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

## REGULAR MEETING

November 19, 2014

The following were present:

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| DIRECTORS: | SANDY FIGUERS<br>JOHN GRECI<br>JIM MCGRAIL<br>SARAH PALMER<br>DICK QUIGLEY<br>ANGELA RAMIREZ HOLMES<br>BILL STEVENS |
| DIRECTORS ABSENT: | NONE |
| ZONE 7 STAFF: | JILL DUERIG, GENERAL MANAGER<br>KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING<br>CAROL MAHONEY, MANAGER, INTEGRATED PLANNING<br>JUDY RECTOR, BOARD SECRETARY |
| COUNSEL: | DAVID ALADJEM, DOWNEY BRAND |

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**Item 1 - Call Meeting to Order**

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

**Item 2 - Pledge of Allegiance**

**Item 3 - Citizens Forum - none**

**Item 4 - Minutes of the Regular Meeting of October 17, 2014**

Director Ramirez Holmes submitted proposed changes to the minutes prior to the meeting and they were distributed to the Board and public. Director Stevens moved to approve the amended minutes of October 17, 2014, and Director Palmer seconded the motion. The minutes were approved by a voice vote of 7-0.

President Greci explained the process to the directors for proposed changes to the minutes. They can be submitted to the Board Secretary prior to the board meeting as their concerns only but will not be a part of the final public record until there is a vote of approval by at least four of the seven directors.

**Item 5 - Consent Calendar**

Director Ramirez Holmes asked that Item 5(b) be pulled for discussion.

Director Palmer asked that Item 5(a) be pulled for a question.

Item 5(a) DVWTP Carbon Dioxide Injection System

President Greci asked for the discussion on Item 5(a) first. Director Palmer asked if our carbon footprint increases by any significant amount if we are using carbon dioxide in the injection system. Ms. Duerig said most of the time the carbon footprint calculation doesn't get into $CO_2$ at all so the answer is "no."

Director Quigley asked if mobile facilities were looked at as a cost option. Mr. Arends replied that it is a temporary facility and they are skid-mounted. If the project is successful, staff will look at a permanent installation.

Director Palmer moved for approval of Item 5(a) and Director Ramirez Holmes seconded the motion. Item 5(a) was approved by a roll call vote of 7-0.

Item 5(b) Personnel Action: Manager of Integrated Water Resources

Director Ramirez Holmes asked who is performing the duties of the Manager of Integrated Water Resources now and where does it go on the organizational chart. She is concerned that positions are being added and where they fit in Zone 7's organizational budget, especially with some directors expressing interest in hiring a Director of Finance. She wanted more information about who is doing the work now, why it is needed, and since it is a big-ticket item, do we have money budgeted for it? She said that she wants the General Manager and staff to have what they need to make the agency work well but with the addition of staff one at a time, it is hard to see how it fits overall into the plan. She suggested that the Administrative Committee could help with long-term planning.

Ms. Duerig explained the long process to get a new classification approved by the County once a position is created and this item allows Zone 7 to start that process. No one is doing the job now and the tasks are split. Ms. Duerig is interested in doing some reorganization and the position is similar to a position recently created by Alameda County Water District. She anticipates that two or three sections would be managed under this new position. The salary is set at the same level as the Engineering Manager and would be at a similar level in the organization. The drought highlighted that water supply planning is critical to Zone 7 and how we manage and integrate it with other programs. Ms. Duerig added that this position would not be filled before Budget Year 15/16. There is enough budget now to cover this position because there are always vacancies, but it has not been specifically budgeted nor could it be filled in FY 14/15. Ms. Duerig said she is working with core managers Tom Hughes, Kurt Arends, Carol Mahoney, Jarnail Chahal, Colter Andersen and Gerald DeWitt. Director Palmer asked if this position would change the organizational structure and Ms. Duerig replied that it would change a little.

Director Ramirez Holmes said the comments about reorganization are important and piece mealing a position a month as has happened the past two months is not the way to give the Board information on how Ms. Duerig plans to reorganize the upper level management at Zone 7. She would be interested in the position coming to the Administrative Committee or a board meeting where directors talk more about the reorganization because she feels there are unfinished goals that fit into that discussion.

Ms. Duerig clarified that in the past any organizational decisions have been considered management decisions and have not come before the board for discussion unless they are new positions. This new position is being brought to the board as has been done in the past. But organizational charts and who reports to whom are management decisions. Director Ramirez Holmes said she is only interested in the budget and long-term commitment to positions that are created such as last month's Buyer I position. It is hard to figure out who determines the need. She would like to see a broader picture of how the positions fit in, and the fiscal impact on the agency especially with higher salary manager positions.

Director Quigley agrees with Director Ramirez Holmes and he has been very vocal about the need for a Chief Financial Officer (CFO). Knowing how long it takes to get County approval, he thinks the new position should be approved.

President Greci asked if any current employees could apply for the new position. Ms. Duerig said she anticipates it would be for internal promotion only. President Greci said it is important to have in-house growth and give qualified people in the organization that opportunity. He also recognized that you can't put an organizational chart together until that position is filled and the reorganization is complete.

Director Figuers asked Ms. Duerig how many new hires/new positions have there been in the L~~e~~ast four years not including people who replaced people who left? Ms. Duerig replied that several positions in Maintenance were added because of doing work internally but she is not sure of the exact number. Last month an administrative position was brought in because of County requests for additional administrative work with processing purchase orders.

Director Palmer said the position of Manager of Integrated Water Resources has been needed for a long time. Director McGrail said that if the position takes a year to 18 months to get it through the recruitment stages, he feels it is important to get things started now.

Director Palmer moved for approval of the motion and Director Quigley seconded. The motion passed with a roll call vote of 6-1 with Director Ramirez Holmes voting no.

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| Resolution No. 15-27 | The Board approved the new classification and salary schedule for Manager of Integrated Water Resources. (Item 5b) |

**Item 6 - Staffing Update**

Ms. Duerig announced that the September Employee of the Month was John Koltz, Senior Engineer, Mr. Koltz was present and the Board applauded him.

**Item 7 - Amendment 5 to Agreement for Yuba Accord Dry Year Water Purchases**

Ms. Duerig noted that a letter from the Dublin San Ramon Services District had been received supporting both Items 7 and 8.

Carol Mahoney, Manager of Integrated Planning, outlined the background of the Yuba Accord and dry year transfers. There have been several amendments that have been made since Zone 7 joined the Accord in 2008 which clarified the process for cost accounting and what different components of water from Yuba were going to cost. The new amendment addresses rates more in alignment with the current need by looking at the market and the rates Yuba can get for available water on the open market. This has been a successful program for Zone 7 because we have received water for most years since 2008 except for 2011 when we did not need or take any water. Yuba water not purchased by the member agencies will then be made available to other members of the State Water Contractors who need water and, provided that they have a buyer for that water, we are not obligated to pay our share, which is about 1.4%. Historically Zone 7 has taken the full amount if we did not need it and the program has been oversubscribed so staff does not see that changing. If someone else in the program does not need all of the water, then Zone 7 has the opportunity to take more than our normal allocation in a dry year. It is a good program overall for Zone 7 to be involved in. Costs are going up but we are in a situation where water is getting more expensive. There is a revised price structure for this water because of the changed market. Larger water agencies would fund Yuba's deposit. Yuba is willing to fix prices for five years. If we decide to take water in dry years there would be an assured cost and no new amendment for new fees if things got worse. If Agencies decide not to be a part of this now, the opportunity to rejoin would be in 2020 when the current agreement with the Department of Water Resources (DWR) will sunset. The costs are transparent so whatever DWR negotiates with Yuba, those are the costs that are passed through to us. On average Zone 7 has taken as high as 1300 acre-feet in a year and as little as 315-acre feet. Zone 7 would pay about $5,300 annually for the deposit, our pro rata share for the interest cost to be paid back to those larger water agencies that are covering the deposit.

Staff's recommendation is for the Board to adopt the resolution authorizing the General Manager to negotiate and execute Amendment 5. President Greci noted the importance of Zone 7 having extra water for the success of this agency to be able to meet our mission to provide water to our customers. There are not too many opportunities to get extra water anywhere and we have to contend with the drought issues so we should proceed. Director McGrail agreed and noted that we are lucky to have this opportunity. Director Quigley also agreed and said he is supportive of having an opportunity to purchase water at reasonable prices.

Director Figuers moved for approval of the motion and Director Quigley seconded. The motion passed with a roll call vote of 7-0.

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| Resolution No. 15-28 | Authorized the adoption of Amend 5 to the Agreement for Yuba Accord Dry Year Water Purchases. (Item No. 7) |

**Item 8 - Water Exchange with Contra Costa Water District**

Ms. Duerig again noted that a letter from the Dublin San Ramon Services District had been received supporting Item 8.

Carol Mahoney provided background on this item. Last year Alameda County Water District (ACWD) worked with Contra Costa Water District to do a one-year transfer. Los Vaqueros Reservoir could be used to facilitate exchanges and Zone 7 was asked if we are interested in looking at this option. This is a new way of moving water through the system and involves an exchange between the Central Valley Project and the State Water Project. The risk to Zone 7 is the cost of the permit fee we are putting forward to get the application in front of the State Board, which would be between $40,000 and $50,000 for a new, one-year transfer of water. The benefits to Zone 7 are that we would be able to move water into storage that is currently being stored in Kern County. There is no pumpback system that brings that water back up to Zone 7 if Delta pumps are shut down. Having a system that allows Zone 7 to have upstream storage is very important because even if we took our carryover water and stored it in San Luis Reservoir in Santa Clara Valley, there is still not a pumpback system to bring it physically back up – it is all a paper exchange. There has to be a need in Southern California and for them to be able to use water for us to make that exchange. It is important to experiment with a way to store water upstream of our valley. By doing so, that may give us the ability in a future extremely dry year, we would be able to use that water being stored south of us and have it stored upstream. This one-year transfer will involve the Bureau of Reclamation, the Department of Water Resources, State Board, and potentially a joint point of diversion. All of these options are available and we have received positive feedback from the State and from the Bureau of Reclamation. The staff report notes a maximum additional cost of $483,000 for the 2,500-acre feet (AF) but we do not have to take 2,500 AF and can take less when we do the exchange. That cost actually represents not only the fixed costs of holding the water in storage, but a variable cost so it is like renting space in a reservoir if we stored it for a full year. If we don't store it for a year, the cost is less. A big advantage is that we would have access to it in the summer months when we have a greater demand. We are pumping back now and do not have a great need for the water when it is winter but if we use less water, we can "store" (on paper) that water upstream of us and in the summer months we can call that water back.

Staff is recommending that we try this and have a one-time exchange as a proof of concept to have all of the agencies see that this is a way that water can be exchanged among the South Bay Contractors and the Central Valley Contractors. Ms. Duerig noted that ACWD took this concept to their board for the same amount of water and it was approved last week.

Director Figuers had a general question about who is responsible in the agreement for evaporation cost. If we put 2,500 AF in storage for a couple of years, you lose roughly 6 AF per year in evaporation. Are we made whole or do we lose water due to evaporation? Ms. Mahoney said that this was not discussed but in theory we would lose it all if we left it in there for any length of time but this is only a one-year exchange. Director Figuers noted that we have water long term in San Luis Reservoir and how does that work? Ms. Mahoney said that it is associated with carriage loses of about 30% when transferring water so it is the same concept.

Director Quigley said the one-year test is a good project for water sustainability. He thinks working with Contra Costa Water on the exchange helps Zone 7 with the intertie goal.

Director Ramirez Holmes said we are not adding water, just trading water, and Ms. Mahoney agreed. She asked if we are unable to store this water ourselves since we are pulling the water back during the winter months and do not have a need to use the water in the valley. If we tried to store it, we would have to release it to the arroyos, which make it subject to evaporative losses even in the winter, and it goes to Zone 7's shallow aquifer system so it will take a while before it actually transfers down to a level where our wells would be pulling it out. It is a more long-term process to do groundwater recharge than it would be to do an exchange where we can use that exact amount of water in the summer when it is needed.

Director Stevens asked how the water would be transferred to Zone 7 without an intertie with Contra Costa Water District. Ms. Mahoney said they have two intakes, Middle and Old River, so they are going to pull water out of the Delta system, use it, and have water stored in Los Vaqueros, which will act as the exchange for the CVP. We will then take water out of the Delta through DWR's pumping plant and Contra Costa will use the water in Los Vaqueros for their supply, so it is the concept of them taking it and using it within their system in lieu of leaving water in Los Vaqueros Reservoir. He then asked if we will still need the California Aqueduct. Ms. Duerig said yes, that is why the State Board needs to be involved because the State pumps will pump the CVP allocation to make this trade happen and the CVP allocations are different than the State Project. He then said that if the intertie benefited the whole region, there are costs to be shared among other water agencies. He asked for a detailed presentation after one year on how this worked. Ms. Duerig said when they pump to supply their system, they could be drawing down out of Los Vaqueros but instead they will leave the water in Los Vaqueros and take Zone 7's share of SemiTropic pump back and pump through their pumps. When they use it, they put it in their treatment plants for distribution. Ms. Mahoney added that the reason why this works is because the water is already in the reservoir. Director Stevens noted that this is another example of working cooperatively with a federal water contractor.

Director McGrail asked why Zone 7 did not own a piece of Los Vaqueros because a lot of it is in Alameda County. He commended the idea of a water transfer and is all for it.

Public Comment:

Dan McIntyre, Public Works Director, City of Livermore, said this project is a great hedge against uncertainty next year and also a fantastic pilot project if it works well. There might be a chance to expand the concept in the future. He is supportive of it.

Alfred Exner, Pleasanton, said it is a lot of money so he wanted a feel for the timing and asked if the money is in the budget? Ms. Mahoney said the money is already in the budget.

Director Figuers said staff may want to provide the information that it is under $200 per AF compared to what our normal costs are and that may not be known. Ms. Duerig said that if the drought continues and we have a need, this adds about $200 per AF to what we ordinarily pay. Our Yuba costs are similar and any time there is a drought, we pay more for these exchanges because the water is more expensive. We anticipated spending more on water during FY 14-15 because we depleted our groundwater basin and we knew we would have to bring in stored supplies so we budgeted more for water purchases this year. Director Palmer added the amount is about $193 per AF and that is reasonable.

Director Stevens moved for approval of the motion and Director Palmer seconded. The motion passed with a roll call vote of 7-0.

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| Resolution No. 15-29 | Authorized a one-year demonstration project for Water Exchange with Contra Costa Water District. (Item No. 9) |

Director Figuers leaves at 7:55 p.m.

**Item 9 - Committees** - Water Resources Committee Meeting - November 5, 2014 - notes
Retailers/Wholesaler Liaison Committee Meeting - November 17, 2014 - notes pending

**Item 10 - Reports - Directors**

a. Verbal comments by President - none
b. Written report by Director Quigley
c. Verbal Reports

Director Palmer said that she and staff member Brad Ledesma, along with Dan Smith, City of Pleasanton, made presentations to the American Association of University Women and League of Women Voters about local water policies and issues as well as the background of Zone 7. She thanked Brad Ledesma for helping put the presentation together.

Director Ramirez Holmes said she attended the renaming dedication of the Dublin Post Office to the Jim Kohnen Dublin Post Office for former Zone 7 Director Jim Kohnen. Congressman Swalwell put it together and it was a nice tribute to Mr. Kohnen.

Director Stevens attended the second Water Policy Roundtable of the Tri-Valley Liaison Committee. This was a good example of the Tri-Valley agencies coming together to solve our water problems. Director Palmer added that the small round table groups were able to talk and share priorities. The participants from the ~~Lo~~last meeting were moved around so they met with different people at this meeting and will at the next meeting, too. Director Quigley also attended and agreed that it was a great opportunity to get to know other people in the valley.

President Greci shared a segment from the TV show "60 minutes" about two satellites that track around the globe and monitor groundwater basins throughout the world and used color imaging changes as the basins were depleted. The picture painted was of world pandemic concerns regarding groundwater basins. They took thousands of years to be established and in the past 150 years they have and will continue to shrink because more groundwater is taken out than recharged. Director McGrail saw the same TV show and had the same reaction. At the end of the show, the reporter drank a glass of recycled water and Director McGrail said whether we like it or not, we may have to look at recycled drinking water, and commended DSRSD for their water recycling.

**Item 11 - Items for Future Agendas - Directors**

**Item 12 - Staff Reports** (Information items. (No action will be taken.)

a. General Manager's Report
b. Monthly Budget Report
c. October Legislative Update
d. October Outreach Activities
e. Drought Update
f. Verbal Reports

Ms. Duerig said that Lake Oroville is now below where it was in 1977-78 and we are still in a decline.

Director Ramirez Holmes requested to see the Outreach Activities calendar in advance so the directors have knowledge of events before they happen and directors can choose to stop by.

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

**Item 13 - Closed Session**

(a) Conference with Legal Counsel - Significant exposure to litigation pursuant to Gov't Code Section 54956.9(d) (2): 3 cases

(b) Conference with Legal Counsel - Potential litigation pursuant to Gov't Code section 54956.9(d) (3): 1 case

(c) Conference with Legal Counsel - Existing litigation pursuant to Gov't Code Section 54956.9(d) (1):

Alameda County Flood Control and Water Conservation District, Zone 7 v. Pleasanton Gravel Co., Alameda County Case No. HG14724177

(d) 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 14 - Open Session and Report Out of Closed Session**

The Board came out of Closed Session at 8:40 p.m. and President Greci reported there were no reportable actions taken in closed session.

**Item 15 - Adjournment**

The meeting was adjourned at 8:41 p.m.