MINUTES OF THE BOARD OF DIRECTORS
ZONE 7
ALAMEDA COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT

REGULAR MEETING

January 19, 2011

Vice-President Figuers called the regular meeting to order at 7:00 p.m. The following were present:

DIRECTORS:	SANDS FIGUERS A J MACHAEVICH CHRISTOPHER MOORE SARAH PALMER RICHARD QUIGLEY BILL STEVENS
DIRECTORS ABSENT:	JOHN GRECI
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER REN NOSKY, GENERAL COUNSEL KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING VINCE WONG, ASSISTANT GENERAL MANAGER, OPERATIONS JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE CAROL MAHONEY, ASSOCIATE GEOLOGIST JUDY RECTOR, ACTING BOARD SECRETARY

The Board went into closed session at 7:01 p.m.

Item 2 – CLOSED SESSION

Conference with Labor Negotiators:
Agency Negotiator: G.F. Duerig
Employee Organizations: Alameda County Management Employees Association; Alameda County Building and Construction Trades Council, Local 342, AFL-CIO; International Federation of Professional and Technical Engineers, Local 21, AFL-CIO; Local 1021 of the Service Employees International Union, CTW; Unrepresented Management

Item 3 – OPEN SESSION AND REPORT OUT OF CLOSED SESSION

The Board reported out of closed session at 7:15. Vice-President Figuers then read the following statement:

"As we're all aware, Zone 7 and other public agencies across the state are facing substantial financial challenges as we look ahead. Our revenues are way down. Our costs are way up and continue to rise. Neither situation looks like it's going to change anytime soon. In fact, some cities and agencies are on the brink of bankruptcy. Their unfunded liabilities are off the charts. For some, the only alternative has been to drastically cut costs and ask their employees to contribute more to avoid layoffs. This is the new normal. The eyes of the public, and especially our customers, are upon us. This board has made a commitment to run this agency in the most fiscally prudent manner possible. This means holding our costs in line and our rates as low as we can. We as a board do not believe pay increases, for our unrepresented management employees, are in line with this commitment. In fact, we think it would be irresponsible to both our customers and our constituents. For that reason, it is our desire to hold firm on this issue and not give pay raises at this time."

Item 4 – Salute to the Flag

Item 5 – Citizens Forum – None.

Item 6 – Minutes of the Regular Meeting of December 15, 2010

Director Machaevich moved and Director Palmer seconded approval of the December 15, 2010 minutes. The voice vote to approve was 6-0 with President Greci absent.

Item 7 - Consent Calendar

Director Palmer moved for approval and Director Moore seconded the motion. The resolutions were approved by a roll call vote of 6-0 with President Greci absent.

Resolution No: 11-4061	Authorized the General Manager to negotiate and execute a second amendment to the 2006 Memorandum of Understanding to the Alameda Creek Fisheries Restoration Workgroup; and authorized the General Manager to allocate funding for Zone 7's portion of the flow studies in an amount not to exceed $18,000. (Item 5a)
Resolution No: 11-4062	Authorize Karen Newton and Michael Square's attendance at the 2011 Annual Symposium of the Southwest Membrane Operator Association (SWMOA) in Las Vegas, Nevada, February 7-9, 2011. (Item 5b)
Resolution No: 11-4063	Authorize Director Dick Quigley to attend the Association of California Water Agencies (ACWA) conference in Washington, DC March 1-3, 2011. (Item 5c)
Resolution No: 11-4064	Authorize the General Manager to issue a $5,000 rebate incentive to Ruby Hill Golf Club for their 2008-2009 irrigation efficiency and water saving efforts. (Item 5d)

Item 8 - Staffing Updates

Item 8b – Employee of the Month Recognition

Brad Ledesma, Associate Civil Engineer, has been chosen as the November 2010 Employee of the Month. Brad works as an Associate Engineer in the Water Supply Engineering Section at the North Canyons location. According to the recommendation the committee received, Brad produces excellent, high quality work and gives the job 110% effort every single day. Brad is recognized for his willingness to learn, and then to train others, passing along the knowledge and job skills he has acquired along the way. Brad was complimented for thinking 'outside the box' to solve problems. He plans ahead and takes his responsibilities seriously to efficiently complete projects. Brad personifies the "blue culture" we are trying to achieve. We are fortunate to have Brad on the job.

Item 8a – Congratulations to Retiree

General Manager Jill Duerig introduced Linda Vernon and welcomed her to her first board meeting. Linda retired earlier in the month as an Account Clerk. Rather than read the history of Ms. Vernon's employment with the County, Ms. Duerig complimented Linda on helping her with her timesheets over the years and expressed that she personally will sorely miss Linda. John Yue, Assistant General Manager, Finance, added that the Accounting Unit will miss Linda because she is so efficient and organized at getting everything done that they will have to work hard to keep up without her.

Director Quigley moved and Director Machaevich seconded the motion. Resolution 11-4065 was passed by a 6-0 voice vote with President Greci absent.

Item 9 – First Amendment of the Installment Sale Agreement to Reduce ISA Credit Line

John Yue, Assistant General Manager, Finance, explained that the purpose of this item is to seek the Board's adoption of a resolution approving an amendment to the ISA, and an amendment to the assignment agreement, thus reducing the existing credit line of $60 million down to $30.5 million. Zone 7 does not foresee a need to use the extra credit line, and by reducing it, Zone 7 will save approximately $15,000 per year in special fees.

After discussion by the directors, and no public comment, Director Moore moved and Director Quigley seconded the motion and Resolution 11-4066 was passed with a voice vote of 6-0 with President Greci absent.

Item 10 – Discussion of the History of Livermore-Amador Valley Mining and the Chain of Lakes, Part 1

Carol Mahoney, Associate Geologist, presented an update on information on the Chain of Lakes while noting governing documents and history associated with how Zone 7 came to be the beneficiaries of the ultimate Chain of Lakes area. The Administrative Committee met on December 7, 2010, and asked staff to bring to the full board a series of presentations addressing the history and the future of the Chain of Lakes.

Part I is about governing rules, plans and agreements including the State and County legislation and ordinances that govern mining activity in the Livermore-Amador Valley; Surface Mining permits; Zone 7 quarry owner agreements with each quarry owner; and other planning documents that influence the way the Chain of Lakes will be run in the future such as the cities' general plans, Parks and Recreation District plans, or public transit (i.e., BART alignment). Zone 7 monitors what is going on in the active quarry area and a lot of information is found in the annual groundwater management program report.

Types of planning documents that Ms. Mahoney discussed included State regulations, County planning documents, Ordinances and Permits:

- In 1956, County *Ordinance 181 N.S.* created a permitting process. This early ordinance did not, however, address reclamation or contamination issues.

- In 1975, the State *Surface Mining and Reclamation Act of 1975 (SMARA),* was enacted by the California Legislature to regulate the extraction of minerals and the reclamation of mined land which governs the way mining occurs in the State of California. This Act is referenced as the basis for the Alameda County Mining Ordinance and the Surface Mining Permits and associated Reclamation Plans. The State of California maintains a SMARA office that oversees the requirements of this Act.

- The Alameda County Mining Ordinance was brought into conformance with SMARA in 1977 and has undergone numerous revisions through the years to update regulations. The most recent adoption of an amendment was in late 2010, to address requests for mining setback reductions. This action was brought about by the proposed widening project for Highway 84 (Isabel Ave.) through Livermore.

- The *Specific Plan for Livermore-Amador Valley Quarry Area Reclamation* (LAVQAR) was adopted in 1981. This plan provides a roadmap for reclamation of the mining area to create the "Chain of Lakes," and defines the overall land uses for the lakes and the area immediately surrounding them. Using the LAVQAR as a base, the Zone 7-Quarry owner agreements were negotiated in the late 1980's. LAVQAR assumes that all aggregate will be mined out by 2030, by which time all of the remaining lakes of the designated chain will be deeded to Zone 7 for water management purposes.

- After LAVQAR, Zone 7 had discussions with mining operators regarding the transfer of the pits ultimately for Zone7's use. The Surface Mining Permits (SMPs) and associated reclamation plans also rely heavily on the LAVQAR for their content. During the 1990's and early 2000's many of the Surface Mining Permits (SMPs) were amended or updated. There is some confusion over the difference between the "mining" permits and the "reclamation plans" that exist today. Originally, Alameda County issued "mining permits" to the quarry owners under "Q" designations (Q-2, Q-4, Q-76. etc). Mining permits with a Q designation were issued prior to the 1975 adoption of SMARA and generally did not contain an expiration date; therefore mining rights are held in perpetuity over the property. These rights run with the land and can be transferred among mining companies. However after SMARA, Surface Mining Permits began to require reclamation plans to accompany mining activities. For example, prior to 1983, the area now known as "SMP-16" was identified as "Q-4" and "Q-40." In 1983, SMP-16 was created to replace the old "Q" permits and added a reclamation plan that showed what the lakes would look like and what improvements would be made upon completion of mining. All "Q" permits have been superseded by surface mining permits and accompanying reclamation plans.

- Likewise, the relationships among the quarry owners and operators are often multifaceted with alliances being formed among and between the quarry owners and operators. In general, Pleasanton Gravel Company (PGC), also known as Rhodes and Jamieson Company, is a land owner from whom the other quarry operators lease property and mining rights but work under the leasee's own Surface Mining Permit. Examples of this are SMP-16 (permitted and mined by Vulcan, owned by PGC) and SMP-31 (permitted and mined by Hanson, owned by PGC). In these cases, PGC owns the underlying property and mineral rights, but leases this property and mining rights to the various quarry operators. The conditions of the leases vary. Lakes impacted by these leased rights are Lakes C, D, E, F, G, and H.

Part 2 of this history and discussion of quarry activities will focus on the Zone 7 – Quarry Owner/Operator agreements and the Surface Mining Permits for each quarry operator. Other governing documents, such as general plans that influence Chain of Lakes and the uses of surrounding lands, will also be detailed in subsequent Board presentations.

Item 11 – Committees

a. Administrative Committee: Meeting of December 7, 2010 – Minutes available
b. Delta Committee: Meeting of December 7, 2010 – Minutes available
c. Finance Committee: Meeting of December 14, 2010 – Minutes available

Item 12 - Items for Future Agendas – Directors

None.

Item 13 - Reports - Directors

a. Written report by Director Quigley
b. Verbal reports – None.

Item 14 – Staff Reports

14. Staff Reports (Information items. No action will be taken.)
   a. General Manager's Report
   b. Upcoming Public Outreach Activities
   c. Legislative Update
   d. Status Report on Separation Efforts
   e. Quarterly Update on Expansion Fund
   f. Update on the Bay-Delta Conservation Planning Effort
   g. Verbal Reports

Jarnail Chahal, Acting Principal Engineer, Water Supply Engineering, gave a verbal report with slides of the January 4 and January 6, 2010, South Bay Aqueduct tours. About 25 people were on the tour each day including Board members, and staff from Zone 7, Dublin San Ramon Services District, Santa Clara Valley Water District, retailers, and other South Bay contractors. The tour included stops at the Delta Field Division and Department of Water Resources (DWR) office in Byron where DWR provided the history of the current expansion and improvement project. Other stops included the new 69 kV switch yard next to the Delta Field Division, the South Bay Pumping Plant, Dyer Reservoir, Patterson Reservoir and the Del Valle Branch Pipeline repair site.

After the slide presentation, General Manager Duerig thanked Mr. Chahal and staff for putting the tour together, especially for the second tour so everyone could be accommodated. Director Machaevich was on the January 4 tour and added that it was very informative and also thanked everyone involved for putting it together. He suggested a couple of field trips a year if possible which would be educational for the participants and good for the employees to see people taking an interest in what they do.

Director Quigley, who was on the January 6 tour, favorably commented on the presentation given by DWR on the South Bay Aqueduct project. Director Machaevich noted that he saw a lot of options open to us by going out into the field, he thinks Zone 7 employees have done a good job, and in the future Zone 7 can tap into the different possibilities available. He was impressed with the high quality of work he saw out in the field and, again, said that it reflects well on Zone 7 employees.

The Board went into a second closed session at 8:20 p.m.

15. CLOSED SESSION

b) Conference with Legal Counsel – Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: 1 case

Item 16 – OPEN SESSION AND REPORT OUT OF CLOSED SESSION

There was nothing to report out of closed session with the exception that Vice-President Figuers added to the report out of the first session that the vote in favor of no increase for unrepresented managers was unanimous: 6-0 with President Greci absent.

The meeting was adjourned at 9:02 p.m.