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

SPECIAL MEETING
February 3, 2010

President Quigley called the special meeting to order at 5:00 p.m. The following were present:

DIRECTORS:	JOHN GRECI STEVE KALTHOFF SARAH PALMER DICK QUIGLEY BILL STEVENS
DIRECTORS ABSENT:	SANDY FIGUERS
ZONE 7 STAFF:	JILL DUERIG, GENERAL MANAGER ROGER PETERS, BEST BEST & KRIEGER, SPECIAL COUNSEL KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING JUDY RECTOR, ACTING BOARD SECRETARY

Before going into Closed Session, President Quigley corrected the Closed Session Agenda, moving ACFCWCD Zone 7 v. Legacy Pleasanton Land, LLC, et al. to conference with legal counsel – existing litigation.

Item 3—Closed Session

a) Conference with Legal Counsel – Existing litigation pursuant to Subdivision (a) of Government Code Section 54956.9: 3 cases

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

ACFCWCD Zone 7, et al., v. State of California Department of Water Resources, et al.; Sacramento
County Superior Court Consolidated Case No. 07AS04901

ACFCWCD Zone 7 v. Legacy Pleasanton Land, LLC, et al.; Alameda County Superior Court Case No. VG07353303

b) Conference with Real Property Negotiator pursuant to Government Code Section 54956.8: 1 case

Property: APN: 904-0005-003-29 (in or about Airway Blvd/Kitty Hawk)
Agency Negotiator: Jill Duerig, General Manager
Negotiating Party: San Francisco Bay Area Rapid Transit

Under Negotiations: Price & terms

c) Conference with Legal Counsel – Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: 2 cases

Item 4—Open Session and Report Out of Closed Session

The Board of Directors by unanimous vote of those present approved authorizing Zone 7's share of past appeal costs plus additional trial costs and fees incurred or to be incurred by Pillsbury Winthrop Shaw Pittman LLP and as invoiced by Kern County Water up to an additional $214,000.

The Board of Directors by unanimous vote of those present approved authorizing the General Manager to amend the contract with Meyers Nave for up to $40,000, as needed, to cover final costs and fees for a total not-to-exceed amount up to $320,000.

The Board of Directors by unanimous vote of those present approved the acquisition of real property from San Francisco Bay Area Rapid Transit for the Altamont Pipeline Project in the amount of $409,310.

There were no other reports out of closed session.

Item 5—Citizens Forum: None

Item 6—Workshop on Organizational Culture with Dr. Bill Mathis

Jill Duerig, General Manager, re-introduced Dr. Bill Mathis who conducted a workshop on the Board's role in Agency Culture. The following are his comments:

The highlights of his theme and establishing best practices for Zone 7 include:

- Why do we want to improve Zone 7?
- The New Normal
- Getting Better
- Organizational Culture Survey (OCI)
- Seven Practices for High Performance

Dr. Mathis discussed what is the current culture here at Zone 7. The survey is one of the most sophisticated instruments about what Zone 7 should be. In three weeks he should have the results back.

Those cities and those water boards that have dared to measure how they are today and define how they can improve are faring twice as well as other districts who are not complying because the whole reason for a culture survey is very practical and equates to 98% high performance of staff.

Where does the Board of Directors want to take us? Results show dramatic differences when Board of Directors are involved with saying to staff "we want a better culture" and it equals high performance because our taxpayers demand it and we are willing at a policy level to set some goals. What are the best practices? What is the data going to look like when it comes back? What is it like with high performance? What does it look like in a district where they really worked hard improving the culture? After five years, are there results?

When the Board of Directors get involved in a policy-level-approving district, performance level goes up about four times more than when they are not involved The district that tries to improve itself and has a General Manager very excited about it, can do it also.

Why should we improve Zone 7? Several Directors have asked, what is wrong with the way it is? Then they don't need you; they don't need to elect a Board of Directors if you are not going to improve the place. The public does not know what you know. They don't know the problems in water and it takes someone with the knowledge, depending on an expert for advice, and then turns back to the organization and says "here is what we think."

In the water business, we are beginning to have financial issues no other board has ever had to go after and solve. We have infrastructure issues, growth and development costs. Where do you get the money? Refinancing?

The new normal means we need to get the best out of our company, best performance, and we have to do some things to change the culture to be productive so taxpayers aren't asking if rate increases or projects could be delayed. Water boards need to be proactive and educated about water. Many Directors feel the job is more that they bargained for because they signed up only to do public service. Boards today are fighting citizen concerns because they are becoming more vocal. The public has resources to contact Board members with suggestions like senior or disabled rates for water or complaints about the escalation of rates.

Dr. Mathis asked individual Board members if they had ever been through a time like this and what is hardest for them. Director Quigley responded that as chair for the past six months, one of the hardest issues has been the human resource issues. Others mentioned financial issues. Board members need to understand the issues of water quality. Director Greci suggested that the need is to look ahead, be progressive. Financial issues are causing concern among employees about their future with the agency that may have to cut back. Financial issues are at the root of many of the problems that Zone 7 has; finances and lack of reliable water supplies. No water, no money.

There is a desire to have a Strategic Plan and a desire to break away from the County. Both seem to cause a significant degree of distrust and concern among the rank and file. Strive for excellence. Find ways to get better flood control, better water delivery, better storage; and for financial responsibility, rates that are equitable.

Dr. Mathis feels that what is not here today but is needed is a road map that takes you to somewhere, a very clear plan. A Strategic Plan in some organizations is something that sits on the shelf. Performance means money. If you have a clear plan, it will also tell you how many people you need. The public may ask: "Is everybody working to their capacity? Are we running an efficient organization? Do you have a road map? Is the Strategic Plan going to support a clear notion of separation or is it unclear?" The Board of Directors, on an elected basis, says whether we are going to do that or not. Any time you rely on staff totally to do that, you are going to get what you get. It is a political issue and it is going to cost some money.

How do decisions get made? Two general kinds of culture: constructive structure that says we think we do innovative things. Reinforces people being responsible for making sure they work, they have ideas. We want a culture that says "do your best, innovate" and get freedom from micro-managing.

One of things that causes bureaucracy to reign is role clarity. What is my job? Three out of four employees in the example used don't know for sure what their job is and if pressure is put on them, the behavior is angst, to become bureaucratic, or reach out and say it is your fault.

Employee satisfaction. Are people happy working here? What do you do to fix it?

What is the commitment of staff to public service. What is the attitude about public service? What is the reason you are working? Just benefits and a paycheck?   One type of culture fights with itself and thrives on being grumpy; it also has clics and aggressiveness. Clics are not healthy and don't work. When shown a better expectation, people straighten up. Expectations are clear - here is where we are headed, come join us, and, by the way, here are some new rules. The rules are when you come to work, you come on time and you stay the whole day. If there is something that needs doing, you do it. We are going to measure what the expectations are here at Zone 7.

Where do you want this organization to be? Not where it is today. In going forward, in a very positive way, where do you want it to be? That is why you filled out the IDEAL (OIC). There is going to be a natural gap between what you want and where we are. Our job in the organization is how to close that gap, make it a better, more constructive organization.

Five top behaviors to reduce

1. Not "rock the boat"
2. Accept status quo
3. Tell people different things to avoid conflict
4. Treat rules as more important than ideas
5. People lay low when things get tough

Seven practices for high performance:

1. Facilitated General Manager Evaluation: Does she delegate well or micro-manage? Get General Manager self-evaluation.

2. Plan to Improve/Design a High Performance Culture – improve in a measurable way.

3. Strategic Plan – Board involved with it but doesn't implement. Staff implements it and Board evaluates and updates it. Is separation from County a Strategic goal or not? Is it going to improve your financial situation at Zone 7? Is it going to help your employees or not? There is objective criteria you can use to decide what we are going to do.

4. Board Norms and Guidelines – Norms and guidelines passed down to the next Board guide behavior today such as history and past practices.

5. Board/Staff Annual Goal Setting – After you have a Strategic Plan (5-year plan), then you know what we are striving to achieve. Annual plan is the adjustment: sometimes mid-year budget adjustment on how we are doing.

   Director Quigley mentioned annual goal setting retreats to focus on how we are doing. It fits within the Strategic Plan. If you do annual goal setting without a Strategic Plan, it is like you do not have a long-term road map.

6. Developing a Strategic Vision – Vision is what do we want and set a large enough goal to get there. Strategic Planning takes into consideration what is going on today.

7. Continual Board Training and Communication – Board members ought to go to ACWA, etc. for a purpose. Whatever contribution ability is, go for a purpose. Reporting back needs to have a purpose. Some education in water needs to be committed to.

Four AGMs are doing work plans for the year. The Board will be able to see the interesting evaluation of the progress because if you do not have a clear work plan and the work force is changing under you, it is very hard to manage. What is your transition plan with employees before you go through this? Think it through before you start doing your work. You have to be on the work not so much in it. If you are in it, you can't make a plan.

Dr. Mathis said the feedback from the survey will be valuable and encouraged Directors to get the IDEAL OIC surveys filled out and turned in. The next workshop will be on the results of the survey.

There was no further business, and the meeting was adjourned at approximately 7:40 p.m.