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

REGULAR MEETING

November 16, 2011

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

DIRECTORS:	SANDS FIGUERS JOHN GRECI AJ MACHAEVICH CHRISTOPHER MOORE SARAH PALMER RICHARD QUIGLEY
DIRECTORS ABSENT:	BILL STEVENS
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING JOHN YUE, ASSISTANT GENERAL MANAGER, FINANCE TAMARA BAPTISTA, FINANCIAL AND SYSTEMS SERVICES MANAGER JAVIA GREEN, STAFF ANALYST, FINANCE JUDY RECTOR, BOARD SECRETARY
COUNSEL:	DAVID ALADJEM, DOWNEY BRAND

President Figuers called the meeting to order at 7:00 p.m.

Director Machaevich arrived at 7:05 p.m.

Item 3 - Citizens Forum – None.

Item 4 - Minutes of the Regular Meeting of October 19, 2011

On a motion by Director Quigley with a second by Director Greci, the minutes of the Regular Meeting of October 19, 2011 were approved by a voice vote of 6-0 with Director Stevens absent.

Item 5 - Consent Calendar

The resolutions were approved by a voice vote of 6-0 with Director Stevens absent.

Resolution 11-4133	Approved the District electing to join the Workers' Compensation Program sponsored by the ACWA/Joint Powers Insurance Authority. (Item 5a)
Resolution 11-4134	Authorized application to the Director of Industrial Relations, State of California, for a certificate of consent to self-insure workers' compensation liabilities. (Item 5b)

Resolution 11-4135 Approved adoption of the Zone 7 Water Agency Classified Service System. (Item 5c)

Resolution 11-4136 Approved entering into joint funding agreements with the USGS for water resources investigations. (Item 5d)

Resolution 11-4137 Approved adoption of the Financial Management Framework. (Item 5e)

Resolution 11-4138 Authorized President Sands Figuers to cast the Zone 7 vote in the ACWA Officer Elections and directs President Figuers to cast the vote for John Coleman as ACWA Vice President.

On a motion by Director Quigley with a second by Director Greci, the consent calendar passed by a voice vote of 6-0 with Director Stevens absent.

Item 6 - Staffing Updates

Item 6 (a) – Employee of the Month Recognition

Ms. Duerig reviewed the staff report with the Board and the Board congratulated Mr. Taaque Tesfayohannes who was present for his fine work for over 20 years as a Water Quality Chemist at the Water Quality Lab based at the Del Valle Water Treatment Plant. Director Palmer expressed her appreciation for his explanations of sophisticated chemistry concepts to her students when they visit the lab.

Item 7 – Contract Extension for Information Technology Services

John Yue outlined the reasons for an amendment to the current contract for LanLogic, Inc. This will be the last time the option to extend the current contract can be exercised and Zone 7 will be going out to bid on this contract next year. Because LanLogic has performed satisfactorily, Zone 7 staff recommended extending the contract until December 31, 2012, for a not-to-exceed amount of $210,836.

Director Quigley moved and Director Moore seconded the motion. By roll call vote, Resolution 11-4139 was passed by a vote of 6-0 with Director Stevens absent.

Item 8 - Financial Software Agreement

Tamara Baptista gave an update regarding financial software. The existing software is outdated and doesn't support the transition from Alameda County plus existing financial software will be discontinued at the end of the current fiscal year. An evaluation committee chose New World Systems and Tyler Technologies to give product demonstrations. There were also site visits to two agencies currently using the systems, Contra Costa Transportation Authority and the City of Martinez. The committee selected New World Systems as the best fit for the agency and a contract for a not-to-exceed total of $381,000 is under discussion, although a lower price may be negotiated.

Director Palmer moved for approval and Director Machaevich seconded the motion. After a roll call vote, Resolution 11-4140 was passed by a roll call vote of 6-0 with Director Stevens absent.

Item 9 - Western Area Power Administration (WAPA) and Power and Water Resources Pooling Authority (PWRPA) Agreements

Kurt Arends, Assistant General Manager, Engineering, explained the different agreements involved with the WAPA and PWRPA contracts. The cost of power for Zone 7's treatment plants, wells and facilities continues to rise and is a big part of Zone 7's budget cost. Western Area Power Administration (WAPA) is a federal agency that generates power from the federal Central Valley Project hydroelectric facilities. The last couple of years Zone 7 has applied and was approved for a base resource allocation of the power they generate. This allows us to work with Power and Water Resources Pooling Authority (PWRPA), a JPA of various agencies, to pool power from WAPA and share it. Zone 7 is looking at entering an interim services agreement which will allow Zone 7 to get power today until we are able to be a full member of PWRPA in 2015. They are the wholesaler and will replace PG&E even though the power goes through PG&E transmission facilities. Part of that agreement with PG&E requires intervening PWRPA facilities so Zone 7 will have to replace PG&E transformers and facilities with PWRPA facilities. Once agreements are executed for PWRPA, Zone 7 will initiate capital projects to install electrical facilities which ultimately become PWRPA's facilities but Zone 7 will pay the cost and turn them over to PWRPA. This item gives the General Manager the authority to sign the base resource allocation agreement with WAPA, sign the interim service agreement with PWRPA, and sign the distribution facilities agreement with PWRPA. Zone 7 should see significant cost savings in three to four years.

The Directors' comments included being pleased to see another example of Zone 7 pooling resources to bring costs down; the kind of allocation Zone 7 is looking at with the key that Zone 7 is joining the JPA so they have something to contribute to that pool; and that annual savings are estimated to be $300,000 to $700,000.

Ms. Duerig extended kudos to Associate Civil Engineer Sal Segura for working on this complicated arrangement along with Carl Morrison who represents other PWRPA members and encouraged them to talk to Zone 7 about becoming a member.

Director Machaevich stated that it gives Zone 7 options and a newer infrastructure and allows us to choose where we are getting our power efficiently and with good cost savings down the road. Director Figuers asked if in replacing part of the PG&E equipment with our own equipment, who maintains it if a transformer blows up? Mr. Arends responded that Zone 7 will provide maintenance because PWRPA does not have its own maintenance crew and our staff can contract out if needed.

Director Quigley moved and Director Palmer seconded a motion to approve Resolution 11-4141 authorizing the General Manager to negotiate and execute the agreements. The resolution was approved by a roll call vote of 6-0 with Director Stevens absent.

Item 10. Rules and Regulations Governing Untreated Water Service

Kurt Arends also recognized Sal Segura's work with the untreated water contracts. In December 2011, the Board authorized a one-year extension for the untreated water service contracts so that a new program based on Rules and Regulations could be developed to set the conditions governing untreated contractors, not to change how things currently work but to document the way it works and make it consistent for all water users. As contracts expire, they fall into the Rules & Regulations and contract renewals or extensions are no longer needed.

President Figuers asked for public comment but there was none.

After a brief discussion by board members, Director Quigley moved and Director Palmer seconded a motion to approve adopting the Rules and Regulations Governing Untreated Water Service and authorizing the General Manager to implement the Rules and Regulations. Resolution 11-4142 was approved by a voice vote of 6-0 with Director Stevens absent.

Item 11 – Committees – None

Item 12 - Items for Future Agendas – Directors

Item 13 - Reports – Directors

Director Quigley updated his written comments with the following:

- On October 29th Director Quigley attended a trail opening ceremony for a new trail in LARPD's system.
- He volunteered for EBRPD as an ambassador for a health and fitness fair. The challenge was reducing medical costs. The key driver was healthy parks = healthy people and trail users make healthy people. He gave the Board members pins from the East Bay Regional Park District with a message regarding healthy parks and healthy people.
- He also attended another workshop where the message was people need to watch health benefit statements carefully because it is open enrollment time. Also good benefits can keep and retain people and he noted its relevance during the transition from the County.

Item 14 – Staff Reports (Information items.)

a. General Manager's Report
b. Recent Public Outreach Activities
c. Legislative Update
d. Status Report on Separation Efforts
e. 2011 Water Quality Management Program Implementation Plan Update
f. Update Related to the Bay Delta Conservation Plan
g. Verbal Reports

Ms. Duerig added a verbal comment regarding the California Water Commission and Dr. Meral, Deputy Secretary of California Natural Resources Agency. Dr. Meral has been trying to move forward with resolutions of necessity which is a step in the eminent domain process for 22 landowners in Sacramento, Yolo, and Solano counties; these would allow them to continue with designs for the Delta fix. They need to do additional geotechnical work so he has made a pitch to the commission to adopt those resolutions of necessity.

The latest note on the State deficit is from the Legislative Analyst's Office that the California deficit this year is nearly $13 billion. A big portion was due to a revenue bump anticipated because of improving economic times. The Brown administration suggested as much as a $4 billion bump in revenues but that $4 billion will be closer to $.3 billion and, because some of the legislature was less optimistic than the Brown administration, there are trigger mechanisms where if there are certain shortfalls, there are predetermined cuts i.e., another $100 million to the UC system and $100 million cut to the CSU system. It may not impact Zone 7 directly but will impact some of the other public agencies with whom Zone 7 works closely. In the meantime we are seeing the redevelopment fight ratcheting up which will impact all of the cities or alternatively the State – there is a single pot that is being fought over and either the State loses or the Cities will lose.

No comments or questions on staff reports.

The Board went into closed session at 7:40 p.m.

Item 15 – CLOSED SESSION

a) 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 16 Open Session and Report Out of Closed Session

President Figuers said there was nothing to report when the Board came out of closed session at 8:23 p.m.

Item 17 – Voluntary Resignation Program

President Figuers moved and Director Quigley seconded a motion authorizing the implementation of a Voluntary Resignation Plan to occur within the next 6-9 months and directed the General Manager to report the results of that Program to the Board on an ongoing basis. Resolution 11-4143 was passed by a voice vote of 6-0 with Director Stevens absent.

Director Greci reported to the Board regarding a meeting he, Ms. Duerig, and Assistant General Manager Tom Hughes had with Supervisor Scott Haggerty on November 8, 2011. The Board directed staff to prepare a letter to Supervisor Haggerty from Board President Sandy Figuers confirming the Board's level of commitment to separating from the County.

The meeting was adjourned at 8:30 p.m.