

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

REGULAR MEETING
November 17, 2010

President Greci called the regular meeting to order at 7:02 p.m., with a salute to the flag. The following were present:

DIRECTORS: SANDS FIGUERS
JOHN GRECI
A J MACHAEVICH
CHRISTOPHER MOORE
SARAH PALMER
RICHARD QUIGLEY
BILL STEVENS

DIRECTORS ABSENT: NONE

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
JUDY RECTOR, ACTING BOARD SECRETARY

Item 3 - Citizens Forum

None.

Item 4 – Minutes of the Regular Meeting of October 20, 2010

Director Palmer noted corrections in the minutes she had relayed to Acting Board Secretary Judy Rector prior to the Board meeting. These included a change on Page 5 from a vote of 7-1 to 6-1 with Director Stevens voting no on Resolution 11-4038, and on Page 6, the vote was 7-0, not 7-1 on Resolution 11-4041. Director Moore moved and Director Palmer seconded approval of the corrected minutes of October 20, 2010. The vote to approve was 7-0.

Item 5 - Consent Calendar

Director Quigley asked that Item 5a be pulled for discussion and Director Palmer pulled 5b. Director Quigley commented on 5a that he supports the dollars and the program for Municipal Water Quality Investigations (MWQI) because it is for a good cause and the fingerprint report of the quality of the Delta; this goes a long way in explaining a need for a conveyance fix in the Delta relating to water quality.

Director Figuers moved for approval. Director Palmer seconded the motion. Resolution No. 11-4047 was approved by a voice vote of 7-0.

Resolution No: 11-4047 Authorizing Agreement with the Department of Water Resources for the Municipal Water Quality Investigations Program. (Item 5a)

On Item 5b, General Manager Jill Duerig explained that at its semi-annual meetings, ACWA periodically has votes of the general membership. Each member gets one vote and if we had multiple people at the meeting, we would have to delegate who our voter is. This is something we have done before and the resolution for Consent Item 5b is a request to designate that voting member. The changes to the bylaws are largely organizational in nature. There are some changes in terms of who can sit on the boards and the committees but they aren't substantive in nature. Since Director Quigley is already going to the conference, the agency saves money by recommending Director Quigley as the voting delegate for Zone 7.

Director Figuers moved and Director Stevens seconded the motion. Hearing no discussion from the audience, a voice vote was taken and passed 7-0 for Resolution 11-4048.

Resolution No: 11-4048 Designating Director Dick Quigley to act as its voting delegate at ACWA's Fall Conference. (Item 5b)

Item 6 - Staffing Updates

Item 6a – Congratulations to Retiree:

Retirement of Keith Jackson, Water Facilities Supervisor

Keith Jackson, Water Facilities Supervisor, was recognized and congratulated on his recent retirement. General Manager Jill Duerig said it was an exciting opportunity for one person to move on to the next part of his life and hopefully have a fun time doing it. Vince Wong, Assistant Vice President, Operations, introduced Keith and called him our resident balloon man in reference to Keith's hobby. Vince told the Board that Keith started his career with Zone 7 in September 1979 as a Water Plant Operator, and joined Zone 7 after 5 years at the Metropolitan Water District in Southern California. He was then promoted to Water Facilities Supervisor in January 1982. In April of 1984 Keith received his Grade 5 Treatment Operator Certificate from the State Department of Public Health. Keith was instrumental in putting together Zone 7's first comprehensive safety program in the late 1980s. He has supervised at both of the Water Treatment Plants and, during the last several months, he has been on special assignment to the maintenance department to facilitate the implementation of the new Computerized Maintenance Management System (CMMS).

In the past Keith was commended for the work he did during the Seven-Year Drought when Zone 7 was challenged to meet the needs of the community with our facilities and with limited resources; Keith was instrumental in getting us through that rough spot.

Mr. Jackson complimented his co-workers by saying that with all the good people he worked with in Water Operations, he was always amazed at the Maintenance Department and what the Water Operators can get done in difficult situations with the equipment they are given. Mr. Jackson thanked the Board for allowing him to speak and wished them luck with the many challenges they will have in the future.

President Greci read the resolution out loud and gave him a framed copy of the resolution from the Board. Resolution 11-4049 was passed by a motion from Director Palmer and seconded by Director Figurers with a voice vote of 7-0.

Director Palmer noted that Keith was instrumental in introducing the water quality issues at the plants to several of her students and, in her other hat as a teacher, she truly appreciates what he has done for the students that he has inspired.

Randy Werner, City of Livermore, who has known Keith a very long time, explained that the City of Livermore is first in line out of Patterson Pass Water Treatment Plant as a Zone 7 customer and, before Del Valle was in existence, Patterson Pass was the first water supply. Mitch Baker and Keith had good working relationships with the City of Livermore personnel so it is sad to see him go, but he is sure he is going to have a lot of fun.

Item 6b - Employee of the Month Recognition

Darryl “Pete” Petersen, Lead Plant Mechanic, is the September 2010 Employee of the Month. Pete works in the Maintenance Section, located at our Del Valle Water Treatment Plant. According to the recommendation the committee received, Pete is a pleasure to work with and always does his best to assist when immediate help is needed. He is creative at problem solving when faced with difficult maintenance-related issues and tries to satisfy everyone involved. Pete was complimented on his professionalism, initiative, and persistence. Zone 7 is fortunate to have Pete’s knowledge and experience on the job. He has been a valuable part of our Maintenance Section for many years. Through his work, Pete has contributed greatly to the success of the Section and to the betterment of Zone 7.

Item 7 – Contract Extension for Information Technology Services

John Yue, Assistant General Manager, Finance, introduced the item regarding the contract extension for information technology services. In June 2008, Zone 7 entered into a 2-1/2 year contract with LanLogic to provide IT services but that contract will expire in December 2010. LanLogic has provided similar services for many years in a satisfactory manner and part of the expiring contract includes an option to extend; therefore it is recommended that the Board authorize the General Manager to finalize and execute a contract extension with LanLogic.

Director Quigley inquired if there is an hourly burn rate attached to this contract? Mr. Yue responded that “yes, there is for different levels of services. The levels of services include anything from similar services provided by a Chief Technology Officer all the way down to desktop help, hardware, software, and maintenance management.”

Director Quigley asked if we are comfortable that they have a competitive rate. Jill Duerig, General Manager, replied that, as with many of our contracts, every three or four years we re-bid them to make sure that those numbers are still competitive but then we extend the contract a few times to save staff effort and this is one of those extensions with LanLogic.

Director Machaevich moved and Director Palmer seconded the motion. A roll call vote was taken and Resolution 11-4050 was approved by a vote of 7-0.

Item 8 – Extension of Untreated Water Contracts and Reorganization of Untreated Water Program

Kurt Arends, Assistant General Manager, Engineering, addressed the Board regarding the untreated water contract program. Currently we have 72 untreated water contracts. Because they were approved and adopted over time, expiration dates vary depending upon how far back they go, but the goal is to get them on the same path. At the end of this calendar year, 40 of the contracts will be expiring. Two years ago Zone 7 staff asked for an extension of contracts with the expectation that because these contracts do not accurately reflect the current arrangement and operation of our untreated water deliveries, we would come up with new untreated contracts or a different arrangement with the people who have the contracts and take water. Zone 7 staff started having meetings but because of staff changes in our legal counsel, that process stopped. Zone 7 staff would like an additional year, with the new counsel's assistance, to develop a plan and work with the stakeholders to find a solution that is going to work for everybody.

Mr. Arends explained that this request is to extend these 40 contracts for one additional year and, during that time, Zone 7 staff will be meeting with contractors to discuss the program.

Director Palmer noted that there are issues in terms of the 60+ contractors not directly billed or served by us. She asked if they are protected in terms of their need; they don't have water rights per se, but they get water availability. For instance, the Wentte contract is expiring and yet many who get water from Wentte are not expiring.

General Counsel Ren Nosky explained that part of the reason the program needs a major overhaul is because those kinds of question are ambiguous right now. A great deal of these contracts are not coterminous with each other, the contractual relationships are muddled, and a lot of them don't even match each other. The Board is going to have to get feedback from not only turnout contractors, but the subcontractors, and provide more uniformity. One option is to scrap the contracts and have everybody receive water through Zone 7 through an ordinance and fee procedure much like an irrigation district does. Eventually that would provide much more simplicity and uniformity not only to the contractors but to Zone 7 as well. We have a contract with the people who receive water through Wentte but we do not bill them

President Greci asked if there were contracts for the allotment of the water. They pay us for allotment. The transmission is done by the seven individuals who paid for the turnout and are considering maintenance and upkeep of turnouts. Are they setting their own price? General Counsel Nosky responded that in theory they are responsible for maintenance of the turnout. Once it gets to the turnout, we are done with it. President Greci continued by saying that the seven individuals that own turnouts will be very interested in how we orchestrate contracts for their cost concerns for operating. There ought to be continuity amongst all of them for the rates they charge. It should be fair because if they can charge whatever they want, and if they are saying I need this to maintain my system, and each individual has a different expectation of his maintenance fees, you are going to get head butting trying to get everyone on the same plate.

Director Moore said he appreciates President Greci's comments about protecting those that may not have the leverage when it comes to who is wielding the water and what they are being charged. It has to be fair that those who do have the turnouts and are paying for that conveyance

have to recover their cost, but it is never the issue when times are good, it is when times are bad and people are having difficulty and they are being charged outrageous rates. Get it right as best we can.

Director Figuers commented that a turnout is just an opening in the side of the bank with a valve and a pipe. His thought is that in order to clean up things, we may need to take over the turnouts, maintenance and all. But Kurt Arends said the real issue is how water gets from the turnout to the individual indirect contractors. We have no way of getting it there. It takes a combination of canals and a piping system.

Director Stevens noted that turnout holder's pay on a regular basis but he would prefer to just have those seven direct turnout contractors maintain the controls because then we have a steady income that is guaranteed but somehow make them contractually deliver downstream.

Director Moore asked if there are any restrictions on the selling price of water but Kurt Arends said that he does not know of any restrictions. President Greci asked if any of the people complain about cost or delivery but Mr. Arends was unaware of any complaints. He noted there are probably lots of verbal and handshake agreements but the problem is the contracts say one thing and that is not what is happening.

Randy Werner, City of Livermore, said the City of Livermore is number 20 on the list of current untreated water contractors and they might not always agree with Zone 7 but continue to work with them and execute contracts, as needed. He suggested losing rights if you don't execute the contract. Turn the valve off on the two delinquent contractors. He supports staff getting signed contracts but feels turning the tap off is a good way to get their attention.

General Manager Jill Duerig clarified that since they are not our customers, we do not know if they are taking any water. They are a customer of someone who could cut them off but that gets back to Director Stevens' remark that Wente is paying us for every drop whether they sell it to these non-contract signers or not.

Director Stevens asked how often the meters are calibrated. Ms. Duerig responded that they are DWR's meters. They use them to charge us, we in turn use them to charge the turnout contractors, so we just pass along the cost; that is one of the reasons it works because we recover everything that is charged.

Director Stevens then asked if anybody actually inspects the canals, for instance, every 4 to 6 months? Ms. Duerig said that DWR inspects the canals. Director Stevens stated that if someone takes water out illegally with a siphon, then DWR should see it and Ms. Duerig agreed.

Director Palmer moved to approve resolution No. 11-4051 and Director Quigley seconded. After a roll call vote, the motion was passed by a vote of 7-0.

Item 9 – Committees –

None.

Item 10 - Items for Future Agendas – Directors

None.

Item 11 - Reports - Directors

- a. Written reports by Director Quigley
- b. Verbal reports

Director Quigley commented on the Zone 7 newsletter and complimented those who put it together. He also mentioned the letter from Randy Ritter, Golden Eagle Homes, thanking the Board of Directors for the requested repairs. Kurt Arends acknowledged Joe Seto and the Flood Control staff for their work on the Golden Eagle Homes request. Jill Duerig noted that the Zone 7 employee newsletter is under Boni Brewer's direction and others present at the Board meeting had also worked on it.

Item 12 – Staff Reports

- 12. Staff Reports (Information items. No action will be taken.)
 - a. General Manager's Report
 - b. Recent/Current Public Outreach Activities
 - c. Legislative Update
 - d. Status Report on Separation Efforts
 - e. Capital Improvement Program Update
 - f. Verbal Reports

Director Palmer noted that in Staff Report (a), the General Manager's report, there is a comment about Vulcan. The Board should pay attention to Vulcan because it was not just water pumping through but coming out of groundwater:

Staff continue to work with Vulcan to develop a plan for minimizing lost water flows. Vulcan continues to discharge to Arroyo Mocho at a rate of about 13 to 16 cubic feet per second (around 5 million gallons a day or around 30 acre feet per day), which is largely groundwater lost from the Main Groundwater Basin.

When the South Bay Aqueduct is cut off for whatever reason, then groundwater is what we turn to, i.e., when the Del Valle pipeline broke last year, we used groundwater. Director Palmer is glad Zone 7 is on top of this because it is crucially important; groundwater belongs to all of us in the Valley, not just Zone 7 water, and this is a lot of water loss.

13. 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

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

The Board went into closed session at 8:00 p.m.

Item 15 – OPEN SESSION AND REPORT OUT OF CLOSED SESSION

Closed session lasted only about ten minutes with nothing to report out.

The meeting was adjourned at 8:10 p.m.