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

May 15, 2013

President Palmer 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
A J MACHAEVICH
SARAH PALMER
RICHARD QUIGLEY
ANGELA RAMIREZ HOLMES
BILL STEVENS

DIRECTORS ABSENT: NONE

ZONE 7 STAFF: JILL DUERIG, GENERAL MANAGER
KURT ARENDS, ASSISTANT GENERAL MANAGER, ENGINEERING
TOM HUGHES, ASSISTANT GENERAL MANAGER, ADMINISTRATION
MIKE WALLACE, STAFF ANALYST
BRAD LEDESMA, ASSOCIATE CIVIL ENGINEER
JUDY RECTOR, BOARD SECRETARY

COUNSEL: DAVID ALADJEM, DOWNEY BRAND

Item 3 - Citizens Forum - None.

Item 4 - (a) Minutes of the Regular Meeting of April 17, 2013

Margaret Tracy requested a correction to the minutes. Her statement related to a previous reference about using treated waste water for irrigation, and within 50 years the whole basin will be contaminated, which is approximately 1/3 of the drinking water, not 1/3 of toxics. The correct statement is “all toxics identified by Zone 7 staff that exist within the basin need to be removed.”

Director Stevens moved to amend and accept the minutes, and Director Quigley seconded the motion. The corrected minutes were accepted by a voice vote of 7-0.

(b) Minutes of the Special Meeting of May 1, 2013

Director Greci moved to accept the minutes and Director Quigley seconded the motion. The minutes were accepted by a voice vote of 7-0.

Item 5 - Consent Calendar

There were no public or board comments on the consent item. Director Quigley moved for approval and Director Machaevich seconded the motion. There was a roll call vote of 6-0 with Director Stevens abstaining. The following resolution was approved:

Resolution 13-4267 Approved a Zone 7 untreated water connection fee refund of \$163,385.39 to Mountain House Golf Course, LLC, and authorized the General Manager to reduce the total untreated water allocation by 50 acre-feet per year. (Item 5a)

Item 6 - Staffing Updates

Item 6a - Employee of the Month Recognition

- a) Continued item from April for Employee of the Month for Sal Segura. Mr. Arends introduced Sal Segura to the Board as the February Employee of the month. Mr. Segura is an Associate Civil Engineer in the Facilities Engineering Section. Sal is responsible for water operations planning and works with both water supply contracts and untreated water contracts. He also manages the agency's PG&E and alternative energy contracts. One program was the EnerNOC demand response program, similar to PG&E, with the goal to keep dirtier, more costly power plants off line. Along with incentives for participation, Zone 7 also received a plaque which is in the display case in the lobby.
- b) Daren Putman is the March Employee of the month. He is a Water Quality Laboratory Technician in the Water Quality Section. He has developed valuable expertise in water quality testing.

The Board recognized and applauded both Mr. Segura and Mr. Putman.

The slide presentation from the Employee Service Awards was shown to the Board and audience.

Item 7 - Presentations by Science and Engineering Fair Awardees

On March 9, 2013, Zone 7's Gurpal Deol (Water Quality Manager) and Tami Church (Junior Water Resources Planner) represented Zone 7 as *Special Awards* judges of water-related projects during the Alameda County Science and Engineering Fair. They evaluated only those water-related projects that were submitted by students within Zone 7's service area. The contest recognizes the great work these students do in their research, congratulates them in a public setting, and serves as a way to help recognize May as Water Awareness Month.

After a short presentation of each project by the respective team, President Palmer presented a small cash award to each member of the three teams of students followed by a photo session with all of the Board members:

- **Jacob Rakestraw and Ethan Valdez, Livermore High School**, who got a high school team water award for their study entitled, "Are You Thirsty?"
- **Brittany Brunckhorst and Mallika Pajjuri, Fallon Middle School**, who got a middle school team water award for their study entitled, "The Amazing Water Cleanser."

- **Nadia Hassen, Benjamin Newton, Lucas Pham and Ryan Friesen, Livermore High School,** who got a high school team water award for their study entitled, “Solar Aqueducts.”

A Water Jug Pyramid was on display in the board room specifically for Water Awareness Month. It has been on display in the Pleasanton Library and will be at the Alameda County Fair. The number of gallon jugs (144) is equal to the typical water use by each person each day in Zone 7's service area.

Director Figuers asked the students if they could answer the following: 1) what famous mathematical sequence can be used to determine the number of jugs in the pyramid? 2) the simple equation for determining how many jugs in each row? 3) what is the total number of jugs? He noted that the number of rows squared = total number of jugs.

President Palmer acknowledged the families of the students for their support and their student's success.

Item 8 - Alameda County Board of Supervisors Water Awareness Month Proclamation

On May 7, 2013, President Palmer attended the Board of Supervisors meeting on behalf of Zone 7 to accept a proclamation declaring May 2013 as Water Awareness Month and to discuss the agency's efforts to further water awareness in Alameda County. Alameda County Water District, Dublin San Ramon Services District, and East Bay Municipal Utilities District also attended and received proclamations. President Palmer read the text of the proclamation. Proclamations for the Cities of Livermore and Pleasanton, as well as the California Water Service Company were brought back by Zone 7. The other proclamations will be distributed at the May 22 Liaison Committee meeting.

Item 9 - Proposed Budget for Fiscal Year 2013/14

Mike Wallace explained to the Board members that there was a linking problem with the new software that resulted in some errors so revised agenda items were distributed to the Board and available for the public. The numbers presented to the Finance Committee on April 22 had been updated.

New fund numbers were assigned to better fit the new software and Mr. Wallace noted that the former fund numbers were noted parenthetically in red next to the new fund numbers: Operating Budgets: Water Enterprise Fund 100 (52); State Water Facilities Fund 110 (51); Renewal/Replacement & System-wide Improvements Fund 120 (72); Expansion Fund 130 (73); General Fund/Flood Control Fund 200 (50); and Flood Protection/Stormwater Drainage DIF Fund 210 (76). Mr. Wallace gave a budget overview of each fund including the revenue, expenses, and reserves.

Impacts on Zone 7's budget included the following factors:

- Conservation: The retailers and Zone 7 are trying to manage to achieve the goal of SBX7-7 which is to reduce per capita use of water 20% by 2020 but it has also resulted in the reduced sale of water;
- The economy, although improving, is still experiencing a slow recovery;
- The Asset Management Program (AMP) which dictates what amount of money is going to be transferred and go toward funding the program; and
- New financial software implementation.

Mr. Wallace noted that the reserve projection was broken out as requested at a previous Board meeting. He also confirmed that the discrepancy with the new software that required a revised agenda item was due to updated estimates for one of the capital projects. President Palmer requested that, if possible in the future, an email be sent to the directors with redlined changes noted so they have time to review them prior to the meeting.

The total proposed budget for all the operating and capital funds for FY 2013/14 is \$151.8 million.

Director Ramirez Holmes asked why the CIP chart was not included. Ms. Duerig replied that the Finance Committee receives and reviews budget details, and then recommends that the budget be presented for approval to the full board but the board typically gets a summarized version. Director Ramirez Holmes asked to go on record to express her frustration about the CIP presentation last month and that two directors were not happy about the information but the chart wasn't included so it could be looked at in advance. She also asked about the Tri-Valley Retailers' responses at the meeting and asked for information. Mr. Wallace said they agreed with Zone 7's approach. Director Figuers noted that there were retailers present at the Finance Committee and they were supportive.

Director Ramirez Holmes commented that the new budget is a huge improvement both in its readability and that it is easier to understand. President Palmer noted that the budget had to be pulled together quickly and extended kudos to staff.

Director Figuers moved and Director Quigley seconded a motion to approve. The motion passed with a roll call vote of 7-0.

Resolution 13-4268 The Board approved the personnel actions, if any, contained in the Zone 7 Budget for FY 2013/14 and authorized the General Manager to implement such personnel actions. The General Manager is authorized and directed to adjust accounts as deemed necessary to account for any changes in available fund balances, revenues or expenditures.

Item 10 - 2013 Annual Review of Sustainable Water Supply for Zone 7 Water Agency

Brad Ledesma presented the details of the 2013 annual review of sustainable water supplies as required by the new Water Supply Reliability Policy. He talked about the processes that Zone 7 staff is involved with, how they model and understand the information, and how it fits in to the water sustainability report. Zone 7's integrated goals and processes start with water supply and flood protection, groundwater, stream management and flood control. All four influence water quality in the watershed. He gave a slide presentation on watershed balance. He discussed data collection which is used for the component models. Individual components feed into the larger models and Zone 7 staff model plan and build around these aspects.

The purpose of the report was to satisfy a requirement in the Water Supply Reliability Policy. Each year a report is produced that takes a look at what are the demands now and over the next five years, supplies available at the beginning of the year, compare the two, and what programs should be implemented and tracked.

Mr. Ledesma discussed the current State Water Project allocation and available water storage. He answered questions by the Directors about the reliance on BBID water, the relationship between the groundwater basin and recharge, and water storage capability.

Although Zone 7's long-term water supply is at risk and subject to a very uncertain future due to court rulings, biological opinions, and the impacts of climate change associated with conveying water through the Sacramento-San Joaquin Delta, this year's review shows that Zone 7 has a sufficient water supply for the next five years with or without conservation.

The Directors shared comments on the presentation. Director Greci said this was the best presentation he has ever heard to explain what our business is about, how everything plays a role in what we do, the complexity of this organization, and how important it is that Zone 7 have the ability to manage flood control with water resources so we can do our job well and maintain a sustainable water supply. President Palmer commented that the presentation shows an integrated watershed approach. Director Machaevich also noted that it was a fantastic presentation, very clean, very concise.

Director Figuers said the flood portion is important but the actual physical channel of flood water is a potential future liability.

Director Ramirez Holmes thinks this report should be included in a road show because we talk about money but not what happens in the agency. She encouraged that it become a part of Zone 7's public outreach effort.

Director Figuers thinks Mr. Ledesma's graphics could be used in a web video that presents the dry text in an understandable format for the public. He does not know of any water district that has attempted to take their activities and put them in an audio-visual format.

Item 11 - Committees: Finance Committee - April 8, 2013 - minutes
Finance Committee - April 22, 2013 - minutes

Item 10 - Reports - Directors

a. Verbal comments by President

President Palmer noted that she attended the Board of Supervisors meeting on May 7th when the Water Awareness Month proclamations were handed out and feels we have a good presence with other water agencies in the area. She also attended a luncheon of elected women officials and spoke with Laura Mercier, Executive Director at Tri-Valley Conservancy, and Ms. Mercier offered Tri-Valley Conservancy support of Zone 7.

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

Director Figuers attended the Groundwater Committee meeting at the ACWA conference and reported on the restrictions of water flow, water releases, and how legal restrictions for fish and water quality may prevent efficient use of water.

Item 11 - Items for Future Agenda - Directors - none.

Item 12 - Staff Reports (Information items.)

- a. General Manager's Report
- b. Communications Outreach Activities
- c. Recent Employee Activities
- d. Status of 2012-2013 Conservation Activities

- e. Legislative Update
- f. Report on Water Sales and Connection Fee Revenue
- g. Annual Report for the Groundwater Management Program for 2012 Water Year
- h. Water Quality Management Program 2012 Water Quality Report
- i. Verbal Reports

Director Figuers commented on item 12 (g) the Groundwater Management Program that streams were discussed but not labeled in the report. Director Quigley noted it was the best groundwater report he has seen in ten years. New recycling legislation coming for potential regulatory change opportunities.

Director Figuers noted the boron sources in the basin but didn't see mentioned the southern transport from the San Ramon basin that has extremely high boron. When Chevron built a pond for fire safety with a 100-foot spout, within a year the wind blew the boron-laden water on the trees and killed them.

Director Machaevich noted that he thought there might be a trend of high levels of boron in Mocho 3 in the groundwater report.

The board went into closed session at 8:38 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 Gov't Code Section 54956.9(d)(2): 1 case.
- (c) Conference with Legal Counsel -- Potential litigation pursuant to Gov't Code section 54956.9(d)(3): 2 cases.
- (d) Conference with Real Property Negotiator:
Property: APNs 99-525-2, 99-550-2-3, 99-550-3-2, 99A-2700-2-5, 99A-2700-6-6, 99A-2700-9-8, 99A-2700-10, 99A-2700-11-3, 99A-2700-12-6, 99A-2700-12-7, 99A-2420-4-13, 96-420-2, 96-420-3, 96-429-6, 99A-2701-1, 99A-2701-2, 99A-2701-3.
Agency negotiator: G.F. Duerig
Negotiating parties: Patliv; PTLM, Inc.; Henry H. Patterson Trust, and Charles Edwards Engs
Under negotiation: Price and terms of payment.
- (e) Government Code Section 549547: Public Employee Performance Evaluation
Title: General Manager

Item 14 - Open Session and Report Out of Closed Session

The Board came out of Closed Session at 10:20 p.m. President Palmer reported that she had received a consensus from the Board to send a letter to LAFCO.

Item 15 - Adjournment

The meeting was adjourned at 10:24 p.m.