive to the needs of the contractors.

City of Cotati representatives raised the issue that some of the provisions of the Restructured Agreement were unfair, noting some of the water contractors were being charged for facilities that were not really benefiting them, some other common costs should be part of every contractor's charge, and some should be specific to the water contractor that derived benefit from that facility. They were bringing up some equity issues around how the rates were charged. They were claiming that some of these projects/costs were miss-allocated among the water contractors.

Director Bramfitt noted that the District too had issues with how some of the rates were charged and that the water contractors needed to get back to talking about changes to the Restructured Agreement. He wanted the rate equity issues resolved sooner than later so that they will not come up again during the next budget cycle. The Water Agency seemed to appreciate that comment, although, it was a big deal to re-open the Restructured Agreement and that could easily be a multi-year process.

President Townsend commented that the discussions at the WAC meeting seemed to provide a good segue to the need for re-opening the Restructured Agreement.

Director Prushko said that his main issue was the fact that the WAC was only an advisory body and hence the water contractors didn't have a real say in the decision making process. That was why he was in support of changing the governance of the Water Agency so that the water contractors can meaningfully influence the rate setting process. He expressed his strong desire to hold the line on the water rate increases considering the state of the local economy.

Director Bramfitt agreed to raise the issue of governance at a meeting that had been scheduled between

representatives of the District and the Water Agency.

TAC Meeting of April 5, 2010.

At the meeting, the Water Agency made a presentation on the Water Agency's Water Supply Strategy Action Plan (Action Plan) and distributed a document outlining each of the twelve strategies. Under each strategy, the Water Agency had identified three levels of actions:

- Immediate Action (Ongoing or to be initiated within the next year)
- Near Term Action (To be initiated within one to three years)
- Long-Term Action (No defined start date for action, likely longer than three years)

The Urban Water Management Planning process was outlined in Attachment C to the document. That process was the next significant milestone in terms of assessing the long-term water needs for the water contractors. Staff was very involved in that process, which was progressing well, and the District should see the initial projection of its long-term water needs by June.

Director Prushko stated that he does not anticipate any significant growth in housing activity in the Valley for the foreseeable future unless major zoning changes were approved by the County Board of Supervisors.

Vice-President Bandur suggested that some sudden spurt in the housing sector could still take place as was the case in places like Santa Clara Valley, which he had personally witnessed.

8. OLD/NEW BUSINESS

A. Memoranda of Understanding with the employee bargaining groups.

Director Prushko confirmed with Mr. Kumar that the District's employee pension plan was funded adequately and also that the FY 2010-11 impact of the proposed MOU will be fully contained within the seven percent rate increase proposed for FY 2010-11.

Director Kenny described how some of the pension funds that he knew were finding it extremely difficult to get the funded status to the desired levels.

Director Bramfitt complimented both the staff and the employees of the District for a smooth MOU process and he emphasized how important it was to have happy and well compensated employees to carry on the District's important mission and he was confident that was what had been achieved in the MOU.

On motion by **Director Bramfitt**, seconded by **President Prushko** and carried unanimously by a roll call vote to adopt the following resolutions:

1. No. 100401 approving and authorizing execution of the Memoranda of Understanding with the District's three employee bargaining groups regarding rate of pay and other conditions of employment.
2. No. 100402 electing to rescind the District's health benefit vesting requirement for future retirees under the Public Employees' Medical and Hospital Care Act.
3. No. 100403 fixing the employer's contribution under the Public Employees' Medical and Hospital Care Act.

B. California Employers' Retiree Benefit Trust Fund.

In response to **Director Bramfitt**, Mr. Kumar explained the pre-funding process managed by CalPERS on behalf of more than 200 public agencies.

Director Prushko confirmed with Mr. Kumar that the State cannot ‘grab’ the pre-funded amounts deposited in the CalPERS trust fund.

On motion by **Director Bramfitt**, seconded by **Vice-President Bandur** and carried unanimously by a roll call vote to adopt the following resolutions:

1. No. 100404 approving Agreement to Pre-Fund Other Post-Employment Benefits through CalPERS.
2. No. 100405 approving the delegation of authority to request disbursements from the Other post-Employment Benefits pre-funding Plan.

C. 2010 Urban Water Management Plan.

In response to **Vice-President Bandur**, Mr. Kumar confirmed that the District did not go through a formal RFP process, the requested \$19,989 had been included in the District’s budget and that Winzler and Kelly will complete the preparation of the 2010 Urban Water Management Plan by the deadline stipulated by the State.

Director Prushko confirmed with Mr. Kumar that this process needed to be completed once every five years.

On motion by **Director Prushko**, seconded by **President Kenny** and carried unanimously by a roll call vote to approve Amendment No. 4 to the Term Engineering Consulting Services Agreement with Winzler & Kelly, and approve Task Order No. 10-921-01 to for a not-to-exceed amount of \$19,989 for preparing the District’s Urban Water Management Plan 2010.

D. Sonoma Valley Groundwater Banking Program Feasibility Study.

In response to **Director Bramfitt**, Mr. Kumar explained the regional component of the program as well as the five site-specific studies to be completed in each of the five water contractor’s service areas who were parties to the contract. **Director Bramfitt** also sought clarification from staff as to the fairness of the cost distribution among the Water Agency and the five participating water contractors.

Vice-President Bandur confirmed with Mr. Kumar that the Water Agency was not contemplating using treated waste water for groundwater banking purposes and only Russian River winter surplus water will be used for that purpose.

Director Kenny shared how over the years he had been following up with staff as to the evolving approaches of the various regional state water resource control boards in the State toward groundwater banking. He also sought an assurance that the additional water deliveries made available by this program was not used to fuel additional growth in the Valley.

Vice-President Bandur suggested that the District’s infrastructure development should not be compromised for any reason. While indicating his support for the program, he confirmed with staff that the Water Agency was open to a different pricing structure for the winter surplus water that will be used for this purpose.

Director Bramfitt too supported the program. This along with potential opportunities for additional water supply at the SDC could conceivably reduce the District's reliance on the Water Agency's system, which currently was at 85%. He added that this could potentially be a great help during future drought periods. He also felt that the Water Agency may adopt peak and off-peak pricing at some point in time, like most other utilities in the State.

President Townsend suggested that unlike electricity, the water cycle is perpetual and the biggest challenge for a water utility was to find adequate storage capacities to meet its current and future needs.

On motion by **Director Bramfitt**, seconded by **Vice-President Bandur** and carried unanimously by a roll call vote to approve the Cooperative agreement to provide funding for the Sonoma Valley and Santa Rosa Groundwater Banking Program Feasibility Study and authorize the President to sign the agreement, and approve the District's share of the funding in the amount of \$48,636.

President Townsend declared a ten minute recess at 7:40 P.M. and then adjourned into Closed Session

9. CLOSED SESSION

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| <p>A. Public Employee Performance Evaluation Pursuant to Government Code Section 54957-General Manager.</p> |
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10. RECONVENE INTO OPEN SESSION
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President Townsend reconvened from Closed Session at 8:08 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 8:10 P.M. The next scheduled meeting is a regular meeting on May 4, 2010 at 6:30 P.M.

Shari Walk, Deputy Board Secretary

Russell Townsend, Board President