

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

April 18, 2012

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

DIRECTORS: SANDS FIGUERS
JOHN GRECI
AJ MACHAEVICH
SARAH PALMER
RICHARD QUIGLEY
BILL STEVENS

DIRECTORS ABSENT: CHRIS MOORE

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER
KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
TOM HUGHES, ASSISTANT GENERAL MANAGER, ADMINISTRATION
JAVIA GREEN, STAFF ANALYST
JUDY RECTOR, BOARD SECRETARY

COUNSEL: DAVID ALADJEM, DOWNEY BRAND

Item 3 - Citizens Forum - None.

Item 4 - Minutes of the Regular Meeting of March 21, 2012

On a motion by Director Greci with a second by Director Palmer, the minutes of the Regular Meeting of March 21, 2012, were approved by a voice vote of 6-0 with Director Moore absent.

Item 5 - Consent Calendar

Director Palmer moved and Director Greci seconded a motion to approve the following resolutions by a voice vote of 6-0 with Director Moore absent.

Resolution 12-4183 The Board of Directors supports and declares May as Water Awareness Month. (Item 5a)

Resolution 12-4184 Authorized the General Manager to negotiate and execute a contract with Solano County Water Agency for the Proposition 84 Integrated Regional Water Management Plan Grant. (Item 5b)

Resolution 12-4185 Authorized the General Manager to negotiate and execute a three-year professional services contract with Morrison & Associates, Inc. for community outreach, water education, and local/regional agency coordination. (Item 5c)

- Resolution 12-4186 Authorized President Sandy Figuers to cast the Zone 7 Water Agency vote on proposed amendments to the Association of California Water Agencies (ACWA) Bylaws at the ACWA Spring Conference in Monterey. (Item 5d)
- Resolution 12-4187 Authorized recommending that the Board of Supervisors approve granting deeds, easements and temporary construction easements on portions of Arroyo Las Positas, Arroyo Seco and the Cross Valley Pipeline for the I-580 Eastbound Auxiliary Lane Project. (Item 5e)
- Resolution 12-4188 Authorized recommending that the Board of Supervisors take the appropriate action to vacate the water pipeline easement along the abandoned alignment of the Cross Valley Pipeline (No. 70151). (Item 5f - 1)
- Resolution 12-4189 Authorized the General Manager to accept and record the grant of easement from Paragon Outlets for the relocated Cross Valley Pipeline and execute a certificate of acceptance causing the same to be recorded at the Office of the Recorder of Alameda County (No. 70152). (Item 5f - 2)
- Resolution 12-4190 Authorized the General Manager to accept and record the grant of easement from the City of Livermore for the relocated Cross Valley Pipeline and execute a certificate of acceptance causing the same to be recorded at the Office of the Recorder of Alameda County (No. 70153). (Item 5f - 3)

Item 6 - Staffing Updates

Item 6 (a) - New Employee

Ms. Duerig welcomed Ryan Gromer, Water Resources Technician II, to Zone 7. Ryan transferred from the Alameda County Temporary Assignment Pool (TAP) to the Zone 7 Groundwater Section and brings twelve years of experience from employment with the United States Geological Survey. Ryan was present so the Board was able to applaud and congratulate him.

Item 6 (b) - Employee of the Month Recognition

Ms. Duerig congratulated Angela O'Brien, Associate Civil Engineer in the Water Quality Section, as the February 2012 Employee of the Month. She is one of the regular contacts with the regulatory agency, Department of Public Health. Ms. O'Brien was not present but the Board recognized and congratulated her in absentia.

Item 7 - Contract for Temporary Financial Management Support Services

Tom Hughes, Assistant General Manager, Administration, reminded the Board that we are currently in the process of transitioning our financial software and changing to ADP, a new payroll provider, and working on the separation from Alameda County. Because of the priorities Zone 7 has with

staffing and the current workload, there is a need for a higher level of assistance for one year to help with the transition. It is a massive project and the position needs to be filled quickly but it may not be a full time position.

Director Greci asked if anyone had approached Mr. Yue to see if he wanted to come back as a contract person. Mr. Hughes responded that Mr. Yue is unavailable. He has deferred his retirement and returned to employment with Alameda County.

President Figuers asked for confirmation that the contract is for one year. Ms. Duerig confirmed the one year.

Director Quigley commented that the dollar amount of the contract implied a high-level person but he would rather see what we could do in-house or significantly reduce the cost. Ms. Duerig explained that by the time Zone 7 would have paid Mr. Yue to do the same work had he stayed, the one year salary for that level of a person, plus benefits, is close to \$240,000 and, had we done this level of work in-house, it would have been about the same cost but with a longer term employment commitment. With this, Zone 7 will have the flexibility to terminate the contract any time the work is completed. Staff is hoping that once this bump in the workload is past, that position will remain vacant as part of the soft hiring freeze. Urban Futures has been providing a person one day a week for the past year which costs about \$50,000 but that would be absorbed into this expenditure.

Director Palmer confirmed that \$250,000 would be the highest dollar amount and it might possibly be less. Ms. Duerig explained that it would be \$250,000 for the full year but if after nine months staff is finished with the big push, it would not cost the full amount.

Director Quigley asked if duties included succession training of Zone 7 staff to take over when the position is vacated. Ms. Duerig replied that Zone 7 is well trained and it is not that staff can't perform the work, simply that they are shorthanded.

Director Machaevich asked General Counsel David Aladjem if he is comfortable working with Urban Futures. Mr. Aladjem replied that they would be reporting to Mr. Hughes. Mr. Hughes said the current contractor's work and knowledge has been fantastic and he has no complaints with the company; he would have preferred to have the current contractor work more days but he is not available. Ms. Duerig explained that by contracting with Urban Futures this way, if Zone 7 is not happy with one person, a switch to another person with the same company can be made.

Director Quigley asked if the individual would have a background as a finance manager. Ms. Duerig explained that Urban Futures has provided Zone 7 with about six resumes and every one has financial director experience. Director Palmer clarified that Zone 7 is hiring the firm Urban Futures, not an individual.

Director Palmer moved and Director Machaevich second the motion. The resolution authorized the General Manager to negotiate and execute a contract with Urban Futures to provide temporary financial management services during Zone 7's transition period. Resolution 12-4191 passed with a roll call vote of 6-0 with Director Moore absent.

Item 8 - Proposed FY 2012/13 Budget for Alameda County; Transition from a July 1-June 30 Fiscal Year to a Calendar Fiscal Year; 18-Month Transition Budget

JaVia Green, Staff Analyst in the Finance section, discussed the three main points in the agenda report:

- o FY 12/13 Proposed Budget for Submittal to County: Required for Fund 50 (Flood Control), Fund 51 (State Water Project Fund) and Fund 52 (Water Enterprise Fund). Staff recommended that the Board approve the budgets for these three funds so they could be sent to the County by April 30 in order to be folded into the larger County budget.
- o Transition from a July 1 – June 30 Fiscal Year to a January 1 – December 31 Calendar Fiscal Year: This will streamline Zone 7's current business practices. Transitioning to a calendar year will mean the water rates and Zone 7's budget will be in the same time period and will eliminate the need to do budgeting twice a year. The California Department of Water Resources (DWR) annual billing is also based on a calendar year. This is an opportune time to make the transition since a new financial software and payroll system will be online as of July 1, 2012, and pending legislation should allow full separation from the County January 1, 2013.
- o 18-Month Transition Budget: In order to make the transition, Zone 7 will need an 18-month transition budget to cover July 1, 2011 through December 31, 2012 (the board-approved FY 11-12 budget plus six months). Auditors and the State Controller's Office also recommended the transition budget as the most straight-forward way to ease into a calendar year budget.

The Finance Committee concurred with staff's recommendations and there were minimal comments from the retailers.

Director Greci asked if the Finance Committee members present (President Figuers and Director Machaevich) had any comments other than that the Committee recommends approval. Director Greci asked if the budget had been scrutinized so that there would be no big surprises. Ms. Green responded that staff took the full 2012-2013 budget and identified what would be needed to operate on a fiscal year which includes everything from office supplies to chemicals and DWR water. Director Machaevich said he was comfortable with the answers to questions he asked at the Finance Committee meeting.

Director Quigley added that he had concerns that liens and encumbrances might come in later on debts incurred but not paid. Ms. Green explained that staff rolls over encumbrances and budgets so whatever remains in the fiscal year will be carried over.

Director Stevens asked for confirmation that if legislation for the separation from the County did not pass, Zone 7 would not need the transition budget. Ms. Green assured him that we would continue on the usual path with the County.

Ms. Duerig explained that this is the reason for the three separate items: to approve the FY 12-13 County budget – if the separation legislation is not enacted this year, then staff will return next year and prepare another FY 13-14 budget for the County.

Director Quigley asked the retailers for comments. Randy Werner, City of Livermore, said they do not have any problems with the budget items.

Director Stevens moved and Director Palmer seconded the motion for approval of all budgets and designations for FY 2012/13. Resolution 12-4192 was passed by a roll call vote of 6-0 with Director Moore absent.

Item 9 - Committees – March 19, 2012, Finance Committee Minutes Corrections

Ms. Duerig noted that we had corrections to the Finance Committee minutes for March 19, 2012, and the Board had a redlined amended set of minutes that better captures what actually happened. General Counsel David Aladjem recommended that the Finance Committee members approve the minutes as amended since they did not see the revised minutes prior to the Board meeting. Members of the Finance Committee that were present (President Figuers and Director Machaevich) voted to approve the minutes.

Item 10 - Reports – Directors

President Figuers moved Item 10 (a), Verbal Comments by President, to Item 11, Items for Future Agenda - Directors.

Director Quigley discussed his written comments and said he participated in the Alamo Trail groundbreaking. He also was at Lake Del Valle recently and it was lower than he has ever seen it in April. He asked if we know if DWR will have the lake full by Memorial Day. Ms. Duerig responded that during the South Bay Aqueduct Improvement and Enlargement Project, portions of the Aqueduct were shut down so they were drawing down Lake Del Valle. It has also been a dry year with the watershed not receiving much runoff. Pumping into Lake Del Valle doesn't usually occur until the storms are finished to avoid losing water to flood control releases.

Item 11 - Items for Future Agendas – Directors

President Figuers responded to Director Quigley's request that an item on fleets be agendized for the May board meeting. Director Quigley will work with staff so they are aware of what he would like to discuss.

Item 12 - Staff Reports (Information items.)

- a. General Manager's Report
- b. Recent Public Outreach Activities
- c. Legislative Update
- d. Status Report on Separation Efforts
- e. Verbal Reports

Ms. Duerig had a verbal report regarding Dublin San Ramon Services District (DSRSD's) position of support on SB 1337, Zone 7's separation bill, that was going to Committee the next week. Randy Werner, City of Livermore, asked if Zone 7 would like other letters of support from the retailers and was told they would be appreciated.

The Board went into closed session at 7:40 p.m.

Item 13 - Closed Session

- a) 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.
- b) Conference with Legal Counsel – Significant exposure to litigation pursuant to Subdivision (b) of Government Code Section 54956.9: 1 case
- c) Conference with Legal Counsel - Existing litigation pursuant to Subdivision (a) of Government Code Section 54956.9: 1 case

Alameda County Flood Control & Water Conservation District, Zone 7 v. Dennis Baca, et al.,
Alameda County Superior Court Case No. VG06292844

Item 14 - Open Session and Report Out of Closed Session

President Figuers reported when the Board came out of closed session at 8:50 p.m. An Ad Hoc Delta Habitat Conservation and Conveyance Program (DHCCP) Committee was formed with Directors Palmer and Stevens as members.

The meeting was adjourned at 8:52 p.m.