

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

April 16, 2014

President Stevens called the meeting to order at 7 p.m. The following were present:

DIRECTORS: SANDY FIGUERS
JOHN GRECI
SARAH PALMER
ANGELA RAMIREZ HOLMES
BILL STEVENS

DIRECTORS ABSENT: DIRECTORS MACHAEVICH AND QUIGLEY

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER
KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
TOM HUGHES, ASSISTANT GENERAL MANAGER, ADMINISTRATION
BRAD LEDESMA, ASSOCIATE CIVIL ENGINEER, INTEGRATED PLANNING
ANGELA O'BRIEN, ASSOCIATE CIVIL ENGINEER, WATER QUALITY
JUDY RECTOR, BOARD SECRETARY

COUNSEL: DAVID ALADJEM, DOWNEY BRAND

Item 1 - Call Meeting to Order

Item 2 - Pledge of Allegiance

President Stevens led a salute to the flag.

Item 3 – Citizens Forum

Keith Rothenberg from Livermore spoke to the Board about the potential catastrophe he feels will happen in Sycamore Grove Park, downstream from Del Valle Reservoir, with no releases to the Arroyo del Valle. More than ten years ago Livermore Area Recreation and Park District (LARPD) and Zone 7 funded studies on the Sycamore Grove Recovery Program. Thousands of dollars were spent on these studies and a report prepared for LARPD and Zone 7 was completed in 2009. Mr. Rothenberg said that among the studies' findings is that the 1980's water release cutbacks, coupled with below-average rainfall conditions, caused the death of many sycamore trees in Sycamore Grove Park. Returning the Arroyo to a more natural flow regime over time might allow the trees to withstand dry conditions once again.

David Lunn requested that the Board prepare a report in advance of the next budget to explain watershed protection. He is pleased the Board bought the land around Lake Del Valle but there was no place in the budget document that described watershed protection. He feels it is also important that untreated water rates not be raised to pay for the property.

Item 4 - Minutes of the Regular Meeting of March 19, 2014:

Director Palmer made a correction to Page 7 of Item 10, Board Compensation, regarding President Steven's agreement to ten meetings a month and not limiting it to five meetings per month. Director Ramirez Holmes moved for approval of the corrected minutes and Director Greci seconded the motion. The revised minutes were approved by a 5-0 voice vote with Directors Machaevich and Quigley absent.

Item 5 - Consent Calendar

Director Ramirez Holmes asked that Consent items 5(a) be pulled due to a date conflict.

Item 5(a) – Consideration of the 2013 San Francisco Bay Area Integrated Regional Water Management Plan

Director Ramirez Holmes questioned a date conflict where both May 11 and May 17 are noted in the agenda item as the date the guidelines require that an IRWMP be adopted by the agency. General Manager Jill Duerig responded that staff would get back to her with the correct date. Director Ramirez Holmes moved for approval of the item with staff checking on consistency with the date. Director Palmer seconded the motion which was approved by a roll call vote of 5-0 with Directors Machaevich and Quigley absent.

Resolution No. 14-4359 Adopt the 2013 Bay Area Integrated Regional Water Management Plans (IRWMP). (Item 5a)

Item 5(b) – ACWA General Election at Spring Conference

Director Ramirez Holmes moved for approval of Item 5(b) and Director Greci seconded the motion. The motion passed by a 5-0 voice vote with Directors Machaevich and Quigley absent.

Resolution No. 14-4360 The Board of Directors authorized Director Dick Quigley to cast the Zone 7 Water Agency vote on proposed amendments to the ACWA Bylaws. (Item 5b)

Item 6 - February Employee of the Month Recognition

Ms. Duerig announced that David Zachry, Instrument Technician II, was selected as the February 2014 Employee of the Month. Mr. Zachry has installed SCADA systems and is knowledgeable about the Agency's Wonderware operating system. The Board applauded Mr. Zachry in recognition of his nomination. President Stevens commented on how important SCADA is and that he is glad Zone 7 has in-house talent like Mr. Zachry instead of using outside consultants.

Item 7 – 2014 Annual Review of Sustainable Water Supply for Zone 7 Water Agency

An amended agenda item was given to Board members and the public. This agenda item and the next item, Item 8, Declaring May as Water Awareness Month, both had resolutions which conflicted with each other. The resolution for Item 8 was included but the resolution for this item (Item 7) was eliminated to resolve the conflict.

Brad Ledesma, Associate Civil Engineer in Integrated Planning, gave a presentation on the Annual Sustainable Water Supply report which contained three topics: what are the projected water demands; what is the supply/demand for the next 5 years; and identifying new projects/programs. He used a slide presentation to review background information to put these topics in perspective. He told the Board that we have averaged only 53% of rainfall and even if there is a lot of rainfall, there may not be a lot of runoff which is important for water quality. Mr. Ledesma also discussed the impact of hydrologic conditions, the impact of facilities, the impact of regulations, projected water demands, key supply assumptions and 2014 water supplies, a two-year outlook, a five-year outlook, programs necessary to meet water demands (water conservation and emergency drought projects), and next steps including the next update from DWR on April 28 and monthly updates to the Board.

Director Figuers commended Mr. Ledesma for his summary and said he brought out the point that this scenario is not unusual in California. Average data goes back to the 30's and 40's when the State Water Project was created. Prior to that time in the late 1920's, Oakland had a drought where they almost had to shut down the water supply to the entire City and it led to the formation of several water districts. Because part of living in California includes droughts and wet years, Zone 7 has spent the last 30 to 40 years preparing for this and we are looking at the activities have been going on for the last 20 to 30 years. We have been calling for water conservation for at least 20 years. We have the infrastructure and ability to withstand future droughts and wet years.

Director Ramirez Holmes asked what is the plan to make the deliveries; monthly plan, usage, surface water versus groundwater? Have we forecasted out for 2014 what that plan looks like? Mr. Ledesma responded that staff is working with the retailers on operations planning.

Director Ramirez Holmes asked about the impact on new development because the cities continue to approve new projects. Mr. Ledesma advised that the retailers are working on recycled water projects to move some of that demand off the system and that growth plans for 2014 are in the projected demand levels. Each year the staff and the retailers come up with a demand delivery request based on the retailers' best estimate of how much water use they can expect to be using over the next five years and that includes new development and existing uses.

Director Ramirez Holmes asked if Zone 7 is declaring mandatory restrictions to the retailers of 25 percent at this Board meeting. Ms. Duerig replied that there is a combination of actions to achieve the 25 percent. Zone 7 has received mixed signals with feedback that we are saving already so don't tell us 25 percent because that confuses us, and other feedback has been don't give us a list of actions, give us a percent. If the Board adopts the Action Plan proposed by staff in the next agenda item, then we will be sending out letters to the retailers and untreated water customers to implement that Plan.

Public Comment

Dave Lunn, City of Livermore resident, referenced when Margaret Tracy was a board member and said Zone 7 needs to have a Sustainable Water Supply Report which would say how much water Zone 7 actually has to deliver; the key is that you never allocate any more water than you actually have. He said that this report should be entitled "Update on Water Supply Deliveries" and not a report on sustainable water. It is important to try to quantify how many acre feet Zone 7 will get from their new projects this year.

Dan McIntyre, Public Works Director for the City of Livermore and a Livermore resident, addressed the Board that based on information provided at the wholesaler/retailer meeting last month and the agenda packet for the board meeting. All of the retailers need to emphasize significant irrigation conservation over the next five to six months to keep our substantial private and public investment in the landscaping alive until the fall rains. He recommended that we use every tool in our toolbox to address the situation and urgently use all public policy tools, operational tools, and communication tools. The Zone 7 Board should consider various policy options such as adopting a Tri-Valley-Wide Drought Ordinance to enhance conservation throughout the valley. A Tri-Valley-Wide Drought Ordinance would also provide for an equitable application of water regulations throughout the Tri-Valley and help the water supply that we share in common. Additionally the Zone 7 Board should consider a temporary wholesale water conservation rate through the end of September this year to provide a vital economic signal to water users of the paramount importance of conserving water through this summer. Policy makers and water users in the valley need to urgently do all within our ability to get through this drought together. If we manage our water supply carefully over the next five to six months, we have a good chance of conserving tens of millions of dollars of public and private investment in landscaping until the fall rains come.

Dan Smith, Director of Operations, City of Pleasanton, reiterated some of the things discussed and his concerns from the March Liaison Meeting. There is a mixed message in the Bay Area of how bad the drought is and it all depends upon where you live. The message has not gotten out to the Tri-Valley about the situation we are in so we need to do everything we can as a group to get that message out as quickly as possible. People have actually used more water than we wanted. What is that number for the rest of the year? When we get into the dry part of the summer, his concern is that if we don't get that message out right away, we are talking about 50 to 60 percent reductions that we may need in August and September. When we talk about how much water we have for this year, we have to keep in mind what we have already used. We may have the same issue in 2015 that we have now; and if we use that water now, it may not be available then. He wants to be as aggressive as possible to get the message out and make sure we conserve the water. He would rather see us be more aggressive and back off than be less aggressive and have to come back asking for additional conservation. He said he agrees with what Mr. McIntyre said and it is critical how we go forward.

Director Ramirez Holmes asked if Pleasanton is willing to follow Livermore's lead of a 50 percent reduction in outdoor use. Pleasanton's official stance is that we are all in this together and we have no choice but to do whatever it takes. Pleasanton is at the 20 percent voluntary reduction level which Governor Brown asked for and they declared it as well. Internally in the City, they are already at 20 percent mandatory reduction in the City facilities and parks and will continue to lead by example to protect the assets, health and safety of the City. Director Ramirez Holmes gave kudos for the Pleasanton fire station that removed all of their lawn and put in bark and drought-resistant plants.

Bert Michalczyk, General Manager of Dublin San Ramon Services District, told the Board that we are facing an unprecedented situation in the valley this winter. He feels the need for 5 percent indoor conservation and 50-60 percent outdoor is indisputable. We need to make a decision now because every drop of water we are saving is a drop of water available this year or next. What the community and the retailers need from Zone 7 and the Board is clarity in leadership. If you think 60 percent curtailment is the right number, let's go with it. He said he is ready to propose 60 percent outdoor curtailment and will make that recommendation at the DSRSD Board meeting because they need to move now; it is time for action for the good of the community. He recommended that the Zone 7 Board move ahead with the 25 percent curtailment, 5 percent indoor

and 50-60 percent outdoor but be very clear and decisive that you will create consistency across the valley. All of the retailers are ready, willing and able to start moving with your decision right away.

Item 8 – Declaring May as Water Awareness Month

Ms. Duerig explained how this item is linked to Item 7 because it lays out the plan for this year's conservation, a 25 percent savings achieved by a combination of reducing indoor water use by 5 percent and reducing outdoor water use by an estimated 50-60 percent. These proposed actions have been reviewed with the retailers and the feeling is that they are achievable. Adoption of this resolution directs staff to impose these prohibitions and actions and move forward to immediately start saving water. If the Board directs that these actions can be taken, Ms. Duerig said she has letters that will be sent out immediately to advise everybody that these are the new rules until they are lifted or changed. Staff is trying to acquire access to additional water stored out at the basin but there are no guarantees and we have to move forward as if we will not get another drop of water. We are already setting up meetings to discuss the impact and where we go from here and whether or not the Board wants to pursue the recommendation from the City of Livermore, whether we want to look at a system-wide drought Ordinance that would impose these sorts of actions. If so, Ms. Duerig would recommend that we have a Special Board Meeting on April 30 or May 7 which has advantages because of knowing more from DWR April 28th. Staff's recommendation is to adopt the resolution that is attached to Item 8 and will endorse, approve and direct us all to implement the prohibitions outlined as the Stage 2 Action Plan (Zone 7's Urban Water Plan's highest level of action based on a loss of a supply) and come back with an Ordinance over the next few weeks as suggested by the City of Livermore.

Director Palmer asked if the Board can leave outdoor use as broad as 50-60 percent or should there be a specific number if adopting a guideline. Ms. Duerig replied that the actions that are listed in Item 8 are estimated to provide that reduction so if people follow these actions, it will save 50-60 percent and we can't be more specific than that range.

Director Figuers asked about a bullet point on Page 2 of Item 8 regarding the Stage 2 Action Plan: "water during daylight hours, due to higher evaporation rates" would be prohibited during the Drought Emergency. He assumes this refers to uncontrolled watering such as sprinklers and asked if this would include drip watering systems or should a distinction be made. Ms. Duerig replied that a distinction was not made but the evaporation is greater when water aerates during daylight hours. Since the soil cools off at night, if one is using drip irrigation during the hours immediately preceding sunrise, one would achieve greater savings even with a drip irrigation system. Director Figuers suggested choosing a definite percentage such as 50 or 60 percent reduction because a range is always open to questions and arguments.

President Stevens said he thought the range was just for this month and staff would do the calculations and come up with a better set of numbers after the April 28th DWR report. He suggested that the Special Board meeting be on May 7, if needed.

Director Ramirez Holmes asked if the Board is imposing action from now through 2014 or just for the month of May? Ms. Duerig responded that the Board authorized her to set what is needed and based on these actions, she will be sending out a letter after the Board meeting to each of the retailers and the untreated water users that they are only receiving 75 percent of the water they projected they need this year. She will also attach the Stage 2 Action Plan as it is laid out in Item 8.

Assuming it is approved, these actions will be prohibited and continue until lifted and whether it is in May because we get a whole lot of water or it is not lifted until Spring of 2015, or Spring of 2016, these will be in place and tweaked as we go to achieve what we need in this valley to preserve our water supplies so we don't get into situations where there is inadequate water to meet public health and safety needs.

In noting that the item name was not very apparent, Director Ramirez Holmes asked if there is anything in the Stage 2 Plan that talks about watering. How is this Stage 2 Action Plan different from an Ordinance? The limitations in the Stage 2 Action Plan are still vague so are they more specific to the retailers or do we get some guidance on that? The most common question she gets is "how do I do that?" or "how do I conserve 'X' amount?" Ms. Duerig replied that is why the actions are listed such as not being allowed to water more than once a week in April and May, no more than twice a week in June through September, and we can add specificity to the extent it is requested by the retailers. Part of it will be adaptive management because if it is not enough, we will be adding actions and changing the marketing messages. We thought with the 20 percent voluntary rate we would be doing better but we have not been achieving that goal. Director Ramirez Holmes asked if we were imposing action today and is the Ordinance necessary. Ms. Duerig replied that we have been requested to adopt an Ordinance by our retailers. California Water Service Company has been willing to impose their highest level action under their Urban Water Management Plan (called a Stage Three action), but they can't do it without going through the Public Utility Commission and there is a significant delay in doing that so they came to the City of Livermore and Zone 7 and said if we had an Ordinance instead of just a resolution, they can do it more quickly. Director Ramirez Holmes said she agreed with Directors Palmer and Figuers that a number needs to be set for clarity as opposed to a range. Ms. Duerig replied that these actions are estimated to achieve a 50-60 percent number but maybe they will only reduce outdoor water use by 20 percent or maybe 80 percent. We can pick a number instead of a range but it is not going to be accurate.

President Stevens said our goal is at least 25 percent and in order to achieve that goal, by reducing indoor and outdoor use combined, we think can get 25 percent. We don't have hard numbers right now and we think with more collaboration with the retailers, this strategy may work. This is an action plan and by the next board meeting we will have more numbers. How do you force those numbers on people? Ms. Duerig replied that it is easier to enforce an action such as do not water more than once a week. The retailers would select a day for a street and say this is the only day you are allowed to water. If it is twice a week, it might be this group waters on Mondays and Thursdays, and it will be up to the retailers how to implement this in a way that they can enforce it.

Director Greci reiterated that the item under discussion is a "kick off" and it is important that the community, the retailers and the City officials all unite. Voluntary conservation did not work so more restrictions are needed. He noted that individuals need to use their personal connections with the community and the retailers will have the responsibility for monitoring. The bottom line is that anyone's use of water is what you read on that meter at the end of your curb each month when they take a reading and we need 25 percent less of what that meter says. We can give advice and facts on conservation practices, and peer pressure among neighbors will have some influence especially when everybody is hurting and realize that this is real. It could be more serious in 2015-16 but we don't know what is going to happen if we don't take action with the drought and this is state-wide, not just Zone 7's problem, and everyone in the state needs to get together.

President Stevens said that everyone thinks the State Water Project goes only to Los Angeles but Zone 7 is the first one on the straw and that is where we get 80% of our water. He encouraged people to talk to their legislators to push the Bay Delta Conservation Plan (BDCP) through and start

construction right away. We need a reliable source because where we are pumping, we are killing fish so we want to move that pump upstream, not kill as many fish, and get better quality water.

Director Palmer added that we do have rising sea levels and it is going to put salt where we are now getting the water from so we will need to get it from someplace else. She then asked the retailers if there is any way to historically look at water usage for people who have been doing water conservation already and recognize them.

Bert Michalczyk, DSRSD, told the board that they have an affordability program aimed at the low tier water-using customer and thanking them for doing a great job while asking them to do more, and how much that is appreciated, and not financially penalizing people to reduce levels of water. By looking at people who were in Tier 1 in 2013 and if less than that in 2013 and in 2014, DSRSD will make a one-time payment of \$12 to them at the end of the season to offset the incremental cost they would have had because of the bump up in rates. That is DSRSD's way to address that and not really a "thank you" but to not slap them in the face for using a small amount of water. DSRSD targets retail customers in Tier 3 who use lots of water because that is where we are going to save.

Daniel Smith, Director of Operations for City of Pleasanton, said his City has a similar program. In the Ordinance they look at the customers' history and compare this year to last year but then the Ordinance allows them to look at up to four previous years. Their penalty system penalizes only those who don't or won't conserve and it protects people that do and is something they feel strongly about.

Director Figuers moved for approval and Director Palmer seconded the motion. A voice vote was taken and the motion was passed with a vote of 5-0 with Directors Machaevich and Quigley absent.

Resolution No. 14-4361 Declared May as Water Awareness Month and directed staff to
Implement the Stage 2 Action Plan. (Item 8)

Item 9 – Contract for Standby Power Generator Rental

Kurt Arends reminded the Board that, due to the drought, Zone 7 will be relying heavily this year on groundwater supply. Retailers have concerns about Operations being able to meet increased summer demands. To insure the reliability of the system and that facilities are operational, one of the key things is groundwater pumping capability. If Zone 7 can't treat the water or has to turn off Patterson Pass Treatment Plant, we will be relying strictly on groundwater. Well projects have been approved by the board for repairing wells and pumps, and in looking at the risk faced to keep those facilities in operation, loss of power was identified as a concern. During the summer PG&E is not the most reliable source of power for our facilities. As much as we can be sure they are maintained and working and have replacement parts if needed, if there is no power, there is no water. Staff looked into how to provide back-up power to our facilities. Through Alameda County we can participate in a National Joint Powers Alliance (NJPA) and have access to vendors with back-up generators. It allows Zone 7 to expedite and simplify the contract process. The vendors have already been selected through a selection process, the rates have already been negotiated, and vendors have been identified. The master contractor is Caterpillar and the local Caterpillar representative is Peterson Power Systems. We have drafted a contract that allows us to bring back-up generators on site, hook them up to our various wells or booster pump stations, and be in standby-by mode to return to operation quickly. The as-needed contract only pays for the time the

generator is needed, from the time it is delivered until it is returned, plus the cost of fuel. Zone 7 owns some back-up generators but not enough to cover all facilities and not large enough to power the larger facilities. This contract provides for back-up generators for as long as needed any time they are needed. If back-up generators were provided to all seven wells and the pump station for a year, the cost is estimated at \$730,000. The current plan is to bring the back-up generators out in May and keep through November but it depends upon our water supply and reliability of those facilities. The worst case scenario is no rain, can't treat water, they are left on-site all summer, it doesn't rain next year, and we continue to rely on our wells to be operational at all times.

Staff recommends approving the resolution to work with a National Joint Powers Alliance vendor and enter into a contract for up to \$730,000 for FY 14/15 but back-up generator services,

Director Greci asked if we have the capability within our infrastructure to fuel generators ourselves so Petersen doesn't have to do it? Mr. Arends replied that we would have a separate diesel fuel vendor. We do have a small tank on a truck that can be driven around but if we had seven generators going all at once, it would be a full-time job for someone to drive around our facilities. We would contract with a fueling service to periodically come around and fill them up. This is to guard against a temporary outage but this year power will be at a premium given reduced hydroelectric power in the state and the possibility of brown-outs if the outdoor temperature is hot. We have back-up generators at the treatment plants to keep them online so this is a precautionary action to help with fire protection. Director Greci agreed that the back-up power is extremely important for reliability in our mission and he has had good past experiences with Peterson Power.

Director Figuers noted that some of the larger generators will have their own separate fuel tanks upwards of 8,000 gallons and some of the bigger generators can burn a lot of fuel. They are producing a lot of power.

Director Ramirez Holmes expressed her concerns about the cost effectiveness especially with the new wells approved because the cost of this project does not include fuel and she asked if this is the only solution. Mr. Arends said it is the only real way to provide back-up power to a facility if PG&E loses power. The \$2 million (\$730,000 per year over 3 years) is for the worst case scenario. Some wells may not go off through the year or power outages could be for a few hours a day or they could lose a transformer but the fuel costs will depend upon how much these generators run. Mr. Arends said money for this fiscal year could be available in Operations if there is a need to bring the back-up generators in earlier than July but this agenda item is based on the 2014-2015 fiscal year. It is open-ended but if there is no need for it next year, we could let the contract expire; however, if the drought continues, we want the ability and authority to extend the contract for multiple years on an as-needed basis. She asked if this would be included in the updates the Board gets in project cost estimates for the wells and after a year if the Board could get an interim report on whether the back-up generators were used or not. Mr. Arends said if new wells are completed before PG&E power can be provided, this is a way of providing power to those wells and getting them online faster.

Director Stevens noted that there is a cost savings when Zone 7 is not using PG&E and emphasized that the Board is approving a time period when Zone 7 is not paying PG&E. As long as the equipment is on-site, we are paying the rental costs. Director Figuers asked if the generators are on a stand-by charge until they are actually turned on or are we paying the full rental for it to be on-site, whether the meter is running or not. Mr. Arends said we pay full rental when on-site. He added that the fuel varies but the run-time cost does not. The cost is about \$50,000 per month to have eight generators on site.

Director Ramirez Holmes moved for approval with the two items she asked for: 1) interim reports and 2) complete project estimates for the new projects. There was a brief discussion among the directors on Operational costs versus CIP costs. Mr. Arends clarified that project costs are based on facility construction and operational costs are for facilities that exist today. He said this is a tool that could be used to access a generator for the time between the completion of a well and establishing power.

Director Figuers said the key is going to be staff determining how many generators and when they will be needed. Before that decision is made, the Board should be updated on the “how’s and why’s” of that decision because once it is determined that one is needed, it is sitting around whether it is used or not. It may only be turned on for three weeks during a year but we will pay for the entire year. Mr. Arends said we are paying for liability, for the ability to continue production and not be in a scenario where there is a hot summer day and we have brown-outs or power outages in the valley and, not only are our demands high, but our wells are off-line because we do not have the power. Director Figuers stated the primary concern of brown-outs is loss of fire protection or public safety.

Director Ramirez Holmes restated her move for approval of the resolution with an interim report requirement and Director Figuers seconded the motion. A voice vote was taken and the motion was passed with a vote of 5-0 with Directors Machaevich and Quigley absent.

Resolution No. 14-4362	Authorized the General Manager to enter into a contract with an NJPA approved vendor not to exceed \$730,000 for FY 14/15 and authorize the contract be extended for up to two additional one-year periods. (Item 9)
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Item 10 – Award of Contract for the DVWTP Filter 1 Media Replacement Project

Mr. Arends said this is another reliability project and referenced last year’s project which replenished the media for Del Valle filters and rehabilitated Filter #2. The original filters are 40 years old and media was lost due to water quality issues. A contractor came in and replenished and topped off the media and rehabbed filter #2. Since the end of March we began to have trouble with Filter #1’s short circuiting and very poor performance. An inspection showed a lot of physical problems with the filter media such as mud balls that could indicate a serious problem with that filter underdrain system, the holes below the filter material that the water goes through. The filter was taken off-line and the plant is running with one less filter available to it. Our ability to produce water at Del Valle is going to be key. This is especially critical if water quality degrades this summer and if Patterson Pass is taken off-line, we will have to rely on Del Valle to use blended water from Lake Del Valle.

It is going to be critical that Del Valle has full treatment capacity to provide a reliable supply to our retailers and maximize how much water we can treat and deliver this summer. Because of the time it takes to acquire contractors and get a contract in place, we are requesting to bypass the bidding process and ask for a sole-source contract under the drought declaration. ERS Industrial Services, Inc., the contractor and lowest bidder for last year’s filter repair project, is qualified to do the filter work which requires a very specialized skill. We are negotiating the contract dollar amount and scope of work. This will not be a complete rehabilitation of the filter but is to remove media, inspect and repair the underdrain system, and get this filter back into service before demands increase.

Staff recommends authorizing the General Manager to enter into a sole-source contract with ERS or another qualified firm for an estimated \$275,000. We anticipate repairing and grouting any damages to the underdrain system.

Director Figuers moved for approval of the motion and Director Greci seconded the motion. The motion was passed by a roll call vote of 5-0 with Directors Machaevich and Quigley absent.

Resolution No. 14-4363 Authorized the General Manager to enter into a contract with ERS Industrial Services, Inc. or another qualified firm for construction of the DVWTP Filter 1 Media Replacement Project not to exceed \$275,000. (Item 10)

Item 11 – Award of Operated Equipment Supply Contract for Maintenance and Emergency work for Flood Control Facilities, Project No. 236-14

Mr. Arends told the Board this is an annual contract for contract services, specialized labor and equipment services. In the past, three-year contracts have been done which involved going out for bids every three years and doing an annual contract with a provision for two additional renewals of that contract. We are currently in the third year of this contract, went out to bid, and the low bidder was Fanfa, Inc., who currently has the existing contract for on-call services. Typically it is used for slope repairs, road repairs, inlet structures, outfalls, and any type of maintenance on flood control facilities.

Zone 7 has had a contract with Alameda County that provided chemical spraying for vegetation management and some maintenance services. Part of the Fanfa contract has been expanded to include the maintenance services the County provided in the past which often is removal of trash from creeks or when special equipment is needed. Fanfa has an extensive variety of equipment operators and equipment on hand for on-call services for emergencies.

Director Ramirez Holmes asked about the \$2.1 million in deferred maintenance, if we prioritize a maintenance list for the contractor, and if this deferred maintenance list consists of the items that are not completed. Mr. Arends replied that we do prioritize our work every year and the contractor works at Zone 7's direction. Typically the majority of the contract is used on annual maintenance, i.e., during a typical winter we can have 20-30 slides along our channels from flood flows and high flows. Since this was a dry winter, there are very few new slides to repair so we are trying to catch up. Because a lot of work is routine maintenance, access roads, cleaning up the channels of debris, drainage ditches, etc., low-priority projects that are not completed because the focus is on high-priority projects. The \$2.1 million is lower-priority work that has accumulated over the last couple of years because typically we have more work to be done than can be completed in a single year but it needs to be done. Flood Control also has a small window, typically April to October, to get in the channels or be out there to do the work and that affects the low-priority maintenance projects.

President Stevens mentioned the list of contract amounts from previous fiscal years contained in the agenda item and said that it is easier for the Directors to evaluate and approve. Mr. Arends said that back in the 2000's when they had the Educational Revenue Augmentation Funds (ERAF) shift and approximately \$6.2 million was taken from the Flood Control Program, not as much work was done because of a lack of funding and, therefore, projects accumulated over the years.

Director Palmer moved for approval and Director Figuers seconded the motion. A roll call vote was taken and the motion was passed with a vote of 5-0 with Directors Machaevich and Quigley absent.

Item 12 – Contract for Weed Control Spraying Services

Mr. Arends said this item is also for Flood Control Maintenance Facilities. In the late 90's, we entered a contract with Alameda County Public Works. The primary work was weed control and weed spraying with less than half of it for labor and maintenance services for our flood control program. In 2013 the Board directed staff to explore possibilities for procuring some of the services provided by the County through contracts with other entities. Flood Control staff directs the contractors on what and when to spray.

A Request for Proposals was sent out for weed control spraying. This work requires specialized licenses and certain qualifications to apply pesticides, especially for aquatic spraying. Staff evaluated the six proposals received based on specific criteria but the lowest cost was not the deciding factor, so staff recommended executing a \$240,000 contract with Livermore Area Recreation and Park District (LARPD).

Zone 7 received a letter from Pacheco Brothers, protesting the award. Their primary concern is LARPD's sphere of influence and claim that it is limited to Livermore and LARPD should not be providing services outside of the Livermore area. Staff referred the issue to General Counsel but feels it is an issue for LARPD. John Lawrence from LARPD was in attendance. Although staff recommends approval, the item could be deferred for a month to investigate Pacheco's claim.

George Pacheco from Pacheco Brothers Gardening spoke to the Board and confirmed that their primary protest was regarding LARPD's sphere of influence. LARPD's Municipal Service Review document states that they provide services within their boundary and Dublin and Pleasanton are outside of that boundary. The secondary protest is that during the pre-bid site visit, LARPD had representatives present for the document review but did not attend the actual tour, the other half of the mandatory site visit. It is a fair contract and has nothing to do with Zone 7 but they feel that LARPD is a public and tax-funded entity competing against private enterprise so they felt it warranted a protest for those two reasons.

Director Greci asked about the table in the agenda item and Mr. Arends explained that the list was by cost but not by rating. LARPD was rated to be the most qualified when everything was taken into consideration and a lot had to do with their familiarity with public agencies, reporting requirements and sensitivity to working with the public while spraying trails and other outdoor areas. Director Ramirez Holmes asked if Alameda County Public Works submitted a bid and she was told they did not.

Director Figuers suggested that this item be tabled so that the Board can consider Pacheco Brothers' protest. Director Ramirez Holmes agreed. President Stevens asked if it would impact Operations if it was deferred for a month but since it is an annual contract that won't take effect until July 1, a one-month delay has no impact. John Lawrence from LARPD also agreed to the delay. President Stevens continued the item for a month.

Item 13 – Adoption of Revised Water Quality Policy

Angela O'Brien, Associate Civil Engineer in Water Quality, gave an overview of the Revised Water Quality Policy for potable and non-potable water. The Revised Water Quality Policy will rescind the 2003 Water Quality Policy and the 2005 Joint Water Quality Resolution but will retain the original 2003 policy goals while combining elements of the 2005 Joint Water Quality Policy Resolution. The first implementation plan was in 2006 with updates every two years afterwards. During the last implementation plan update around 2011, both the City of Pleasanton and DSRSD agreed that they would review and discuss internally the ongoing applicability of the Joint Resolution since many of the projects identified have been built.

Several meetings were held with Retailers and Wentz as the non-potable representative in 2013. Wentz recommended that no changes be made to the Policy goals related to untreated water and the Retailers agreed to no changes to the four goals but elements of the Joint Resolution were combined with the Water Quality Policy. In collaboration with all four retailers, staff drafted the Revised Water Quality Policy which was presented at the March Tri-Valley Liaison Committee meeting and at Zone 7's April 8th Water Resources Committee; both Committees supported the Revised Water Quality Policy. Three of the original 2003 goals were retained and the fourth goal was split into two goals but basically there were not any differences. The new elements will require the General Manager to maintain regular dialog with M&I contractors and untreated water users; conduct a workshop with the M&I contractors to develop a Water Quality Management Program Report every two years; and work jointly with each of the retailers to develop education materials and establish a joint operations workgroup.

Director Ramirez Holmes asked a question on the last sentence of Goal 1 in the agenda item: "To ensure a margin of safety, the delivered water shall generally be of a quality that contains no greater than 80 percent of the applicable State or federal primary MCLs." She asked if that is consistent with information received that day on Chromium 6. Ms. O'Brien responded that it is still our policy and has not changed. President Stevens asked if for some reason 80 percent could not be reached for chromium because of costs, would the Water Quality Policy be revisited or would it stay in place for two years? Ms. O'Brien said staff believes Zone 7 can meet the 80 percent target for chromium by blending with the other sources.

Director Palmer moved for approval and Director Greci seconded the motion. A voice vote was taken and the motion was passed with a vote of 5-0 with Directors Machaevich and Quigley absent.

Resolution No. 14-4365	Rescind the 2003 Water Quality Policy Resolution and the 2005 Joint Water Quality Resolution and adopt the revised Water Quality Policy for Potable and Non-Potable Water.
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Item 14 – Consider Action to Increase the Director Compensation and/or Reduce Number of Monthly Meetings to be Compensated

President Stevens proposed withdrawing Item 14 until next year due to the economic impacts of the drought. It's important that everyone is trying to do something to help cover the cost of the drought. General Counsel David Aladjem confirmed that this item is brought to the Board every two years but President Stevens can give staff direction to start the two-year cycle next year. Directors Palmer and Greci agreed due to the timing and the drought situation.

Item 15 - Committees – Water Resources Committee – notes

Director Ramirez Holmes expressed her frustration that there has not been a Finance Committee meeting in calendar year 2014.

Item 16 - Reports - Directors

- a. Verbal comments by President
- b. Written report by Director Quigley
- c. Other Directors' Verbal Reports

Director Ramirez Holmes attended a Webinar presented by the Public Policy Institute of California called "Change for Water in California." She sent an electronic version of the power point presentation to the Board members and noted it is a good overview of the subject.

Director Ramirez Holmes passed out copies of an article on a poll that was released by the Field Research Corporation that states: "Nearly all voters describe State's water shortage as serious. Most believe agricultural users can reduce its water use by changing crops and using water more efficiently. Voluntary cutbacks supported over mandatory rationing."

Item 17 - Items for Future Agenda - Directors

President Stevens said that now that we have an unprecedented drought and the water is shut off, a discussion on the Sycamore Grove Recovery Program would be worthwhile discussing. Ms. Duerig suggested a staff report providing background/history on Sycamore Grove would allow the item to be discussed or not. The Directors agreed and had a brief discussion on watershed protection. Ms. Duerig then suggested that an item and discussion be included in either the next Water Resources Committee meeting or the summer retreat. President Stevens suggested it be discussed at the retreat.

Item 18 - Staff Reports (Information items.)

- a. General Manager's Report
- b. Communications Outreach Activities
- c. Legislative Update
- d. Monthly Budget Report
- e. Drought Update
- f. Capital Project Status Report
- g. Verbal Reports

Director Ramirez Holmes noted an error on the attachment to the General Manager's staff report on the Monthly List of GM Contracts. The contract for Lori Rose was for \$10,000, not \$5,000 as listed.

President Stevens said he and Carol Mahoney are giving a tour to Senator Ellen Corbett on April 19th.

Director Ramirez Holmes asked about the Drought Update Staff Report (18e) and asked if the bids received for drilling were higher than anticipated and how much higher? Ms. Duerig said it is a design-build project and is managed differently because it is the contractor's responsibility to figure out if they can make it up in other parts of the contract but it may suggest that the Busch Valley construction be delayed so we do not pay a premium price for drilling since we have not entered into the actual construction. Director Ramirez Holmes said she was also asking about Chain of Lake Well No. 5 but Ms. Duerig said higher drilling costs may or may not come back to the Board depending upon whether it impacts the overall contract costs. Drought well drilling goes for a premium price because everyone wants to put in wells so that may mean we delay the bidding on the Busch Valley project and, although authorized by the Board, she has not signed the contracts yet.

Director Ramirez Holmes thanked staff for the Capital Project Status Report and suggested that she and the Finance Committee would like to see actuals as the projects move forward.

The board went into closed session at 9:18 p.m.

Item 19 - Closed Session

- (a) Conference with Legal Counsel -- Significant exposure to litigation pursuant to Gov't Code Section 54956.9(d) (2): 2 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 -- Initiation of litigation pursuant to Gov't Code Section 54956.9(d) (4): 1 case.
- (d) Conference with Legal Counsel - Existing litigation pursuant to paragraph 1 of subdivision (d) of Government Code Section 54956.9: 1 case

Thomas Hempill v. Zone 7 Water Conservation District; California Public Employment Relations Board No. SF-CE-1195-M.
- (e) Conference with Legal Counsel--Potential litigation: Abram v. County of Alameda - Claim No: 13-028
- (f) 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 20 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 9:45 p.m. and President Stevens reported there were no reportable actions taken in closed session.

Item 21 - Adjournment

The meeting was adjourned at 9:46 p.m.