

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

REGULAR MEETING

December 17, 2014

The following were present:

DIRECTORS: SANDY FIGUERS
JOHN GRECI
JIM MCGRAIL
SARAH PALMER
DICK QUIGLEY
ANGELA RAMIREZ HOLMES
BILL STEVENS

DIRECTORS ABSENT: NONE

ZONE 7 STAFF: KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
MARGARET CHUN, ACCOUNTING MANAGER
JUDY RECTOR, BOARD SECRETARY

COUNSEL: DAVID ALADJEM, DOWNEY BRAND

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 November 19, 2014

Directors Palmer and Ramirez Holmes made minor changes to the minutes on Pages 3 and 7. Director Palmer moved to approve the amended minutes of November 19, 2014, and Director Ramirez Holmes seconded the motion. The minutes were approved by a voice vote of 7-0.

Item 5 - Consent Calendar

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

Director Palmer moved to approve Items 5(a), 5(c) and 5(d) and Director Figuers seconded the motion. The items were passed by 7-0 voice vote.

Item 5(a) Request for Out-of-State Travel to Attend Upcoming Association of California Water Agencies' DC Conference

Resolution No. 15-30 Authorized Director Quigley's attendance at ACWA's Annual DC Conference. (Item 5a)

Item 5(c) Authorization for Commercial Septic System Use, Birch Creek Ranch, LLC, 8433 Patterson Pass Road, Livermore

Resolution No. 15-32 Authorized the use of a septic tank system for a commercial equine facility on Patterson Pass Road. (Item 5c).

Item 5(d) Trail License Agreement and Storm Drain Maintenance Agreement with City of Pleasanton, Lake I

Resolution No. 15-33 Authorized the second amendment to the License Agreement with the City of Pleasanton to revise the exhibit approved in the first amendment to include the proposed change in the trail location. (Item 5d -1)

Resolution No. 15-34 Authorized executing a Storm Drain Maintenance Agreement with the City of Pleasanton for the area along the southern portion of Lake I. (Item 5d -2)

Item 5(b) Annual Report on Collection and Use of Development Fees

Director McGrail had questions about the agenda item, specifically, why this report was coming to the Board, and also the cost for the impervious surface fee.

Mr. Arends said there are two issues to address: 1) Ms. Chun said that Zone 7 is required by the California Government Code to issue an annual report. 2) It is a regulatory requirement to provide this annual report, it is not a discussion of the amount of the fee charged. Mr. Arends said that a development impact fee study was done five years ago. Staff is currently in the process of updating the Stream Management Master Plan (SMMP) which will identify flood control improvements needed throughout the valley and what portion of those improvements are due to additional development and that update will establish the basis for any fee updates.. The fee was worked out with retailers and cities in the valley. There will be similar discussions about any proposed fee adjustment and the definition of impervious surface at that time.

Director Quigley suggested that the table attached to the staff report may be a good bullet-point discussion for the Liaison Committee.

Director Palmer moved to approve Items 5(b) and Director Quigley seconded the motion. The item passed by 7-0 voice vote.

Resolution No. 15-31 Accepted the annual report of development fee revenues and expenditures for the fiscal year ending June 30, 2014.

Item 6 - Staffing Update

Mr. Arends announced that the October Employee of the Month was Dr. Amparo Flores, Associate Civil Engineer in the Integrated Planning Section. Dr. Flores was present and the Board applauded her. Director Ramirez Holmes noted that she has been at meetings with Amparo where she does

presentations and is very knowledgeable, well received, and can answer any questions from any elected official.

Item 7 – Independent Auditor’s Report and Annual Financial Statements for Fiscal Year Ending June 30, 2014

Director Figuers offered his comments about the Finance Committee meeting on the audit in combination with the presentation by Margaret Chun, Accounting Manager. Committee members agreed to have staff flag 10 percent variances for the next Committee meeting.

Ms. Chun gave a quick overview of the auditor’s findings by Maze & Associates. The auditor’s report was presented to the Finance Committee on December 8 and there was a lot of discussion, questions and requests for additional information. The purpose of the audit is to insure agency compliance with generally accepted accounting principles and current reporting requirements to obtain reasonable assurance that the financial statements are free of material misstatement and to review internal controls, including work assignments, to determine if a conflict of duties is present. The audit scope includes controlled testing and sampling of accounting transactions and those are usually centered on revenue and accounts receivable disbursements, accounts payable, payroll expenditures and liabilities. The audit this year concluded that the accounting is in conformity with generally accepted accounting principles, that internal controls are adequate, and that financial statements present fairly in all material respects the Agency’s financial position and cash flows for the year.

Director Ramirez Holmes noted that the Finance Committee members will be looking further at the process with the auditors on how the Finance Committee operates and the reports they are interested in looking at. The auditors suggested that it might be helpful to have a workshop. The Finance Committee members are unanimously interested in pursuing a work plan in January and creating a financial policy on audits.

Director Quigley said he would like a full board workshop per the auditors’ suggestion. Director Palmer agreed that the meeting itself was productive and the Committee Members came up with some good things to go forward.

David Alvey from Maze & Associates summarized the audit to the Board. He told the Board that the only pages in the audit that his firm “owns” are Pages 1 and 2, the audit opinion. He said he was pleased to announce that Zone 7 has an unmodified “clean” opinion, which is the highest level of assurance that a CPA firm can give to an Agency. The auditors are hired by the Board and are paid to report to the Board if they find anything wrong which is the Memorandum on Internal Control. Any material weakness or a significant deficiency would be reported in that memo but none were found. Mr. Alvey said they do a very thorough job of looking for errors so it is commendable that there is nothing there. The Governmental Accounting Standards Board Statement No. 68 will be coming up next year with pension liabilities from Alameda County on the books that will make the financials look different. Director Ramirez Holmes said that the Finance Committee had a discussion about the pension issue and are keeping an eye on it as part of the work plan for 2015.

Director Figuers moved to approve Item 7 and Director Palmer seconded the motion. The item passed by a voice vote of 7-0.

Resolution No. 15-35	Accepted the independent auditor’s report, basic financial statements and supplementary information for the fiscal year ending June 30, 2014.
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Item 8 - Committees – Finance Committee – December 8, 2014 – notes
Retailers/Wholesaler Liaison Committee Meeting – November 17, 2014 –
notes pending

Item 9 - Reports - Directors

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

Director Figuers reported that the heavy rain on Sunday night, December 14, washed out the main water supply line to Del Valle Regional Park that was installed in the '60s. Water stored in the storage tank is now being used but when the tank runs out of water, the park will be shut down. Director Figuers had a conversation with Dan McIntyre, City of Livermore, about whether Zone 7 or the City of Livermore could contribute to create an emergency bypass pipeline to allow East Bay Regional Park District (EBRPD) to operate the park until they replace the entire pipeline. Director Ramirez Holmes asked if this is an item for an agenda, for staff or information only. Director Figuers said he did not know who on Zone 7's staff may be most familiar with EBRPD staff but perhaps a conversation about short-term help from Zone 7 could take place. This is the first time the other directors or staff heard about the problem with the water supply line to Del Valle. Director Palmer suggested waiting to see what EBRPD is doing.

Director Ramirez Holmes reported on attending swearing in ceremonies for both the Dublin City Council and the Pleasanton City Council. December 10th she attended a webinar on the Sustainable Groundwater Management Act, What You Need to Know. At the December 16th Pleasanton City Council meeting, Dan Smith did an update on the drought and Pleasanton's numbers are at 28% reduction and 96% compliance with their drought restrictions. The East Pleasanton Specific Plan Task Force finished its draft report about the EIR and continuation, which went to Council. The base plan is 1300 single-family residential units but there is a range of options such as a park and trails. Zone 7 staff has provided comments on some of those and there was a lot of discussion at Council level about Zone 7's mission and whether the park and trails are feasible by using the Chain of Lakes. Negotiations with Zone 7 would happen after they get a plan, complete the EIR and talk about which kind of infrastructure and amenities are affordable. As long as the plan adheres to the mission and there is no cost to the Zone, Zone 7 is open to discussions. The EIR should be finished the first half of next year.

Director Quigley told the Board about the ACWA Conference in San Diego. Eric Garner, the keynote speaker, spoke about groundwater legislation and how water management will change in California.

Item 10 - Items for Future Agendas - Directors

Item 11 - Staff Reports (Information items. No action will be taken.)

- a. Monthly Budget Report
- b. November Legislative Update
- c. November Outreach Activities
- d. Drought Update
- e. Verbal Reports

Mr. Arends gave a verbal report on receipt of the 2013 Government Finance Officers Association Organization Distinguished Budget Presentation Award. This is the second time Zone 7 has won this award and he congratulated the Finance staff.

Director Ramirez Holmes pointed out that in Staff Report 11(d) Drought Update, on carryover supplies in 2015, 10,300 AF of 2014 supplies were saved for 2015 use. She thanked Tri-Valley residents for their hard work in conservation and that we have water left over that will be carried into 2015. We need more rain to refill reservoirs and get out of the drought.

The Board went into closed session at 7:35 p.m.

Item 12 - 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 13 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 8:15 p.m. and President Greci reported there were no reportable actions taken in closed session.

Item 14 - Adjournment

The meeting was adjourned at 8:16 p.m.