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

REGULAR MEETING
February 17, 2010

President Quigley called the regular meeting to order at 7:00 p.m., with a salute to the flag. The following were present:

DIRECTORS:	SANDY FIGUERS JOHN GRECI STEVE KALTHOFF CHRISTOPHER MOORE SARAH PALMER DICK QUIGLEY BILL STEVENS
DIRECTORS ABSENT:	NONE
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER ROGER PETERS, BEST BEST & KRIEGER, SPECIAL 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 – Citizens Forum (#1): None

Item 3—CLOSED SESSION—7:00 p.m.

a) Conference with Legal Counsel – Existing litigation pursuant to Subdivision (a) of Government Code Section 54956.9: 1 case

Homebuilders Association of Northern California v. Alameda County Flood Control and Water Conservation District – Zone 7, et al.; Alameda County Superior Court Case No. VG09474043

b) Conference with Legal Counsel – Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: 4 cases

c) 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

UNREPRESENTED MANAGERS

ASSISTANT GENERAL MANAGER FINANCE
ASSISTANT GENERAL MANAGER, PERSONNEL
STAFF ANALYST
HUMAN RESOURCES ANALYST I
HUMAN RESOURCES ANALYST II
FINANCIAL & SYSTEMS SERVICES MANAGER
SENIOR AUDITOR/ACCOUNTANT

ENVIRONMENTAL & PUBLIC AFFAIRS MANAGER
COMMUNICATIONS SPECIALIST
WATER QUALITY MANAGER
GEOGRAPHIC INFORMATION SYSTEMS ANALYST
SENIOR ENGINEER
MANAGER OF ENGINEERING SERVICES
ASSISTANT GENERAL MANAGER
ASSISTANT GENERAL MANAGER - ENGINEERING
EMERGENCY AND SAFETY SUPERVISOR
PRODUCTION MANAGER

OPEN SESSION AND REPORT OUT OF CLOSED SESSION

Item 4—OPEN SESSION AND REPORT OUT OF CLOSED SESSION—8:05 p.m.

President Quigley stated that there was no action to report from Closed Session.

Item 5—Citizens Forum –

Dolores Bengtson, a member of the Steering Committee of Friends of Shadow Cliffs, told the Board that she would like them to consider at some future meeting whether the agency might want to play a role in the future development of the park as a water education center, a premier water education destination. "Zone 7 is responsible for all things water." She submitted a letter/pamphlet packet for each Board member to read.

Item 6 – Minutes of the Regular Meeting of January 20, 2010

On a motion by Director Quigley with a second by Director Palmer, the minutes of the Regular Meeting of February 17, 2010, were approved as presented.

Item 7 – Consent Calendar

On a motion by Director Quigley with a second by Director Stevens, Consent Items 7a and 7b were adopted by a roll call vote of 7-0. The following resolutions were approved by a roll call vote:

Resolution No. 10-3375	Approving a water connection fee refund in the amount of $35,875 (Connection Fee=$31,250, Facility Use Fee=$4,625) to Windemere, BLC. (Item 7a)
Resolution No. 10-3376	Authorizing the General Manager to approve payment of expenditures for refreshments and other such miscellaneous expenses incurred for conducting staff meetings, regular, special, and committee meetings, up to an aggregate total as budgeted for the fiscal year, not to exceed $300 per event, and the Alameda County Auditor-Controller is authorized to pay these expenditures subject to submittal of documentation. (Item 7b)

Item 8 – Staffing Updates

Item 8a—Employee of the Month Recognition

Ms. Duerig announced that the Zone 7 employee of the month for December 2009 is Mr. Curran Chow, Water Plant Operator. Curran joined Zone 7 in January 2002 as a Water Plant Operator I and was promoted to the positions of Water Plant Operator II (February 2003) and Water Plant Operator III (August 2003). Curran is recognized for his professional skills and knowledge, and his willingness to take on work on his own initiative which lightens the workload for those who work with him. Mr. Chow's name will be added to the plaque in the lobby.

A copy of the February 2010 employee newsletter "NewZ at 7" was given to Board members.

Item 8b—Congratulations to Retirees

Resolution No. 10-3377	Resolution commending and thanking Gerald L.Gates for his public service to Zone 7 and the people of the Livermore-Amador Valley as a Geographic Information System Analyst and acknowledging his retirement effective January 23, 2010. Moved by Director Quigley, Seconded by Director Figures. Vote was 7-0. (Item 8b-1)
Resolution No. 10-3378	Resolution commending and thanking James P. Horen for his public service to Zone 7 and the people of the Livermore-Amador Valley as Principal Engineer, Water Supply Engineering Section, for the past 34 years and acknowledging his retirement effective January 23, 2010. Moved by Director Greci, Seconded by Director Quigley. Vote was 7-0. (Item 8b-2)
Resolution No. 10-3379	Resolution commending and thanking Barbara K. Morse for her public service to Zone 7 and the people of the Livermore-Amador Valley as Senior Management Assistant and acknowledging her retirement effective January 23, 2010. Moved by Director Quigley, Seconded by Director Stevens. Vote was 7-0. (Item 8b-3)

Director Stevens commented on Barbara Morse's professionalism, her ability to take very detailed minutes, and his personal thank you to her for her service at Zone 7.

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Item 9 – Award of Consultant Services Contract to HDR Engineering, Inc. for the Update to Zone 7's Asset Management Program

Assistant General Manager, Engineering, Kurt Arends, discussed the need for a five-year update to the Asset Management Program (AMP) which is scheduled to be completed by January 2011. The AMP update will result in a 15-year Renewal/Replacement plan and an assessment of the total future funding requirements for Renewal/Replacement projects over the next 30 years.

A Technical Review Committee (TRC), consisting of Zone 7 staff and Retailer representatives, will review various work products during this AMP update process. Consultant assistance is needed for the update. HDR Engineering, Inc. was found to be best suited to provide the services. The estimated cost for the consultant scope of work is $200,000.

The Board was asked to authorize the General Manager to negotiate with HDR Engineering, Inc. for consultant services for the update to Zone 7's Asset Management Program in an amount not to exceed $200,000; and additional work for an amount up to a maximum of $10,000, if needed, for a total not-to-exceed amount of $210,000.

Director Stevens moved for the adoption of Resolution No. 10-3380 and Director Palmer seconded the motion. There was a roll call vote of 7-0.

Item 10 – Award of Construction Contract to D. W. Nicholson Corporation for the Patterson Pass Water Treatment Plant Clarifier Rehabilitation Project, Project No. 201-10

Assistant General Manager, Engineering, Kurt Arends, explained that the upflow solids contact clarifier at the conventional Patterson Pass Water Treatment Plant was constructed in 1962 and has been in service for nearly 50 years. The expected useful life of the clarifier is 20 years. The clarifier's proper function and operation is critical to the reliability of the plant.

The PPWTP Clarifier Rehabilitation Project is in the Fiscal Year 2009/10 Capital Improvement Program, with completion of the project in Winter 2010/11, which coincides with the low demand period and annual plant maintenance shutdown. The Engineer's Estimate for this construction contract is $1,400,000.

D. W. Nicholson Corporation had the lowest bid of $1,015,720. Possibly due to the current economy, there were 9 bidders and it was a very tight bid.

The Board was asked to approve the plans, specifications, appendices and addenda for the Patterson Pass Water Treatment Plant Clarifier Rehabilitation Project; the lowest responsible responsive bidder, D. W. Nicholson Corporation, be accepted and award for an amount not to exceed $1,015,720; that the General Manager be authorized to execute the contract on behalf of Zone 7 upon presentation and approval of the contract and bonds; and the General Manager be authorized to negotiate and issue change orders as required by the contract for an amount not to exceed $101,572.

Director Kalthoff commented that he was not familiar with the D.W. Nicholson Corporation. Mona Olmsted, Associate Engineer in Water Supply Engineering, stated that they had been a subcontractor on the UF project and were based in Hayward.

Director Greci moved for the adoption of Resolution No. 10-3381 and Director Kalthoff seconded the motion. There was a roll call vote and it was passed 7-0.

Item 11 – Increase Expenditure Authorization for Bay Delta Conservation Plan Consulting Services Through February 2010

Assistant General Manager, Engineering, Kurt Arends, began by making a correction from "February" to "May" in the title of the agenda item. In January 2010 the Board increased the total authorized amount up to $10.3 million which was anticipated to be adequate funding through February 2010 at which time Zone 7 was to end its role as contract administrator. The Department of Water Resources has determined that they cannot have a contract in place before the end of May 2010 and Zone 7 has been asked to continue as the BDCP contract administrator until that time.

The cost of the consultant's work from March 1 to May 31, 2010 is estimated at an additional $2.2 million increasing the total amount for BDCP contracts to $12.5 million.

While Zone 7 currently has continuing cost share agreements in place with DWR and Mirant, the third agreement with San Luis & Delta Mendota Water Authority (SLDMWA) will expire at the end of February and a new agreement is needed in order to guarantee Zone 7 repayment. As the current consultant contract supporting the BDCP effort will expire at the end of February if not amended, staff requested increased Board authorization up to $12.5 million contingent upon securing adequate reimbursement agreements which could be with an entity other than SLDMWA.

Director Stevens moved for adoption of Resolution No. 10-3382 and Director Moore seconded the motion. A roll call vote resulted in a 7-0 vote to authorize the General Manager to amend existing agreements or execute new agreements as needed with the Department of Water Resources, Mirant Delta, San Luis & Delta Mendota Water Authority or other entity to reimburse Zone 7 for costs incurred in connection with the consultant contract(s).

<u>Item 12 – New Flood Protection and Storm Water Drainage Development Impact Fee Ordinance Adoption, First Reading</u>

Assistant General Manager, Engineering, Kurt Arends, discussed the first reading of the new flood protection and storm water drainage development impact fee ordinance. On March 18, 2009, Zone 7 adopted Ordinance 2009-01, which established the development impact fee necessary to collect the proportionate share of Stream Management Master Plan project costs attributable to future development. As part of the adoption, Zone 7 staff also recommended beginning a collaborative re-evaluation and update of the SMMP program costs with the cities of Dublin, Livermore, and Pleasanton in early 2012 to help address some of the issues raised by these three cities during development of the Study. A new ordinance, Ordinance 2010-01, which revises the fee schedule for the Development Impact Fee was recommended by staff for adoption.

The proposed fee structure within the new ordinance is as follows:

- Existing Fee: $0.783
- Year 1 (1/1/10) - $0.87 + ENR
- Year 2 (1/1/11) - $0.96 + ENR
- Year 3 (1/1/12) - $1.10 + ENR

No action was required at this meeting. At the March 17, 2010, Board meeting, a proposed Ordinance will be considered for adoption.

<u>Item 13 – Proposed Budget for Fiscal Year 2010-11</u>

Tamara Baptista, Senior Staff Analyst in Financial & Systems Services, gave a slide presentation on the proposed budget for Fiscal Year 2010-11. In summary:

- The total budget for Fiscal Year (FY) 2010-11 for both the operating and capital funds is $124.0 million; a $3.0 million decrease or 2.4% less than FY2009-10 budget.
- The total budget proposed for operating costs for FY2010-11 is $90.5 million; a $5.3 million increase or 6.2% over FY2009-10 budget.
- The total budget proposed for the capital project programs is $33.4 million; an $8.2 million decrease or 19.8% less than the FY2009-10 budget.
- The proposed budget was presented to the Finance Committee on February 8, 2010 and was recommended for forwarding to the full Board.

Also, a meeting was held on February 9, 2010 to brief the Tri-Valley Water Retailers Group (TWRG) on the contents of the proposed budget. TWRG members continue to encourage pursuing additional cost controls, while maintaining an appropriate level of service.

The Board was asked to adopt the following resolutions approving the budget for FY 10/11:

a. Resolution to adopt the budgets for the General/Flood Control Fund, State Water Facilities Fund and Water Enterprise Fund. Resolution No. 10-3383 was adopted after Director Palmer moved and Director Moore seconded the motion. A roll call vote was called and resulted in a vote of 7-0.

b. Resolution to adopt the budget for the Capital Projects Funds. Resolution No. 10-3384 was adopted after Director Stevens moved and Director Palmer seconded the motion. A roll call vote was called and resulted in a vote of 7-0.

c. Resolution to adopt the budget for professional services for the General/Flood Control and Water Enterprise Funds. Resolution No. 10-3385 was adopted after Director Stevens moved and Director Palmer seconded the motion. A roll call vote was called and resulted in a vote of 7-0.

d. Resolution to adopt the budget for professional services for the Capital Projects Funds. Resolution No. 10-3386 was adopted after Director Greci moved and Director Figuers seconded the motion. A roll call vote was called and resulted in a vote of 7-0.

Item 14 – Committees

None.

Item 15—Items for Future Agendas —Directors

None.

Item 16 – Reports - Directors

a. Written report by Director Quigley
b. Verbal reports

Director Quigley asked that comments on Foley Road be put on the agenda as an item for March.

Item 17—Staff Reports (Information items. No action taken.)

a. General Manager's Report
b. Recent & Upcoming Public Outreach Activities
c. State Legislature: 2010
d. Toxic Sites Surveillance Program Annual Report for 2009 Water Year

Item 17e—Verbal reports

There was a discussion about the progress of the solar project at Del Valle. Dennis Gambs, Principal Engineer in the Real Property section, said the progress is slow but the solar panels are on site. It is too big of an investment for the contractor to walk away. General Manager Jill Duerig commented that there is no sense of urgency and the return on solar power is less during the winter.

Item 18—Upcoming Board Schedule
(All meeting locations are 100 North Canyons Parkway, Livermore, unless otherwise noted)

a) Regular Board Meeting: March 17, 2010, 7:00 p.m.

There being no further business, the meeting was adjourned at 9:20 p.m.